Final Report

2011 Performance Audit and Asset Management System Review for CSBP Limited

ELECTRICITY GENERATION LICENCE EGL15

Audit Report	Authorisation	Name	Position	Date
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Agreed By (licensee)		Peter Bastin	Contracting Specialist WesCEF	26th March 2012

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March 2012
Audit Report No: CSBPR1011_4

LIST OF APPENDICES

1. CSBP Performance Audit Review September 2011
2. CSBP Asset Management System Review September 2011

GLOSSARY

A	Ammonia
AGR	Australian Gold Reagents
AMP	Asset Management Plan
AMS	Asset Management System
AN	Ammonium Nitrate
AN 1	Ammonium Nitrate train 1
AN 2	Ammonium Nitrate train 2
AN 3	Ammonium Nitrate train 3 (planned)
AN2	Ammonium Nitrate Plant Number Two
CINTELLATE	The incident reporting, legal requirements, management program which has replaced the Site Safe program
Chemicals East	Now known as Sodium Cyanide Plant
CSBP	CSBP Limited
DCS	Distributed Control System
Dom.Doc	Document management system
EA	Expenditure Approval
EGL 15	Electricity Generation Licence 15 (Version 3, 13th January 2011)
ERA	Economic Regulation Authority
GES	Geographe Environmental Services Pty Ltd
HAZOP	Hazard and operational ability review
IMO	Independent Market Operator
IRR	Internal rate of return
JDE	JD Edwardes Maintenance System; Oracle based financial, HR, asset and planning system
KIMA	Kwinana Industry Mutual Aid
KIP	Kwinana Industrial Precinct
KIPS	Kwinana Industry Public Safety
KIPS-L	Kwinana Industry Public Safety - Liaison
LCC	Life cycle costs
MHF	Major Hazard Facility
N	Nitric Acid
N/AN	Nitric Acid/Ammonium Nitrate
North	Now referred to as N/AN operations
NPI	National Pollutants Inventory
NPV	Net present value
OEM	Original equipment manufacturer
PM	Preventative maintenance
RFP	Request for Proposal
Sitesafe	Computer based safety register
SWIN	South West Integrated Network. (Western Power)
SWOT	Strengths, weaknesses, opportunity and threats
TA 1-6	Steam turbines 1-6
WesCEF	Wesfarmers Chemicals, Energy & Fertilisers
WPN	Western Power Networks

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Quality Control Record

	CLIENT	DATE
REQUESTED BY	PETER BASTIN, WesCEF	MAY 2011
PREPARED BY	NICOLE DAVIES	25 October 2011
CHECKED BY	SIMON ASHBY	23 October 2011
REVISION	4	22 March 2012

1. EXECUTIVE SUMMARY

CSBP is a major manufacturer and supplier of chemicals and fertilisers to the Western Australian mining, industrial and agricultural sectors. The company's main operations are at Kwinana in Western Australia with other facilities located at the regional port centres of Geraldton, Bunbury, Albany and Esperance.

On 1 July 2010, Wesfarmers Chemicals and Fertilisers Division which CSBP was a part of, merged with Wesfarmers Energy Division to form Wesfarmers Chemicals, Energy & Fertilisers Division. CSBP Limited ABN 81 008 668 371 is now part of Wesfarmers Chemicals, Energy & Fertilisers Division. CSBP and it's personnel are responsible for compliance with Electricity Generation Licence EGL15 Version 3 13 January 2011 with administrative support provided by the Contracting Specialist from Wesfarmers Chemicals, Energy & Fertilisers Division.

The core products in the CSBP chemicals business include ammonia, ammonium nitrate, sodium cyanide and other industrial chemicals. The company operates an ammonia manufacturing plant at Kwinana with an operational capacity of 260,000 tonnes per annum. Ammonia is used by CSBP as a raw material to produce downstream chemicals and fertilisers and is used by customers in nickel refining. CSBP's Kwinana site is comprised of the following manufacturing plants:

- Ammonia/ Ammonium Nitrate Plant (previously known internally within CSBP as Chemicals North);
- Sodium Cyanide Plant (previously known internally within CSBP as Chemicals East); and
- Fertiliser plant.

All electricity generation facilities are situated within the Ammonia/ Ammonium Nitrate and Sodium Cyanide Plants.

The generation of electricity is not the core business of the organisation it is a by product of the operations. So by nature of the operations the risk posed by the licensee to the generation of electricity is minimal. However, there have been several considerations to take into account during the preparation of this audit report, for example the risk of not generating electricity may result in a need to import from the grid. As such, the asset management risk assessment reflects this approach.

The organisation surrendered its Retail Licence (ERL 8), on the 13th June 2011 and as such any reference to the requirements of the retail licence has been removed from the scope of this audit report.

The CSBP electrical network at Kwinana site comprises the major electrical equipment of 22kv switchboards, five generator sets, transformers for power distribution within the plant. The CSBP network is connected to Western Power 132kV grid via a main incoming 22/132kV transformer. A new generator was installed in June 2007 which now gives a total plant nameplate generation capacity of 28.6MW.

CSBP has engaged Geographe Environmental Services Pty Ltd to undertake it's second Performance Audit and Asset Management System Review as required by the Economic Regulation Authority (ERA/Authority). CSBP holds a Generation Licence (Licence Number EGL15) Version 3 13 January 2011 under the *Electricity Industry Act* 2004.

This combined report contains the audit findings for both the Performance Audit and Asset Management System Review.

Sections 13 and 14 of the *Electricity Industry Act* 2004 require as a condition of every licence that the licensee must, not less than once in every period of 24 months (or any longer period that the Authority allows) calculated from the grant of the licence, provide the Authority with a performance audit and a asset management system review report by an independent expert acceptable to the Authority.

Geographe Environmental Services was approved by the Authority on the 13th May 2011 to undertake the works subject to development of an audit plan. Notification of the approval of the audit plan for the 2011 Performance Audit of Licence EGL15 was provided by the ERA on the 14/9/2011. The plan detailed our proposed methodology, experience, proposed personnel CVs, audit report process, materiality and risk assessment and audit program.

This audit report has been developed in accordance with the process flowchart for performance audits and asset management system reviews as detailed in the Audit Guidelines – Electricity, Gas and Water Licences (August 2010).
As requested by the Authority this audit report includes a breakdown of audit work and amount of time the audit team will be spending on their allocated tasks.

CSBP was notified by the Authority (Ref: D/08/13371 Date: 8/01/09) and a notice was published on the ERA website (14/01/09) of an extension to the audit period from 24 months to 36 months.

The period for the audit and review is 1st July 2008 to 30th June 2011, and the report was due to be submitted to the Authority before 30 September 2011. An extension was requested by CSBP for the completion of the audit report and this was granted by the ERA (ref D76433).

Submission of the report to the ERA by the 31st October 2011 as required by the notification of extension is evidence of compliance with the Authority's requirements.

The Asset Management System Review and the Performance Audit have been conducted in order to assess the effectiveness of the CSBP Asset Management Systems and level of compliance with the conditions of its Generation Licence EGL15. Through the execution of the Audit Plan, field work, assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that CSBP has an effective asset management system and has complied with its Generating Licence during the audit period 1st July 2008 to 30th June 2011. This audit report is an accurate representation of the audit teams findings and opinions.

1.1 Performance Audit Summary

All licence requirements reviewed were found to be compliant during the audit.

As required in section 11.4.1 of the Audit Guidelines – Electricity, Gas and Water Licences (August 2010) Table 1 summarises the compliance rating for each licence condition using the 7-point rating scale described in Table 3 (Refer Section 2.3 Methodology of this report).

A comprehensive report of the audit findings is included in Appendix 1.

There were Generation Licence compliance elements that were not included in the scope of this audit because they did not eventuate in this audit period or have not been established within licence EGL15. These are defined in Table 1.

Table 1 : Performance Audit Compliance Summary

Generating Licence Reference (Cl = Clause, Sch = Schedule)	Generation Licence Criteria	Likelihood	Consequences	Inherent Risk	Adequacy of existing controls	Compliance Rating							
						NR	NA	0	1	2	3	4	5
Cl 1	Definitions & Interpretation	Unlikely	Moderate	Medium	Strong								✓
Cl 2	Grant of Licence	Unlikely	Minor	Low	Strong								✓
Cl 3	Term					✓							
Cl 4	Fees	Unlikely	Moderate	Medium	Strong								✓
Cl 5	Compliance	Unlikely	Moderate	Medium	Strong							✓	
Cl 6	Transfer of Licence					✓							
Cl 7	Cancellation of Licence					✓							
Cl 8	Surrender of Licence					✓							
Cl 9	Renewal of Licence					✓							
Cl 10	Amendment of Licence on application of the Licensee	Unlikely	Minor	Low	Strong								✓
Cl 11	Amendment of Licence by the Authority	Unlikely	Minor	Low	Strong								✓
Cl 12	Accounting Records	Unlikely	Moderate	Medium	Strong								✓
Cl 13	Individual Performance Standards					✓							
Cl 14	Performance Audit	Unlikely	Minor	Low	Strong								✓
Cl 15	Reporting A Change in Circumstances					✓							
Cl 16	Provision of Information	Unlikely	Moderate	Medium	Strong								✓
Cl 17	Publishing Information					✓							
Cl 18	Notices	Unlikely	Minor	Low	Strong								✓
Cl 19	Review of the Authority's Decisions					✓							
Cl 20	Asset Management System	Unlikely	Moderate	Medium	Strong								✓

1.2 Asset Management System Review Summary

The asset management system was found to be satisfactory with a few issues requiring attention. These issues are listed in Appendix 2 CSBP Asset Management Review September 2011, Table 2.0 Audit Review Ratings & Recommendations, Section 7 – Key process - Asset Management Information System (MIS) of this report.

As required by section 11.4.2 of the Audit Guidelines (August 2010) Table 2 summarises the auditor's assessment of both the process and policy definition rating and the performance rating for each key process in the licensees asset management system, using the scales described in Table 5 and Table 6 (refer Section 3.3 Asset Management Review Methodology of this report). The rating was determined by the auditor's judgement based on the execution of the Audit Plan.

The process and policy and asset management system adequacy ratings are summarised below;

Table 2: Asset Management System - Effectiveness Summary

Asset Management System	Asset Management Process And Policy Definition Adequacy Rating	Asset Management Performance Rating
1. Asset planning	A	1
2. Asset creation/ acquisition	A	1
3. Asset disposal	A	1
4. Environmental analysis	A	1
5. Asset operations	A	1
6. Asset maintenance	A	1
7. Asset Management Information System	A	2
8. Risk management	A	1
9. Contingency planning	A	1
10. Financial planning	A	1
11. Capital expenditure planning	A	1
12. Review of AMS	A	1

The Audit Guidelines (August 2010) require that auditors who have rated the adequacy of the process and policy definition process as C or D or the asset management performance as 3 or 4 also make recommendations to address the issue(s).

2. PERFORMANCE AUDIT

2.1 Performance Audit Scope

This is the second audit of CSBP's compliance with obligations relating to Generation Licence EGL15. As such, the scope of the audit for the period 1st July 2008 to 30th June 2011 is to:

- assess the license holders internal compliance systems (i.e. process, outcome and output compliance)
- assess the license holders compliance with its license (including integrity of reporting)
- measure performance over time

The previous Performance Audit covered the period 26 June 2006 to 30 June 2008.

This Performance Audit was conducted over the following period August to October 2011 and an overview methodology is outlined below;

- Initial approval to conduct audit obtained by ERA
- Preliminary Audit undertaken to assist with preparation of the Audit Plan
- Audit Plan preparation
- Submission of the Audit Plan to the ERA
- Audit Plan Approval
- Performance Audit conducted on site to execute Audit Plan
- Preparation of Audit Report

The following key personnel were interviewed during the Performance Audit;

- Simon Orton Works Instrument/Electrical Superintendent Engineering
- Peter Bastin Contracting Specialist
- Geoff Fitchett Electrical Projects Officer
- Doug Walker Manager Supply and Administration
- Douglas Bester Macroveiw
- Scott Blum Emergency Services Group Leader

A list of key documents and other information sources examined by the auditor during the Performance Audit is provided below;

- Legal register
- CINTELLATE/SITE SAFE
- Monthly Reports
- Management Meeting Minutes
- ERA Correspondence
- Compliance Reports
- Asset Management Plan
- Business Plans
- Lease Agreements
- Annual Reports
- Incident Reports

Further detail is included in Appendix 1 of the report. In preparation the Performance Audit required 70 hours of Nicole Davies time.

2.2 Performance Audit Objective

The objective of the performance audit, as defined by the Audit Guidelines, is to assess the effectiveness of measures taken by the licensee to meet obligations of the performance and quality standards referred to in the licence.

In addition to compliance requirements, a specific focus is to be taken on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence. The audit outcome is to identify areas of non-compliance and areas of compliance where improvement is required and recommend corrective action as necessary.

2.3 Performance Audit Methodology

A risk assessment, assessment of control environment and allocation of audit priority was undertaken in accordance with the Audit Guidelines – Electricity, Gas and Water Licences (August 2010) on each element relating to Generation licensee's of the Electricity Compliance Reporting Manual (May 2011) issued by the Authority. However, as the audit period was the 1st July 2008 to 30th June 2011, the new Electricity Compliance Reporting Manual (May 2011) was not applicable to the audit scope. As such, the Performance Audit was conducted against the 2008 Electricity Compliance Reporting Manual (refer ERA website Archived Guidelines). For ease of comparison and future reference, the 2008 Electricity Compliance Reporting criteria are noted in brackets within the table in Appendix 1. For the purpose of clarification it should be noted that any reference that is not in brackets is referenced from the Electricity Compliance Reporting Manual (May 2011).

The Performance Audit Methodology as prescribed in the Guidelines was detailed in the Audit Plan. Detailed review of the methodology is defined within the Audit Guidelines – Electricity, Gas and Water Licences (August 2010) (refer ERA www.erawa.com.au).

Table 3 defines the compliance ratings shown in section 1.1.

Table 3: Operational/Performance Compliance Rating Scale

Compliance Status	Rating	Description of Compliance
Compliant	5	Compliant with no further action required to maintain compliance
Compliant	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance
Compliant	3	Compliant with major or material recommendations to improve the strength of internal controls top maintain compliance
Non-Compliant	2	Does not meet minimum requirements
Significantly Non-Compliant	1	Significant weaknesses and/or serious action required
Not Applicable	N/A	Determined that the compliance obligation does not apply to the licensee's business operations
Not Rated	N/R	No relevant activity took place during the audit period, therefore it is not possible to assess compliance

In order to focus the audit effort and identify areas for testing and analysis a preliminary assessment of the risk and materiality of non-compliance with the Generation Licence was undertaken in accordance with the requirements of AS/NZS 31000 Risk Management and Appendix 2 of the Audit Guidelines. This assessment rating was reviewed during the audit

process subject to the verification of control environment.

2.4 Follow-Up from Previous Audit Findings – Performance Audit

A detailed assessment of the previous audit post implementation action plan was undertaken during the audit to assess effectiveness. As required by section 11.3 of the Audit Guidelines table 4 details;

- the recommendations from the previous audit report;
- action taken by the licensee to address the recommendations;
- whether the issue(s) that gave rise to the recommendations have been resolved; and
- any further action needed to address the issues identified in recommendations that have not been satisfactorily resolved.

As required, the audit team has provided an assessment of the licensee's overall response to the recommendations in the previous audit report.
(Table 7 details the follow up from the previous asset management review).

Table 4 : 2008 Performance Audit Key Findings, Recommendation, Post Audit Plan & Progress

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
81	A licensee must, not less than once every 24 months, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.	Whilst compliance with this requirement is well evidenced through interviews with relevant personnel, the allocation of responsibility and process for ensuring requirements for licence conditions/legislation are identified was not defined.	Potential to use existing systems (i.e. JDE/Site Safe) as a tool for monitoring license and regulatory requirements.	ACTION: Include audit requirement in compliance system i.e. SiteSafe or Internal Audit Schedule RESPONSIBILITY: Peter Bastin DATE: 31st March 2009	Electricity Generation License EGL15 has been registered in CSBP SiteSafe/CINTELLATE Computer System. Requirements for Audits under the Licence have been registered together with Bring Up dates to commence next audit process. Completed Peter Bastin 12 March 2009 Closed -This system has been noted to be functioning efficiently during the audit period.
84	A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.				

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
103	A licensee must amend the asset management system before an expansion or reduction in generating works, distribution systems and transmission systems and notify the Authority in the manner prescribed, if the expansion or reduction is not provided for in the asset management system.	The Licensee has failed to formally notify the ERA of the expansion of the ammonium nitrate and sodium cyanide businesses during the audit period.	Notify ERA of expansion of AN2 (Ammonium Nitrate Plant Number 2).	ACTION: Notify ERA of expansion of AN2 and subsequent increase in capacity RESPONSIBILITY: Michael Du Toit DATE: 15th December 2008	CSBP notified the ERA by letter on 3 December 2008 that as a result of building a second Nitric Acid Plant in the Ammonium Nitrate Plant Number 2 expansion it had expanded its total installed generation capacity from 23MW to 28.6MW Completed by Michael DuToit 3 December 2008 Closed
109	A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.				
85	A licensee must pay to the Authority the prescribed licence fee within one month after the day of grant or	System is a requisitional cheque based process with the potential for payment to be delayed (i.e. not	Include the requirement in the established system as a routine and investigate to the option	ACTION: Inclusion of the payment requirement in the Site Safe system/JDE/Compliance	Requirement to pay Licences within I month after the day of renewal and after each anniversary

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
	renewal of the licence and within one month after each anniversary of that day during the term of the licence.	received within 30 days)	of paying by EFT to ensure the trail for payment is complete	Advisor RESPONSIBILITY: Peter Bastin DATE: 31st March 2009	of that day has been registered in CSBP's SiteSafe computer system. CSBP has amended its JDE system so that it can pay licence fees by EFT. Completed by Peter Bastin 12 March 2009 Closed - This process is effective and all licence fees have been paid in the required timeframe.
319	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	Through discussions with WPN Metering department it is understood that there is nothing to notify a metering installation malfunction other than a significant deviation in metering data.	Consideration could be given to the following; - Install voltage relay to facilitate the trigger of an alarm to notify metering installation malfunction. - Obtain access to the exported energy data from Synergy	ACTION: Undertake investigation into feasibility of installation of Voltage Relays. Obtain access to exported energy data from Retailer RESPONSIBILITY: Brian McCully DATE: 30th November 2008	Investigation was undertaken into installation of Voltage Relays and it was decided not to proceed further with this option. Retailer – Premier Power Sales Pty Ltd will supply raw metering data on request. Premier Power Sales Pty Ltd provide exported energy data to CSBP Completed by Brian

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
					McCully 1 December 2008 Closed - This response is adequate and the current system has proved sufficient in indentifying issues associated with metering data.
331	A network operator or a user may require the other to negotiate and enter into a written service level agreement in respect of the matters in the metrology procedure dealt with under clause 3.16(4) of the Code.	The Network Operator has not provided certificates of calibration for any of the meters on site, however the user has several options in verifying the information and to date these have proved adequate in the verification of the metering data provided by the Network Operator.	Consideration could be given to the following - obtain access to the exported energy data from the Retailer.	ACTION: Obtain access to the exported energy data from the Retailer. RESPONSIBILITY: Brian McCully DATE:30th November 2008	CSBP entered into new Electricity Supply Agreement with Retailer - Premier Power Sales Pty Ltd with effect from 1 December 2008. Premier Power Sales Pty Ltd provide exported energy data to CSBP under this Agreement. Completed by Brian McCully 1 December 2008
350	A Code participant must not knowingly permit the registry to be materially inaccurate.				

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
351	If a Code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	It is noted that no export metering data is provided to the user through the Western Power Retailers Web Portal (a system allowing access to meter data)..			Closed - This process was verified during the audit.

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
349	A network operator and affected Code participants must liaise together to determine the most appropriate way to resolve a discrepancy between energy data held in a metering installation and data held in the metering database.	The current Supply Agreement with Western Power (i.e. Synergy) does not cover dispute resolution processes. Note: the Supply Agreement was signed pre-desegregation of Western Power and has continued with the retailer Synergy.	Ensure that the revised Supply Agreement adheres with the requirements of the Metering Code in respect to Metering Disputes.	ACTION: Ensure that new negotiated Electricity Supply Agreement complies with the requirements of the Metering Code in respect to Metering Disputes. RESPONSIBILITY: Peter Bastin Brian McCully DATE: 30th November 2008	CSBP entered into new Electricity Supply Agreement with Retailer - Premier Power Sales Pty Ltd with effect from 1 December 2008 which complies with the requirements of the Metering Code in respect to Metering Disputes. Completed by Brian McCully & Peter Bastin 1 December 2008 Closed -The supply agreement was sighted and adequately addresses the dispute resolution process.

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
416	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed	Supply Agreement has been established however processes for monitoring requirements of the Agreement have not been established.	Consideration could be given to developing a process for monitoring of requirements of the Supply Agreement.	ACTION: Register Electricity Supply Agreement in CSBP's Site Safe Legal Register RESPONSIBILITY: Peter Bastin DATE: 31st March 2009	New Electricity Supply Agreement with Premier Power Sales Pty Ltd has been registered in CSBP's SiteSafe Computer System Completed by Peter Bastin 12 March 2009 Closed - Also sighted in WESCEF Contracts Access Database. The organisation has demonstrated embedding the requirement into the process flow of the business.

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
418	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	Western Powers Metering Services Department confirmed that some contact information is maintained. However the following information is not held; ▪ Contact Person is not listed ▪ Email not populated ▪ Fax not populated	Provide Metering Services with the following details; -CSBP contact person - CSBP email address - CSBP fax number	ACTION: Contact Metering Services Commercial Co-Ordinator (Grant.woollard@westernpower.com.au or 08-9359-7542 to provide missing contact details). The Meter Number or NMI will be needed as reference. Details missing from database include; - CSBP contact person - CSBP email address - CSBP fax number RESPONSIBILITY: Brian McCully DATE: 30th November 2008	Missing Contact details provided to Grant Woollard from Western Power 1 December 2008. Completed by Brian McCully 1 December 2008 Closed - Verified that Western Power have the organisations correct details.
420	A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request				

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
Generation Licence condition 5.1	Review of Applicable Legislation, including Government Gazette Amendments	The organisation has established systems and procedures for compliance with its Legislative and other requirements (i.e. Site Safe Legal Register, Lawlex subscription) the inclusion of the Electricity Industry Act 2004 was not evidenced.	Ensure that the requirements of the Electricity Industry Act 2004 are incorporated into the organisations compliance systems, for example Lawlex or Site Safe.	ACTION: Register Electricity Industry Act 2004 in CSBP's Site Safe Legal Register RESPONSIBILITY: Peter Bastin DATE: 31st March 2009	Electricity Industry Act 2004 has been registered in CSBP's SiteSafe Computer System Legal Register. Completed Peter Bastin 12 March 2009 Closed - Legal register sighted during the audit.

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan	Outcome
Generation Licence condition 14.1	Performance standards are contained in applicable legislation.	Clear accountability/ responsibility for elements of the Generation Licence have not been established.	Accountability and responsibility for requirements of the Generation Licence are required	ACTION: Supply Services Manager made accountable and responsible for Generation Licence RESPONSIBILITY: Michael Du Toit DATE: : 31st October 2008	Michael DuToit CSBP's Supply Services Manager is accountable and responsible for Generation Licence. Completed Mike DuToit 25 September 2008 Closed - The personnel responsible have changed since this audit response was provided and steps have been taken to amend the accountability for the Generation Licence. The Contracting Specialist is responsible for monitoring tasks and ensuring compliance with the Generation Licence, however Ian Hansen (CEO Chemicals) is the ERA nominated representative for EGL15.

2.5 2011 Post Audit Implementation Plan

In relation to the Performance Audit Report, there were no non compliant findings arising from the audit. The organisation has invested significant resources and personnel accountable for the Electricity Licence and have ensured significant compliance requirements have been met. Continuation of the processes established in the previous audit are advised to ensure ongoing compliance. The post audit implementation plan below details opportunities to improve existing systems of control.

Ref	Licence Condition	Issue	Recommendation	Post-Audit Action Plan
349	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	Whilst the organisation has developed processes to monitor the data from the metering installation. Consideration could be given to formalising the process for verifying the metering data. The Electrical Projects Officer has an established procedure that falls outside the scope of the company's document control system. .	Incorporate the process into the organisations document control system and formalise the procedure for reference.	ACTION: To include the procedure in the DomDoc Documentation Management System. RESPONSIBILITY: Geoffrey Fitchett Electrical Projects Officer Completion Date: 30th April 2012

3. ASSET MANAGEMENT SYSTEM EFFECTIVENESS REVIEW

3.1 AMS Review Scope

The scope of the AMS review includes an assessment of adequacy and effectiveness of CSBP's asset management system, by evaluating during the audit period 1st July 2008 to 30th June 2011 the following;

1. Asset Planning
2. Asset creation/acquisition
3. Asset disposal
4. Environmental analysis
5. Asset operations
6. Asset maintenance
7. Asset management information system
8. Risk management
9. Contingency planning
10. Financial planning
11. Capital expenditure planning
12. Review of asset management system

The review has been established as a requirement of the current Generating Licence issued by the Economic Regulation Authority to CSBP.

The asset management review has been conducted in accordance with the approved audit plan and as prescribed in the Audit Guidelines.

The following people were interviewed during the review;
Contracting Specialist (Peter Bastin)
Electrical Projects Officer (Geoff Fitchett)
Doug Bester, Macroview
Electrical/Instrument Engineer(Sameer Nawaz)
Emergency Services Group Leader (Scott Blum)
Engineering Manager (David Zacher) Simon Orton

Inventory Management Officer (Dave Walter)

Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)

Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers

Manufacturing Manager (Lee Barker)

Manufacturing Manager (Scott Olsen – acting for Albert Romano)

Operations Superintendent (Leigh Meyers)

Operations Supervisor (Graham Nurse)

Reliability Supervisor – Instr/Elect (Darren Thomas)

Reliability Supervisor – Mechanical (Jamal Fozdar)

Reliability Supervisor(Warren Britza)

Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)

Senior Environmental Advisor (Mark Germain)

Senior Mechanical Engineer (John Siinmaa)

Senior Plant Engineer - Mechanical (Anees Sidiqui)

Senior Process Engineer (Kim Eng)

Superintendent Instrument/ Electrical (Vinod Verna)

Technical Officer – Maintenance (Barry O'Neill)

The key documents and other information sources are detailed below and further in Appendix 2.

#	**Title**
1	Surrender Retail Licence ERL8
2	Board Reports, Cyanide
3	2008 CSBP Limited - Performance Audit and Asset Management System Review Report Generation Licence EGL15
4	2008-2009 Power usage forecast
6	Asset Management System
7	CSBP Limited Renewal template 09/10 - Customers
8	RET review and implication
9	10/11 Compliance Report
10	09/10 Compliance Report
11	08/09 Compliance Report
12	Letter to ERA notifying Incr Gen Capacity

13 Letter to ERA Notify of JDE Upgrade

14 Letter to ERA Change of Contact Details

15 Letter from ERA Update of Post Audit Implementation Plan

16 Embargoed Notice of Surrender - Electricity Retail

17 IMO Exemption letter

18 Capacity Calculations 2009-2010

19 CSBP Capacity Calculations 2008-2009

20 Wesf Group Risk - Review of Proposals Supp Electricity

25 Approval of Auditor - 2011 performance audit and asset management system review - ERL008 EGL015 - CSBP Limited

28 Engineering Project Design Review EP-08-030-19

29 Modification Procedure GM-05-050-01 new version

30 Major Shutdown Organisation and Responsiblilties

31 HAZOP Process (GM-08-030-02)

32 Contracting Procedures (DP-10-020-06

33 Contracting Policy (GM-10-020-05)

34 Supply Policy (GM-10-010-12)

35 Purchasing Guide_TH

36 Crisis Management Manual (GM-11-013-05)

37 Business Continuance Plan- Finance (GM-03-010-07)

38 Equip Maint User Contingency Plan for Computing_TH

39 Information Systems Security Policy-General (GM-04-030-07)

40 Non Standard Software Request form SF1724

41 Personal Computer Policy_TH

42 Equipment Numbering ES-14-101-06

43 Management of Risk Assessment Records (GM-04-043-03)

44 Document Numbering (GM-04-047-01)

45 Transformer Risk Assessment (GM-KS-100-01)

46 Management of Emergencies RM11-010-02 V51.6

47 Kwinana Emergency Management GM-11-010-03

48 Visitor Access to Kwinana Works (DP-02-100-02), DDMA8

49 Site Access and Asset Protection Policy (GM-02-100-01), DDM40C3

50 Safety Management System Procedure (GM-11-030-01)

51 Project procedure manual rev format
52 Corporate Planning Process (GM-02-020-03)
54 Capital Expenditure and Disposal Procedure (DP-03-050-07)
55 Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
56 RCM Turbo: (UG-05-013-09), DDM34
57 Developing Maintenance Strategies (DP-05-013-05), DDME
58 Maintenance Policy 2
59 Premier Power Sales Electricity Supply Agreement
60 Cintellate Legal register
61 Equipment Disposal (DP-10-064-01
62 Capital Expenditure and Disposal Procedure Example, Boiler control
63 Material list from JDE for boiler replacement, Example
64 New catalogue item request for JDE (Safety PLC), Example
65 Safety Requirement Specification, Safety Instrumented Systems (SIS)
66 SIS Operations and System Maintenance Manual, SIS
67 Environmental Risk Solutions, ERS, min of meeting
68 Expenditure Proposal Boiler replacement
69 Board Report, AN1 boiler
70 Signed off Expenditure Proposal
71 Steering Committee Meeting 3
72 Contractor meeting
73 Scope of Work for boiler erection
74 Expenditure Authorisation, EA, for 3 yr shutdown
75 Work order input sheet, take domes off, pressure clean tubes
76 Primervera GANNT for shutdown
77 Shutdown worklist
78 Field Service Report, Industrial Plant and Service
79 Instrument Electrical Summary Report, PP2 Shutdown
80 IPS training on Turbolog
81 Maintenance Report 3500 Monitoring Equipment
82 Permitting for the Feb 11 shutdown
83 AN2 / NA2 Plant control valve external inspection
84 Plant shutdown Feb 11 work list for NAAN2

85 Metallurgical Assessment of Failed Shell Plate Section, Bureau Veritas
86 Registration of pressure vessel with DCEP
87 Results of control valve external inspection
88 IPS Procedure for testing overspeed protection
89 Field Service Report, Industrial Plant and Service
90 Field Service Report, Industrial Plant and Service
91 AN Maintenance scoreboard
92 Safety observation card
93 Take 5 check
94 Works cost report
95 Weekly Maintenance Plan E & I and Mec
96 Backlog Report
97 Weekly pre use equipment check of vehicles
98 Prill tower pin replacement Team Based Risk Assessment
99 JSA repair / re-tube lighting
100 SKM AN3 Power System Study Proposal
101 SKM Load Flow & Protection Review
102 Loss of 132kV Power 25/3/09 Investigation
103 Loss of Power to Chemicals North 11/11/09 Investigation
104 Preamble to Procedure for "Sudden Island Mode"
105 Capacity Demand Charge, Guidelines for minimising annual cost
106 Project Request Form, upgrade bore pumps power supply
107 Electrical Switching Programme
108 Expenditure Proposal, inspect, maintain and repairs in 132kV yard
109 Power balancing considerations (and load shedding)
110 Isolation of 132kV switchyard
111 Life Expectancy Analysis Program, LEAP
112 Training Calendar, 2011
113 Equipment register
114 AP Machinery Shutdown Report July 08
115 Nitric Acid Plant Compressor Train Shutdown Report Nov 09
116 Nitric Acid Plant #1 Air Compressor Train Shutdown Report Oct 08
117 Ammonia Plant Machinery Scope of Work Oct 11

118 Plant inspection plan, Ammonia Area
120 Cost Report, Ammonia Plant
121 Ammonia Plant Operating Procedures
122 Tech data sheet from Dom.doc
123 Project evaluation
124 Ammonia/Ammonia Nitrate 2010-2011 Business Plan
125 Ammonia/Ammonia Nitrate Production Unit Strategies 2010
126 Monthly Report, Ammonia and Ammonia Nitrate
127 Monthly Board Report, Cyanide
128 Finance Planning System, Budget for Fin yrs
129 5-10 Year Planning
130 2011 Corporate Plan Assumptions, Ammonia
131 2010/11 Budget Presentation, Ammonium Nitrate
132 2010/11 Budget Presentation, Ammonia
133 AN1 Works Cost Report
134 Risk Assessment of Nitric Acid #2, Quest Reliability
135 Risk Assessment of AP2 / No1, Quest Reliability
136 Capex review, testing FM200 cylinders
137 Capex Expenditure Proposal Voltage Regulation Control
138 Capex Expenditure Proposal UPS upgrade
139 Management of Process Control Configuration DP-05-010-02
140 Engineering Project Spare Parts, EP-08-030-35
141 Safety Report Ammonia/Ammonia Nitrate production Facility, TR-08-053-01
142 External Regulator DoCEP 6 monthly visit Presentation
143 Safety Meeting
144 Safety Scoreboard
145 JDE
146 Dom Docs
147 SiteSafe
148 DCS
149 National Pollutants Inventory, NPI
150 CSBP web site

Note: Documents 5, 21-24, 26 & 27 have been excluded from the above as they were found to be duplicate documents.

The review was conducted in conjunction with the Performance Audit during August-September 2011 and included one day preliminary site audit, desktop review, one day audit to execute audit plan and interview sessions and report writing. In total the review required 75 hours of Simon Ashby's time.

3.2 Objective of the Asset Management System Review

The objective of the review is to examine the effectiveness of the processes used by CSBP to deliver asset management, the information systems supporting asset management activities and the data and knowledge used to make decisions about asset management. These elements were examined from a life cycle perspective i.e. planning, construction, operation, maintenance, renewal, replacement and disposal using the guidelines developed by the Economic Regulation Authority.

3.3 Methodology for Asset Management System Review

The audit methodology detailed in the Audit Guidelines – Electricity, Gas and Water Licences (August 2010) was used in the execution of the Asset Management System Review and is detailed in the Audit Plan (refer www.erawa.com.au for detail of Audit Methodology)..

Asset Management System Effectiveness Rating

The Audit Guidelines (section 11.4.2) states that the asset management review report must provide a table that summarises the auditor's assessment of both the process and policy definition rating and the performance rating for each key process in the licensee's asset management system using the scales described in Table 5 and Table 6. It is left to the judgement of the auditor to determine the most appropriate rating for each asset management process.

Table 5: Asset management process and policy definition adequacy ratings

Rating	Description	Criteria
A	Adequately defined	• Processes and policies are documented. • Processes and policies adequately document the required performance of the assets. • Processes and policies are subject to regular reviews, and updated where necessary • The asset management information system(s) are adequate in relation to the assets that are being managed.
B	Requires some improvement	• Process and policy documentation requires improvement. • Processes and policies do not adequately document the required performance of the assets. • Reviews of processes and policies are not conducted regularly enough. • The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).
C	Requires significant improvement	• Process and policy documentation is incomplete or requires significant improvement. • Processes and policies do not document the required performance of the assets. • Processes and policies are significantly out of date. • The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).
D	Inadequate	• Processes and policies are not documented. • The asset management information system(s) is not fit for purpose (taking into consideration the assets that are being managed).

Table 6: Asset management performance ratings

Rating	Description	Criteria
1	Performing effectively	• The performance of the process meets or exceeds the required levels of performance. • Process effectiveness is regularly assessed and corrective action taken where necessary.
2	Opportunity for improvement	• The performance of the process requires some improvement to meet the required level. • Process effectiveness reviews are not performed regularly enough. • Process improvement opportunities are not actioned.
3	Corrective action required	• The performance of the process requires significant improvement to meet the required level. • Process effectiveness reviews are performed irregularly, or not at all. • Process improvement opportunities are not actioned.
4	Serious action required	• Process is not performed, or the performance is so poor that the process is considered to be ineffective.

Deviation from the Audit Plan

There were several changes made to the risk assessment ratings conducted for the Audit Plan for the Performance Audit and the Asset Management System Review. The revisions only involve the adequacy of existing controls. All deviations from the Audit Plan are detailed within Appendix 1 and 2 respectively.

3.4 Follow up from Previous Asset Management Review

As detailed in section 2.4 of this report, the following table is developed in accordance with Section 11.3 of the Audit Guidelines.

Table 7-: Previous Asset Management Review Key Findings, Recommendation, Post Audit Plan & Progress

Chemicals North: Asset Management System Review Key Findings, Recommendations and Post Audit Plan

CSBP's Responses are marked in RED in this document

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
1.4	Asset Planning Non-asset options (eg demand management) are considered Effectiveness Rating – 3	The current agreement between CSBP and Synergy (previously Western Power Corporation), allows CSBP to purchase 11MW when it is not generating to maintain it's A and AN production process. Internal systems exist for the partial load shedding and/or islanding within the Power Management Program. At the time of the audit CSBP were seeking RFP's (Request for Proposal) from several organisations to supply electricity to CSBP.	CSBP negotiate a new agreement with Retailer, taking into consideration the ability of CSBP to export to the SWIS.	ACTION: Negotiate a new agreement with Retailer. RESPONSIBILITY: Michael Du Toit Peter Bastin DATE: 30th November 2008 **CSBP entered into new Electricity Supply Agreement with Retailer - Premier Power Sales Pty Ltd with effect from 1 December 2008. Completed By Michael DuToit and Peter Bastin 1 December 2008.**	Closed
4.4	Environmental analysis – Compliance with statutory and regulatory requirements	At the time of the audit a central database of statutory and regulatory requirements did exist, it did not include the Generation Licence.	Include the Generation Licence on the Legal Compliance Register	ACTION: To include the Generation Licence on the Legal Compliance Register RESPONSIBILITY: Peter Bastin (Contracting Specialist) DATE: 31st March 2009	Closed

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
	Effectiveness rating – 4			**Electricity Generation Licence EGL15 has been registered in CSBP SiteSafe Computer System Legal Register. Completed by Peter Bastin. 12 March 2009**	
4.5	Environmental analysis – Achievement of customer service levels Effectiveness Rating – 3	The current agreement between CSBP and Synergy (previously Western Power Corporation), allows CSBP to purchase 11MW when it is not generating to maintain it's A and AN production process. Any excess generation is taken up by Synergy at minimal payment. At the time of the audit CSBP were seeking RFP's from several organisations to supply electricity to CSBP.	CSBP negotiate a new agreement with Retailer, taking into consideration the ability of CSBP to export to the SWIS.	ACTION: Negotiate a new agreement with Retailer. RESPONSIBILITY: Michael Du Toit Peter Bastin DATE: 30th November 2008 **CSBP entered into new Electricity Supply Agreement with Retailer - Premier Power Sales Pty Ltd with effect from 1 December 2008. Under this Agreement Premier Power Sales Pty Ltd pay CSBP for excess power generated by CSBP and exported to the SWIS . Completed by Michael DuToit and Peter Bastin 1 December 2008**	Closed
5.2	Asset Operations – Operational policies and procedures are documented and	In the Chemical North day to day operating regime it was observed and noted	Full implementation of an electronic log system, similar to the system in place at	ACTION: Full implementation of electronic log system for shift handover and	Closed

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
	linked to service levels required Effectiveness Rating - 4	that shift handovers, operational instructions and logs were recorded manually in Yearly A4 Diary and there was no procedure evident for a shift handover	Chemical East for shift handover and recording of operational instructions and daily logs.	recording of operational instructions and daily logs. RESPONSIBILITY: Albert Romano (Manager Ammonia / Ammonia Nitrate) DATE: 30th September 2009 **Full implementation of electronic log system for shift handover and recording of operational instructions and daily logs completed 31 December 2009. Completed by Albert Romano.**	
12.1	Review of AMP – Review of the Asset Management System to ensure the effectiveness of the integration of its components and their accuracy. Effectiveness Rating – 3	Within each functional area of the business unit there is a well defined review process in place and is effective in ensuring continuous improvement to the process. However there is no single document available such as an Asset Management Plan that captures and summarises these various asset management systems and their review processes.	CSBP to document various asset management systems and its review processes into an over arching asset management plan.	ACTION: Develop an overarching asset management plan. RESPONSIBILITY: Brian McCully (Electrical Project Officer) DATE: 30th September 2009 **Overarching Asset Management Plan completed Completed by Brian McCully 3 March 2010**	The overarching AM Plan was of great assistance in the current audit
12.2	Review of AMP – A	As above	As above	As above	The overarching AM

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
	review process is in place to ensure that the asset management plan and the asset management system described therein are kept current. Effectiveness Rating – 3			**Overarching Asset Management Plan completed** **Completed by Brian McCully** **3 March 2010**	Plan was of great assistance in the current audit
12.3	Review of AMP – Independent reviews (eg internal audit) are performed of the asset management systems. Effectiveness Rating – 3	Internal and external audits of the various operational and financial systems are conducted however it is not captured and summarised in one document.	As above	As above **Overarching Asset Management Plan completed** **Completed by Brian McCully** **3 March 2010**	The overarching AM Plan was of great assistance in the current audit

Chemicals East: Asset Management System Review Key Findings, Recommendations and Post Audit Plan

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
1.4	Asset Planning Non-asset options (eg demand management) are considered Effectiveness Rating – 3	The current agreement between CSBP and Synergy (previously Western Power Corporation), allows CSBP to purchase 11MW when it is not generating to maintain its Cyanide production process. Internal systems exist for the partial load shedding and/or islanding within the Power Management Program. At the time of the audit CSBP were seeking RFP's from several organisations to supply electricity to CSBP.	CSBP negotiate a new agreement with Retailer, taking into consideration the ability of CSBP to export to the SWIS.	ACTION: Negotiate a new agreement with Retailer. RESPONSIBILITY: Michael Du Toit Peter Bastin DATE: 30th November 2008 **CSBP entered into new Electricity Supply Agreement with Retailer - Premier Power Sales Pty Ltd with effect from 1 December 2008. Under this Agreement Premier Power Sales Pty Ltd pay CSBP for excess power generated by CSBP and exported to the SWIS . Completed by Michael DuToit and Peter Bastin 1 December 2008**	Closed
4.4	Environmental analysis – Compliance with statutory and regulatory requirements Effectiveness rating - 4	At the time of the audit a central database of statutory and regulatory requirements did exist, it did not include the Generation Licence.	Include the Generation Licence on the Legal Compliance Register	ACTION: To include the Generation Licence on the Legal Compliance Register RESPONSIBILITY: Peter Bastin (Contracting Specialist) DATE: 31st March 2009 **Electricity Generation Licence EGL15 has been registered in CSBP SiteSafe**	Closed

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
				Computer System Legal Register. **Completed by Peter Bastin.** **12 March 2009**	
4.5	Environmental analysis – Achievement of customer service levels Effectiveness Rating – 3	The current agreement between CSBP and Synergy (previously Western Power Corporation), allows CSBP to purchase 11MW when it is not generating to maintain its Cyanide production process. Any excess generation is taken up by Synergy at minimal payment. At the time of the audit CSBP were seeking RFP's from several organisations to supply electricity to CSBP.	CSBP negotiate a new agreement with Retailer, taking into consideration the ability of CSBP to export to the SWIS.	ACTION: Negotiate a new agreement with Retailer. RESPONSIBILITY: Michael Du Toit Peter Bastin DATE: 30th November 2008 **CSBP entered into new Electricity Supply Agreement with Retailer - Premier Power Sales Pty Ltd with effect from 1 December 2008. Under this Agreement Premier Power Sales Pty Ltd pay CSBP for excess power generated by CSBP and exported to the SWIS . Completed by Michael DuToit and Peter Bastin 1 December 2008**	Closed
5.2	Asset Operations – Operational policies and procedures are documented and linked to service levels required Effectiveness Rating – 4	While inspecting the Chemical East area It was noted that a spool had been removed from one of the turbines and this change was not reflected in the operational	The electronic log system used in the Chemical East is an effective tool in recording changes to operational modes and making all staff fully aware of changes to the operating regime of the	ACTION: Chemical East to implement operational procedure to ensure that engineering modifications to plant include updating of relevant plant operational procedures. RESPONSIBILITY: Mark Tjerkstra (Technical	Closed

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
		procedures and logs.	plant.	Superintendent Cyanide) DATE: 30th September 2009 **Chems East implemented an operational procedure that requires a Project Request Form to be used to record modifications to plant. This form ensures that relevant plant operational procedures are updated.** **Completed by Mark Tjerkstra 24 March 2010**	
12.1	Review of AMP – Review of the Asset Management System to ensure the effectiveness of the integration of its components and their accuracy. Effectiveness Rating – 3	Within each functional area of the business unit there is a well defined review process in place and is effective in ensuring continuous improvement to the process. However there is no single document available such as an Asset Management Plan that captures and summarises these various asset management systems and their review processes.	CSBP to document various asset management systems and its review processes into an over arching asset management plan.	ACTION: Develop an overarching asset management plan. RESPONSIBILITY: Brian McCully (Electrical Project Officer) DATE: 30th September 2009 **Overarching Asset Management Plan completed** **Completed by Brian McCully** **3 March 2010**	The overarching AM Plan was of great assistance in the current audit
12.2	Review of AMP – A review process is in place to ensure that the asset	As above	As above	As above **Overarching Asset Management Plan completed**	The overarching AM Plan was of great assistance in the current audit

Ref	Audit Requirement	Issue	Recommendation	Post-Audit Action Plan	Outcomes
	management plan and the asset management system described therein are kept current. Effectiveness Rating – 3			**Completed by Brian McCully** **3 March 2010**	
12.3	Review of AMP – Independent reviews (eg internal audit) are performed of the asset management systems. Effectiveness Rating – 3	Internal and external audits of the various operational and financial systems are conducted however it is not captured and summarised in one document.	As above	As above **Overarching Asset Management Plan completed** **Completed by Brian McCully** **3 March 2010**	The overarching AM Plan was of great assistance in the current audit

3.5 2011 Post Audit Implementation Plan – Asset Management Review

As stipulated in section 11.9 of the Audit Guidelines (August 2010), the Audit Team notes that the Performance Audit Post Implementation Plan does not form part of the Audit Opinion. It is the responsibility of the licensee to ensure actions are undertaken as determined by CSBP.

Ref	Audit Requirement	Issue	Recommendation	Post Audit Action Plan
7.1	Adequate system documentation for users and IT operators	Inconsistent naming of sites in documentation with legacy names still applied.	Standards, procedures and meeting minutes be updated from Chemicals North and Chemicals East to refer to the new site naming.	Document Systems Administrator (DSA) to : (1) Rename "Chemicals East" to "Sodium Cyanide Production Facility", or shorter name as agreed with the General Manager, and "Chemicals North" to "Ammonia/AN", in the Domino.doc file cabinet structure and to then advise all users of the change; RESPONSIBILITY: Nicola Barnes DSA Completion Date: 31st July 2012 (2) Compose an e-mail to be sent from the Sodium Cyanide and Ammonia/AN Production Managers, asking that document owners use these production

				area names in place of "Chemicals East" and "Chemicals North" when developing or reviewing their documents; RESPONSIBILITY: Nicola Barnes DSA Completion Date: 30th April 2012 and (3) alter any documents owned by the DSA, to rename "Chemicals East" to "Sodium Cyanide Production Facility", or shorter name as agreed with the General Manager, and "Chemicals North" to "Ammonia/AN". RESPONSIBILITY: Nicola Barnes DSA Completion Date: 31st October 2012
		The automatic footer revision date appears to be vulnerable to error should a document be saved again or copied from Dom.docs to	Revision date be included in Version text box on the title page.	DSA to add Version number and revision date to the control block on templates for applicable documents. RESPONSIBILITY: Nicola Barnes DSA Completion Date: 30th April 2012
		Some of the standards on the CSBP web site were last revised over 10 years ago and this should be reviewed (Note readers are advised to check they are using the	Regularly review standards and record review date even if no changes are made. Ensure that current versions of standards are on the web site.	A review reminder e-mail is automatically generated by Domino.doc, on the date of the document becoming due for review, to the document owner, with fortnightly follow-up reminders until the document has been updated. To address the gap where (1) documents are so out-of-date that they are not captured by this system or (2) the owner has left the organisation, an action is already entered in Cintellate (see ACT-57553), due by 31 January 2012, for the DSA to establish a monthly

		current version)		report to business area managers and owners on all documents overdue for review on the first of each month. RESPONSIBILITY: Nicola Barnes DSA Completion Date: 30th June 2012 A review of the CSBP web site was done in December 2011 by the DSA, on safety and engineering documents and chemical MSDS's. A review of the fertiliser MSDS's is in progress. RESPONSIBILITY: Nicola Barnes DSA Completion Date: 30th June 2012 The DSA has a six-monthly reminder to ask the Engineering Manager to check the list of Engineering documents on the web site, and the Safety Manager to check the list of Safety documents, and to advise the DSA of any that should be added or deleted to the site.

4. FOLLOW UP AUDIT PROCESS

This is the second Performance Audit and Asset Management Review conducted since the issue of the licence. Review of actions taken in response to recommendations will form part of subsequent audit plans.

APPENDIX 1

CSBP
PERFORMANCE AUDIT SEPTEMBER 2011

NOTE: Items in square brackets in the Compliance Report Manual Reference are reference to the 2008 Compliance Reporting Manual for ease of reference to previous report.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
GENERATION LICENCE CONDITION 1 – DEFINITIONS					
-	**Generation Licence condition 1.1- *Electricity Industry Act 2004*** Definitions and Interpretations		Not Applicable NA	NOT APPLICABLE	The organisation subscribes and receives emails/correspondence from the Economic Regulation Authority in regards to changes to definitions
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	NA	**NA**	NA	NA	
-	**Generation Licence condition 1.2- *Electricity Industry Act 2004*** A reference in this licence to any applicable legislation includes, unless the context otherwise requires, any statutory modification, amendment or re-enactment of that applicable legislation.		Compliant 5	Discussion with the Contracting Specialist CINTELLATE SYSTEM/SITE SAFE Management meetings	The organisation has an established system for identification and response to changes to legislation.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
GENERATION LICENCE CONDITION 2 - GRANT OF LICENCE					
-	**Generation Licence condition 2.1- *Electricity***		Compliant	▪ CSBP Limited Generation	The licensee has operated the generating

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Industry Act 2004 The licensee is granted a licence for the licence area to construct and operate generating works or operate existing generating works in accordance with the terms and conditions of this licence.		5	Licence – EGL15 – Schedule 1 ▪ Interview with Supply Services Manager. ▪ CSBP Land Title	works in accordance with the licence EGL15. The installed capacity of the operations, as defined by EGL15, is 28.6 MW.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
GENERATION LICENCE CONDITION 3 – TERM					
-	**Generation Licence Condition 3.1 - *Electricity Industry Act 2004*** The licence commences on the commencement date and continues until the earlier of; (a) the cancellation of the licence pursuant to clause 7 of this licence; (b) the surrender of the licence pursuant to clause 8 of this licence; or (c) the expiry date.		Not Rated NR	▪ Compliance Reports during audit period 1st July 2008 – 30th June 2011 ▪ Interview with Contracting Specialist	No issues with regards to surrender or cancellation of the licence were raised during the audit period. As such assessment of compliance with clause cannot be undertaken.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
GENERATION LICENCE CONDITION 4 – FEES					
105 [85] TYPE 2	**Generation Licence Condition 4.1 - Electricity Industry Act section 17 (1)** The licensee must pay the applicable fees in accordance with the Regulations. A licensee must pay to the Authority the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence.		Compliant 5	▪ Payment of fees before the 26th July each year ▪ Discussion with Contracting Specialist ▪ Review of payment/pending invoice process ▪ CINTELLATE/SITE SAFE SYSTEM used for as proactive trigger for upcoming payments	Licence fees were paid as follows; - ERA Invoice ERA233. Payment ref #118707 – Paid 16/6/11 - ERA Invoice ERA174 . Payment Ref 109707 - Paid 6/7/2010 - ERA Invoice ERA127. Payment ref 99323 – Paid 24/6/09 The organisation is aware of the requirements for payment of licence fees annually.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
GENERATION LICENCE CONDITION 5 – COMPLIANCE					
106 [86] TYPE NR	**Generation Licence Condition 5.1 - *Electricity Industry Act Section 31 (3)*** A licensee must take reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.		Compliant 5	▪ Discussion with Works Instrument/Electrical Superintendent Engineering ▪ Kwinana Industries Council (KIC) - Kwinana Industries Mutal Aid (KIMA) ▪ CSBP Emergency Procedures ▪ Emergency Response Plan	Effectively managed and reviewed, the nature of the site and its production processes dictates the need for a mature and tested emergency response system such as the CSBP system.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
107 [87] TYPE 2	**Generation Licence Condition 5.1- Electricity Industry Act section 41 (6)** A licensee must pay the costs of taking an interest in land or an easement over land.		Compliant 5	▪ Discussion with Manager Supply and Administration ▪ Record of certificate of title. Leased by CSBP Ammonia Terminal Pty Ltd 100% owned by CSBP Limited; Lease E380463 expired 18/1/2010	The lease that was established during the previous audit expired and the option to extend the lease was not exercised by the organisation. The organisation still complies with the requirement as the land is owned by CSBP Limited. The reasoning behind the lease non-renewal is confidential in nature and the Auditors have established compliance with this

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
					requirement.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	4	Nil	
	Consequence	Moderate			
	Inherent Risk	Medium			
	Adequacy of Controls	Strong			
Electricity Industry Metering Code					
349 [319] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 3.11(3)** A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.		Compliant 4	▪ Discussion with Electrical Projects Officer ▪ Report defective metering to network operator, request backup metering data be used until defect corrected and monitor energy exported/imported using own meters/calculations ▪ Duplicate metering system to check ▪ WP metering system calibrated ▪ Export Energy Data provided by Premier Power Sales Pty	There are several processes established to ensure metering data is accurately recorded for example; CSBP maintain their own metering equipment, cross check of billing data by Electrical Projects Officer.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
				Ltd	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Consideration could be given to formalising the process for verifying the metering data. The Electrical Projects Officer has an established procedure that falls outside the scope of the company's document control system.	
361 [331] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 3.16(5)** A network operator or a user may require the other to negotiate and enter into a written service level agreement in respect of the matters in the metrology procedure dealt with under clause 3.16(4) of the Code.		NOT APPLICABLE NA	WPN is responsible for metering.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
372 [342]	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 3.27** A person must not install a metering		Not Rated NR	Process controlled through locked gate/key system access available to authorised	Tariff meters installed at CSBP are the responsibility of Western Power.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
TYPE 2	installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.			personnel i.e. WPN	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
379 [349] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 4.4(1)** A network operator and affected Code participants must liaise together to determine the most appropriate way to resolve a discrepancy between energy data held in a metering installation and data held in the metering database.		Compliant 5	▪ Discussion with Electrical Projects Officer ▪ Managed via contracts with Premier Power Sales. ▪ WPN and System Management have direct control of metering.	The current Supply Agreement with Premier Power Sales covers dispute resolution processes in section 16. Invoices sampled during the audit scope were shown to be verified by CSBPs Power Management System and considered acceptable with variations accounted for.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
380 [350] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 4.5(1)** A Code participant must not knowingly permit the registry to be materially inaccurate.		Compliant 5	▪ Monitor network operator's registry and report any significant inaccuracies ▪ Monthly report prescriptive methodology for payment of what is generated in SWIS system and control process for inaccuracies	As for ref 349
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
381 [351] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 4.5(2)** If a Code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.		Not Rated NR	WPN and System Management have direct control of metering. No inaccuracy of standing data was identified during the audit period.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
393 [363] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.4(2)** A user must, when reasonably requested by a network operator, use reasonable endeavours to assist the network operator to comply with the network operator's obligation under clause 5.4(1).		Compliant 5	▪ Discussion with Works Instrument/Electrical Superintendent Engineering	Western Power require access to the metering installation on site to obtain an actual meter reading at least once in every 12 month period. During the audit it was confirmed that the Western Power representative had access to the site to undertake this requirement and holds the keys to access the metering equipment.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
395 [365] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.5(3)** A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another		Not Rated NR	The licensee has not raised a charge for any metering data as such this requirement has not been assessed.	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	enactment.				
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	4	Nil	
	Consequence	Moderate			
	Inherent Risk	Medium			
	Adequacy of Controls	Strong			
406 [376] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.16** A user that collects or receives energy data from a metering installation must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.		Not Applicable NA	WPN and System Management have direct control of metering.	
407 [378] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.17(1)** A user must provide standing data and validated (and where necessary substituted or estimated) energy data to the user's customer, to which that information relates, where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.		Not Applicable NA	WPN and System Management have direct control of metering.	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
408 [378] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.18** A user that collects or receives information regarding a change in the energisation status of a metering point must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.	Not Applicable NA	WPN and System Management have direct control of metering.	
409 [379] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.19(1)** A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere.	Not Applicable NA	WPN and System Management have direct control of metering.	
410 [380] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.19(2)** A user must, to the extent that it is able, collect and maintain a record of the address, site and customer attributes, prescribed in relation to the site of each connection point, with which the user is associated.	Not Applicable NA	WPN and System Management have direct control of metering.	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
411 [381] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.19(3)** A user must, after becoming aware of any change in a site's prescribed attributes, notify the network operator of the change within the timeframes prescribed.	Not Applicable NA	WPN and System Management have direct control of metering.	
412 [382] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.19(4)** A user that becomes aware that there is a sensitive load at a customer's site must immediately notify the network operator's Network Operations Control Centre of the fact.	Not Applicable NA	WPN and System Management have direct control of metering.	
414 [384] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.19(6)** A user must use reasonable endeavours to ensure that it does notify the network operator of a change in an attribute that results from the provision of standing data by the network operator to the user.	Not Applicable NA	WPN and System Management have direct control of metering.	
420 [390] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.21(5)** A Code participant must not request a test or audit unless the Code participant is a user and the test or audit relates to a time or times at	Not Applicable NA	WPN and System Management have direct control of metering.	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	which the user was the current user or the Code participant is the IMO.				
421 [391] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.21(6)** A Code participant must not make a test or audit request that is inconsistent with any access arrangement or agreement.		Not Rated NR	▪ Discussion with Works Instrument/Electrical Superintendent Engineering	The licensee has not made a test or request that is inconsistent with any access arrangement or agreement.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
439 [409] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 5.27** Upon request, a current user must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.		Not Applicable NA	WPN and System Management have direct control of metering.	
446 [416] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 6.1(2)** A user must, in relation to a network on which it has an access contract, comply with		Compliant 5	▪ Discussion with Works Instrument/Electrical Superintendent Engineering	The Licensee has complied with Western Power's requirements and no complaints have been raised.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	the rules, procedures, agreements and criteria prescribed.			▪ Electrical Projects Officer	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	4	Nil	
	Consequence	Moderate			
	Inherent Risk	Medium			
	Adequacy of Controls	Strong			
448 [418] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 7.2(1)** Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.		Compliant 5	▪ Contact details provided to Western Power on 1 December 2008.	Western Power has the Licensee's contact details as required.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	5	Nil	
	Consequence	Minor			
	Inherent Risk	Low			
	Adequacy of Controls	Strong			

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
450 [420] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 7.2(4)** A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request.		Not Rated NR	No request was made during the audit period for contact details by the network operator.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
451 [421] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 7.2(5)** A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.		Not Rated NR	There have been no changes to the contact details provided to the network operator during the audit period.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk	Unlikely Moderate Medium	4	Nil	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Adequacy of Controls	Strong			
452 [422] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 7.5** A Code participant must not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.		Compliant 5	Identify confidential information relating to the Code and ensure that it is subject to confidentiality restrictions Secure systems for communication of information i.e. secure IT systems and access personnel, service agreement and official correspondence authorised by management committee	During the audit period there has been no disclosure of confidential information. The Licensee has adequately identified confidential documentation and established the required controls.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
453 [423] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 7.6(1)** A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.		Compliant 5	As for finding 452	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
454 [424] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 8.1(1)** Representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute under or in connection with the Electricity Industry Metering Code by negotiations in good faith.		Not Rated NR	There were no disputes during the audit period.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
455 [425] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 8.1(2)** If a dispute is not resolved within 10 business days after the dispute is referred to		Not Rated NR	There were no disputes during the audit period.	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.				
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
456 [426] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 8.1(3)** If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.		Not Rated NR	There were no disputes during the audit period.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk	Unlikely Minor Low	5	Nil	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Adequacy of Controls	Strong			
457 [427] TYPE 2	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 8.1(4)** If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.		Not Rated NR	There were no disputes during the audit period.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
458 [428] TYPE NR	**Generation Licence Condition 5.1 - Electricity Industry Metering Code clause 8.3(2)** The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective of dispute resolution with as little formality and technicality and with as much expedition as the requirements of Part 8 of the Code and a proper hearing and determination of the		Not Rated NR	There were no disputes during the audit period.	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	dispute, permit				
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
-	**Generation Licence Condition 5.1 - Review of Government Gazette Amendments** ▪GG12 Electricity Industry Act 2004, p259 28-Jan-2011		Compliant 5	▪ Discussion with ERA ▪ Discussion with Contracting Specialist ▪ Corporate requirements in relation to compliance and reputation	CSBP utilise legal counsel and keep abreast of legal changes through this process as well as through communications received from the Authority. It is noted that the amendments were made to the Electricity Licences by substituting a new standard form of electricity licence following the Electricity Licence Review 2010. Published in Government Gazette Friday 28 January 2011 and on ERA Website 13 January 2011. CSBP personnel were aware of this amendment.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk	Unlikely Minor Low	5	Nil	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Adequacy of Controls	Strong			
GENERATION LICENCE CONDITION 6 - TRANSFER OF LICENCE					
	Generation Licence condition 6.1 - Electricity Industry Act section 18 -Transfer of a licence This licence may be transferred only in accordance with the Act.		Not Rated NR	▪ Discussion with Contracting Specialist ▪ Review of ERA Website	No transfer of licence undertaken during the audit period. As such assessment of compliance with clause cannot be undertaken.
GENERATION LICENCE CONDITION 7 - CANCELLATION OF LICENCE					
	Generation Licence condition 7.1 - Electricity Industry Act section 35 -Cancellation of a licence This *licence* may be cancelled only in accordance with the *Act*.		Not Rated NR	▪ Discussion with Contracting Specialist ▪ Review of ERA Website	No cancellation of licence undertaken during the audit period. As such assessment of compliance with clause cannot be undertaken.
GENERATION LICENCE CONDITION 8 - SURRENDER OF LICENCE					
-	**Generation Licence condition 8.1 - Electricity Industry Act 2004 (Schedule 1 - provision l)** The licensee may only surrender the licence pursuant to this clause 8.		Not Rated NR	▪ Discussion with Contracting Specialist ▪ Review of ERA Website	No surrender of licence undertaken during the audit period. As such assessment of compliance with clause cannot be undertaken.
-	**Generation Licence condition 8.2** If the licensee intends to surrender the		Not Rated	As for finding Generation Licence Clause 8.1	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
	licence the licensee must, by notice in writing to the Authority: (a) set out the date that the licensee wishes the surrender of the licence to be effective; and (b) set out the reasons why the licensee wishes to surrender the licence, including the reasons why it would not be contrary to the public interest for the surrender of the licence to be effective on the date set out in the notice	NR		
-	**Generation Licence condition 8.3** Upon receipt of the notice from the licensee pursuant to clause 8.2, the Authority will publish the notice	Not Rated NR	As for finding Generation Licence Clause 8.1	
	Generation Licence condition 8.4 Notwithstanding clause 8.2, the surrender of the licence will only take effect on the later of the day that: (a) the Authority publishes a notice of the surrender in the Western Australian Government Gazette, such date to be at the discretion of the Authority; and (b) the licensee hands back the licence to the Authority.	Not Rated NR	As for finding Generation Licence Clause 8.1	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
	Generation Licence condition 8.5 The licensee will not be entitled to a refund of any fees by the Authority.	Not Rated NR	As for finding Generation Licence Clause 8.1	
GENERATION LICENCE CONDITION 9 - RENEWAL OF LICENCE				
-	**Generation Licence condition 9.1** This licence may be renewed only in accordance with the Act.	Not Rated NR	▪ Discussion with Contracting Specialist ▪ Review of ERA Website	No renewal of licence undertaken during the audit period. As such assessment of compliance with clause cannot be undertaken.
GENERATION LICENCE CONDITION 10 - AMNENDMENT OF LICENCE ON APPLICATION OF THE LICENSEE				
-	**Generation Licence condition 10.1** The licensee may apply to the Authority to amend the licence in accordance with the Act.	Compliant 5	▪ Discussion with Contracting Specialist ▪ EGL15 versions 1 to 3 ▪ Correspondence from CSBP	The licensee informed the ERA on the 3/12/08 of a change to the plant operating capacity from 23MW to 28.6MW. This was in response to a finding from the previous audit. Refer to table 4 for further information. Other than this change there have been no other amendments made by the Licensee in regards to the Generation Licence.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**
	Likelihood Consequence	Unlikely Minor	5	Nil

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Inherent Risk Adequacy of Controls	Low Strong			
GENERATION LICENCE CONDITION 11 - AMENDMENT OF LICENCE BY THE AUTHORITY					
	Generation Licence condition 11.1 Subject to any applicable legislation, the Authority may amend the licence at any time in accordance with this clause		Compliant 5	▪ Discussions with Contracting Specialist ▪ GG54 3rd April 2009 ▪ GG12 28th January 2011 Note: GG refers to Government Gazette.	GG54 - Changing the definition of customer to be consistent with the definition in the Electricity Industry Act 2004 GG12 – Changing the standard form of the Electricity Licences Organisation was aware of changes and relevant documentation was reviewed on file.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
	Generation Licence condition 11.2 Before amending the licence under clause 11.1, the Authority must: (a) provide the licensee with written notice of the proposed amendments under consideration by the Authority;		Compliant 5	▪ Discussions with Contracting Specialist ▪ Decision on Amendment to Customer Definition - Electricity Licences (29/01/09)	Adequate review time was provided for in the amendment of the licence condition. Compliance with Licence Condition 11.2 is noted.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	(b) allow 15 business days for the licensee to make submissions on the proposed amendments; and (c) take into consideration those submissions.			▪ Final Decision and Final Report on Amendment to Standard Electricity Licence - 02 Dec 2010	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
	Generation Licence condition 11.3 This clause also applies to the substitution of the existing licence.		Not Rated NR	No substitution of the existing licence was undertaken during the audit period.	
	Generation Licence condition 11.4 For avoidance of doubt, the licensee will not have to pay a fee for amendments under clause 11.		Not Applicable NA	Determined not to be applicable to audit	
GENERATION LICENCE CONDITION 12 – ACCOUNTING RECORDS					
119 [105] TYPE 2	**Generation Licence condition 12.1 - Electricity Industry Act section 11** The licensee and any related body corporate must maintain accounting records that		Compliant 5	▪ Wesfarmers Annual Report 2008 (previous audit period but not available at time of audit)	The independent auditors of the organisation (Ernst & Young) have included a statement of compliance with the Australian Accounting Standards and

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.			▪ Wesfarmers Annual Report 2009 ▪ Wesfarmers Annual Report 2010 ▪ Wesfarmers Annual Report 2011	the Corporations Act; - Wesfarmers 2008 Annual Report on 23 September 2007 on page 171. - Wesfarmers 2009 Annual Report on 15 September 2009 on page 175. - Wesfarmers 2010 Annual Report on 16 September 2010 on page 167. - Wesfarmers 2011 Annual Report on 21 September 2011 on page 175. The Reports are accessible on the internet (http://www.wesfarmers.com.au)
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
GENERATION LICENCE CONDITION 13 – INDIVIDUAL PERFORMANCE STANDARDS					
	Generation Licence condition 13.1 [**Generation Licence condition 14.1]** Performance standards are contained in applicable legislation.		Not Rated NR	Not rated as there are no specific performance standards established for EGL15.	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
	Generation Licence condition 13.2 [**Generation Licence condition 14.2]** The Authority may prescribe individual performance standards in relation to the licensee of its obligations under this licence or the applicable legislation.	Not Rated NR	Not rated as there are no specific performance standards established for EGL15.	
	Generation Licence condition 13.3 **[Generation Licence condition 14.3]** Before approving any individual performance standards under this clause, the Authority will: (a) provide the licensee with a copy of the proposed individual performance standards; (b) allow 15 business days for the licensee to make submissions on the proposed individual performance standards; and (c) take into consideration those submissions	Not Rated NR	Not rated as there are no specific performance standards established for EGL15.	
120 [106] TYPE 2	**Generation Licence condition 13.4 –** [**Generation Licence condition 14.4]** **Electricity Industry Act section 11** Once approved by the Authority, the performance standards are included as additional terms and conditions to this	Not Rated NR	Not rated as there are no specific performance standards established for EGL15.	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	licence. A licensee must comply with any individual performance standards prescribed by the Authority.				
GENERATION LICENCE CONDITION 14 - PERFORMANCE AUDIT					
101 [81] TYPE NR	**Generation Licence Condition 14.1 - Electricity Industry Act section 13(1)** **[Generation Licence condition 15.1]** A licensee must, not less than once every 24 months, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.		Compliant 5	▪ Management meetings ▪ Notification of impending audit from the Authority ▪ CINTELLATE ▪ Correspondence ERA ▪ Various email correspondence ▪ Discussion with Contracting Specialist	The requirement for the audit is monitored by the Contracting Specialist as well as through the systematic process established in the CINTELLATE database. The requirement was also tracked and actioned in the Management Meetings.
	Risk Assessment		**Audit Priority**		
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
121 [107]	**Generation Licence condition 14.2 - Electricity Industry Act section 11**		Compliant 5	▪ Compliance with ERA process ▪ Discussion with Contracting	Direct instructions from Licensee to Auditor to comply with the ERA guidelines. Copies of communications received from

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
TYPE 2	**[Generation Licence condition 15.2]** A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.			Specialist ▪ Correspondence with ERA ▪ Management Meeting Minutes	ERA relating to audit requirements sent by CSBP through to Auditor to convey requirements specifically the undertaking of audits in compliance with the Audit Guidelines: Electricity, Gas and Water Licences.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
-	**Generation Licence condition 14.3** **[Generation Licence condition 15.3]** The licensee may seek a review of any of the requirements of the Authority's standard audit guidelines in accordance with clause 19.1		Not Rated NR	There were no reviews sought by the Licensee during the audit period.	
-	**Generation Licence condition 14.4** **[Generation Licence condition 15.4]** The performance audit must be conducted by an independent auditor approved by the Authority. If the licensee fails to nominate an auditor within one month of the date that the performance audit was due, or the auditor		Compliant 5	▪ Approval notification by the ERA	The Licensee appointed an auditor within the required timeframe and the ERA approved the appointment as per audit guidelines.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	nominated by the licensee is rejected on two successive occasions by the Authority, the Authority may choose an independent auditor to conduct the performance audit.				
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
GENERATION LICENCE CONDITION 15 – REPORTING A CHANGE IN CIRCUMSTANCES					
123 [109] TYPE 2	**Generation Licence condition 15.1 - Electricity Industry Act section 11** **[Generation Licence condition 17.1]** The licensee must report to the Authority: (a) if the licensee is under external administration as defined by the Corporations Act 2001 (Cwlth), within 2 business days of such external administration occurring; or (b) if the licensee: (i) experiences a change in the licensee's corporate, financial or technical circumstances upon which this licence was		Not Rated NR	▪ Financial Reports ▪ Reporting controls ▪ Discussion with Contracting Specialist	During the Audit Period 1st July 2008 to 30th June 2011, CSBP was not under external administration and had not undergone any significant change in the circumstances upon which the licence was granted. As such there was no obligation to report to the Authority.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	granted; and (ii) the change may materially affect the licensee's ability to perform its obligations under this licence, within 10 business days of the change occurring; or (c) if the: (i) licensee's name; (ii) licensee's ABN; (iii) licensee's address; (iv) description of the generating works; or (v) nameplate capacity of the generating works, change within 10 business days of the change occurring..				
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	4	Nil	
	Consequence	Moderate			
	Inherent Risk	Medium			
	Adequacy of Controls	Moderate			
GENERATION LICENCE CONDITION 16- PROVISION OF INFORMATION					
124 [110]	**Generation Licence condition 16.1 - Electricity Industry Act section 11 - Compliance and Reporting Manual March**		Compliant 5	▪ Discussion with Contracting Specialist ▪ Compliance with ERA	Every licensee is required to submit a compliance report to the Authority covering all of its type 1 and type 2 licence

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
TYPE 2	**2008 section 5.3 and section 5.4** **[Generation Licence condition 18.1]** A licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.			process ▪ EGL15 - Compliance Report 1 July 2008 – 30 June 2009 (Dated 27/07/09) ▪ EGL15 - Compliance Report 1 July 2009 – 30 June 2010 (Dated 1/7/10) ▪ EGL15 - Compliance Report 1 July 2010 – 30 June 2011 (Dated 12/07/11)	obligations for each financial year (1 July to 30 June inclusive) by 31 August immediately following the financial year that is the subject of the report. Compliance Reports were submitted as required to ERA during Audit Period 1st July 2008 to 30th June 2011. It is noted that the CINTELLATE System is used as a proactive trigger mechanism in preparing the report.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
GENERATION LICENCE CONDITION 17 - PUBLISHING INFORMATION					
125 [111] TYPE 2	**Generation Licence condition 17.1 & 17.2 - Electricity Industry Act section 11** **[Generation Licence condition 19.1 & 19.2]** 17.1 - The Authority may direct the licensee to publish, within a specified timeframe, any information it considers relevant in		Not Rated NR	▪ CSBP Website ▪ Discussion with Contracting Specialist ▪ Review of ERA Website	There have been no requirements by the Authority to "publish" anything. As such this requirement was not rated. It is noted that CSBP has the ability to comply by publishing on the CSBP

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	connection with the licensee or the performance by the licensee of its obligations under this licence. 17.2 - Subject to clause 17.3, the licensee must publish the information referred to in clause 17.1.				Website (www.csbp.com.au).
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
-	**Generation Licence condition 17.3** [**Generation Licence condition 19.3]** If the licensee considers that the information is confidential it must; (a) immediately notify the Authority; and (b) seek a review of the Authority's decision in accordance with clause 19.1.		Not Rated NR	The Licensee was not required to publish any information during the audit period.	
-	**Generation Licence condition 17.4** **[Generation Licence condition 19.4]** Once it has reviewed the decision, the		Not Rated NR	As for finding above Generation Licence Condition 17.3	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Authority will direct the licensee in accordance with the review to: (a) publish the information; (b) publish the information with the confidential information removed or modified; or (c) not publish the information.				
GENERATION LICENCE CONDITION 18 – NOTICES					
126 [112] TYPE 2	**Generation Licence condition 18.1 - Electricity Industry Act section 11** **[Generation Licence condition 20.1]** Unless otherwise specified, all notices must be in writing.		Compliant 5	▪ Compliance with ERA process ▪ Management meeting minutes ▪ Use of ERA reporting protocols ▪ Certification to ISO 9001.	Use of ERA reporting protocols confirmed in discussion with Asset Manager. Also verified through completion of the compliance reports.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
-	**Generation Licence condition 18.1 2**		Not Rated	There were no notices required during the audit period.	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
	[Generation Licence condition 20.2] A notice will be regarded as having been sent and received: (a) when delivered in person to the addressee; or (b) 3 business days after the date of posting if the notice is posted in Western Australia; or (c) 5 business days after the date of posting if the notice is posted outside Western Australia; or (d) if sent by facsimile when, according to the sender's transmission report, the notice has been successfully received by the addressee; or (e) if sent by electronic means when, according to the sender's electronic record, the notice has been successfully sent to the addressee.	NR		
GENERATION LICENCE CONDITION 19 - REVIEW OF THE AUTHORITY'S DECISIONS				
-	**Generation Licence condition 19.1** **[Generation Licence condition 21.1]** The licensee may seek a review of a reviewable decision by the Authority pursuant to this licence in accordance with	Not Rated NR	There were no reviewable decisions made by the Authority in regards to the Licensee during the audit period.	

Compliance Reporting Manual Ref	Licence Condition Requirement	Compliance Rating	Verification/ Tests	Effectiveness
	the following procedure: (a) the licensee shall make a submission on the subject of the reviewable decision within 10 business days (or other period as approved by the Authority) of the decision; and (b) the Authority will consider the submission and provide the licensee with a written response within 20 business days.			
-	**Generation Licence condition 19.2** **[Generation Licence condition 21.2]** For avoidance of doubt, this clause does not apply to a decision of the Authority pursuant to the Act, nor does it restrict the licensee's right to have a decision of the Authority reviewed in accordance with the Act.	Not Rated NR	As for finding above Generation Licence Condition 19.1	
GENERATION LICENCE CONDITION 20 - ASSET MANAGEMENT SYSTEM				
102 [82] TYPE NR	**Generation Licence Condition 20.1 - Electricity Industry Act section 14 (1)(a)** **[Generation Licence Condition 16.1]** A licensee must provide for an asset management system in respect of the licensee's assets.	Compliant 5	▪ Discussions with Works Instrument/Electrical Superintendent Engineering	Adequate provisions have been made and notifications undertaken for the asset management system. Additionally notification of the Asset Management System was included in the Licence Application. Refer to the Asset Management Review

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
					component of this report for further information.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
103 [83] TYPE 2	**Generation Licence Condition 20.2 & 20.3 - Electricity Industry Act section 14 (1)(b)** **[Generation Licence Condition 16.2]** A licensee must notify the Authority of the details of the asset management system within 5 business days from the later of; (a) the commencement date; and (b) the completion of construction of the generating works & The licensee must notify the Authority of any substantial change to the asset management system within 10 business days of such change.		Compliant 5	▪ Interview Contracting Specialist ▪ Correspondence to ERA 19/2/09 & 16/9/08	During the audit period the licensee has notified the ERA of an upgrade to Asset Management System software utilised.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Moderate Medium Strong	4	Nil	
104 [84] TYPE NR	**Generation Licence Condition 20.4 - Electricity Industry Act section 14 (1)(c)** **[Generation Licence Condition 16.3]** A licensee must provide the Authority with a report by an independent expert, acceptable to the Authority, as to the effectiveness of the asset management system not less than once in every period of 24 months calculated from the commencement date (or any longer period that the Authority allows by notice in writing).		Compliant 5	▪ Management Meeting Minutes tracked the requirement for the ERA audit and detailed progress month by month ▪ CINTELLATE work order created for next audit ▪ Purchase order for the audit was issued to GES	GES has been appointed in accordance with the Audit Guidelines. Preparation of this report indicates compliance with this requirement. It is noted that the Compliance Reporting Manual (May 2011) Amendment Record Sheet incorrectly refers to this requirement as having been deleted from the Licence (section 13 review May 2011 refer http://www.erawa.com.au/cproot/9545/2//20110511%20Amendments%20to%20the%202011%20Electricity%20Compliance%20Reporting%20Manual.pdf)
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
122	**Generation Licence condition 20.5 -**		Compliant	▪ Compliance with ERA process	Direct instructions from Licensee to

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
[108] TYPE 2	**Electricity Industry Act section 11** **[Generation Licence condition 16.4]** The licensee must comply, and must require the licensee's expert to comply, with the Authority's standard audit guidelines.		5	▪ Management Review processes ▪ Discussion with Plant Manager ▪ ERA approved auditor selected	Auditor to comply with the ERA guidelines. Copies of communications received from ERA relating to audit requirements sent by CSBP through to Auditor to convey requirements specifically the undertaking of audits in compliance with the Audit Guidelines: Electricity, Gas and Water Licences
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
-	**Generation Licence condition 20.6** **[Generation Licence condition 16.5]** The licensee may seek a review of any of the requirements of the Authority's standard audit guidelines dealing with the asset management system in accordance with clause 19.1.		Not Rated NR	There were no reviews undertaken during the audit period.	
-	**Generation Licence condition 20.7** **[Generation Licence condition 16.6]** The review of the asset management system		Compliant 5	▪ Approval notification by the ERA	The Licensee appointed an auditor within the required timeframe and the ERA approved the appointment as per audit guidelines.

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	must be conducted by an independent expert approved by the Authority. If the licensee fails to nominate an independent expert within one month of the date that the review of the asset management system was due, or the independent expert nominated by the licensee is rejected on two successive occasions by the Authority, the Authority may choose an independent expert to conduct the review of the asset management system.				
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	5	Nil	
	Consequence	Minor			
	Inherent Risk	Low			
	Adequacy of Controls	Strong			
SCHEDULE 1 – LICENCE DETAILS					
SCHEDULE 1-1 - The licence area is the area as set out in plan ERA-EL-105A.					
SCHEDULE 1-2 – Commencement Date 26th June 2006					
SCHEDULE 1-3- Expiry Date 25th June 2036					

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
SCHEDULE 2 – ADDITIONAL LICENCE CLAUSES					
NOT APPLICABLE - There have been no additional licence clauses specified in Schedule 2 of Licence EGL15 13 January 2011					
CLAUSES REMOVED FROM EGL15 (as a result of Electricity Licence Review refer to Compliance Reporting Manual May 2011 Amendment Record Sheet 10 May 2011)					
339 [309] TYPE 2	A network operator may only impose a charge for providing, installing, operating or maintaining a metering installation in accordance with the applicable service level agreement between it and the user. Western Power Corporation (WPC) is the Network Operator for CSBP		NA	Removed from Generation Licence conditions in the revised Compliance Reporting Manual May 2011. Only applicable to Distribution, Integrated Regional, Transmission Licences	As CSBP is not the Network Operator this condition has not been tested as part of the audit plan. It is noted that the condition was removed from the Compliance reporting Manual (July 2010) review as an obligation for Electricity Generation Licences
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood Consequence Inherent Risk Adequacy of Controls	Unlikely Minor Low Strong	5	Nil	
[103] TYPE 2	**Generation Licence condition 12.2 - Electricity Industry Act section 11** A licensee must amend the asset management system before an expansion or reduction in generating works, distribution systems and transmission systems and notify		Not Rated NR	▪ Business Plan ▪ Asset Management Planning Process ▪ Annual Compliance Reports to the ERA due 31st August	In accordance with the assessment of Licence Condition 12.1 above there has been no requirement to amend the asset management system. As such there has been no requirement to notify the ERA and compliance with this requirement has not

Compliance Reporting Manual Ref	Licence Condition Requirement		Compliance Rating	Verification/ Tests	Effectiveness
	the Authority in the manner prescribed, if the expansion or reduction is not provided for in the asset management system				been assessed.
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	5	Nil	
	Consequence	Minor			
	Inherent Risk	Low			
	Adequacy of Controls	Strong			
[104] TYPE 2	**Generation Licence condition 12.3 - Electricity Industry Act section 11** A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area.		Not Rated NR	There has been no expansion or reduction outside the licence area during the audit period. As such assessment of compliance with this clause has not been made.	
	Risk Assessment		**Audit Priority**	**Corrective Action/Opportunity for Improvement**	
	Likelihood	Unlikely	5	Nil	
	Consequence	Minor			
	Inherent Risk	Low			
	Adequacy of Controls	Strong			

APPENDIX 2

CSBP
ASSET MANAGEMENT REVIEW
SEPTEMBER 2011

Table 1.0 Effectiveness Criteria Descriptors

1	**Key Process - Asset Planning** *Asset planning strategies are focused on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).*	**Outcome** *Integration of asset strategies into operational or business plans will establish a framework for existing and new assets to be effectively utilised and their service potential optimised.*
1.1	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning	
1.2	Service levels are defined	
1.3	Non-asset options (e.g. demand management) are considered	
1.4	Lifecycle costs of owning and operating assets are assessed	
1.5	Funding options are evaluated	
1.6	Costs are justified and cost drivers identified	
1.7	Likelihood and consequences of asset failure are predicted	
1.8	Plans are regularly reviewed and updated	
2	**Key Process - Asset creation/acquisition** *Asset creation/acquisition means the provision or improvement of an asset where the outlay can be expected to provide benefits beyond the year of outlay.*	**Outcome** *A more economic, efficient and cost-effective asset acquisition framework which will reduce demand for new assets, lower service costs and improve service delivery.*
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions	
2.2	Evaluations include all life-cycle costs	
2.3	Projects reflect sound engineering and business decisions	
2.4	Commissioning tests are documented and completed	
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood	
3	**Key process - Asset disposal** *Effective asset disposal frameworks incorporate consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets. Alternatives are evaluated in cost-benefit terms*	**Outcome** *Effective management of the disposal process will minimise holdings of surplus and under-performing assets and will lower service costs.*
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process	
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	
3.3	Disposal alternatives are evaluated	
3.4	There is a replacement strategy for assets	

4	**Key Process - Environmental analysis** *Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.*	**Outcome** *The asset management system regularly assesses external opportunities and threats and takes corrective action to maintain performance requirements.*
4.1	Opportunities and threats in the system environment are assessed	
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved	
4.3	Compliance with statutory and regulatory requirements	
4.4	Achievement of customer service levels	
5	**Key Process - Asset operations** *Operations functions relate to the day-to-day running of assets and directly affect service levels and costs.*	**Outcome** *Operations plans adequately document the processes and knowledge of staff in the operation of assets so that service levels can be consistently achieved.*
5.1	Operational policies and procedures are documented and linked to service levels required	
5.2	Risk management is applied to prioritise operations tasks	
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data	
5.4	Operational costs are measured and monitored	
5.5	Staff receive training commensurate with their responsibilities	
6	**Key process - Asset maintenance** *Maintenance functions relate to the upkeep of assets and directly affect service levels and costs.*	**Outcome** *Maintenance plans cover the scheduling and resourcing of the maintenance tasks so that work can be done on time and on cost.*
6.1	Maintenance policies and procedures are documented and linked to service levels required	
6.2	Regular inspections are undertaken of asset performance and condition	
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule	
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary	
6.5	Risk management is applied to prioritise maintenance tasks	
6.6	Maintenance costs are measured and monitored	
7	**Key process - Asset Management Information System (MIS)** *An asset management information system is a combination of processes, data and software that support the asset management functions.*	**Outcome -** *The asset management information system provides authorised, complete and accurate information for the day-to-date running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards.*
7.1	Adequate system documentation for users and IT operators	
7.2	Input controls include appropriate verification and validation of data entered into the system	
7.3	Logical security access controls appear adequate, such as passwords	
7.4	Physical security access controls appear adequate	
7.5	Data backup procedures appear adequate	
7.6	Key computations related to licensee performance reporting are materially accurate	
7.7	Management reports appear adequate for the licensee to monitor licence obligations	

8	**Key Process - Risk Management** *Risk management involves the identification of risks and their management within an acceptable level of risk.*	**Outcome** *An effective risk management framework is applied to manage risks related to the maintenance of service standards*
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system	
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored	
8.3	The probability and consequences of asset failure are regularly assessed	
9	**Key Process - Contingency Planning** *Contingency plans document the steps to deal with the unexpected failure of an asset.*	**Outcome-** *Contingency plans have been developed and tested to minimise any significant disruptions to service standards.*
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	
10	**Key Process - Financial Planning** *The financial planning component of the asset management plan brings together the financial elements of the service delivery to ensure its financial viability over the long term.*	**Outcome** *A financial plan that is reliable and provides for long-term financial viability of services*
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives	
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs	
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	
10.4	The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period	
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary	

11	**Key Process - Capital Expenditure Planning** *The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure on each over the next five or more years.* *Since capital investments tend to be large and lumpy, projections would normally be expected to cover at least 10 years, preferably longer. Projections over the next five years would usually be based on firm estimates.*	**Outcome -** *A capital expenditure plan that provides reliable forward estimates of capital expenditure and asset disposal income, supported by documentation of the reasons for the decisions and evaluation of alternatives and options.*
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates	
11.2	The plan provide reasons for capital expenditure and timing of expenditure	
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned	
12	**Key Process - Review of AMS** *The asset management system is regularly reviewed and updated*	**Outcome** *Review of the Asset Management System to ensure the effectiveness of the integration of its components and their currency.*
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current	
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system	

Table 2.0 Audit Review Ratings & Recommendations

1	**Key Process - Asset Planning** *Asset planning strategies are focused on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).*	Asset management process and policy definition adequacy rating **A**	**Asset management performance rating** **1**
	Outcome *Integration of asset strategies into operational or business plans will establish a framework for existing and new assets to be effectively utilised and their service potential optimised.*		

Interviewees:

Engineering Manager (David Zacher) Simon Orton
Inventory Management Officer (Dave Walter)
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker)
Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)

Relevant documentation:

2	Board Reports, Cyanide
6	Asset Management System
7	CSBP Limited Renewal template 09/10 - Customers
18	Capacity Calculations 2009-2010
19	CSBP Capacity Calculations 2008-2009
32	Contracting Procedures (DP-10-020-06
33	Contracting Policy (GM-10-020-05)
34	Supply Policy (GM-10-010-12)
35	Purchasing Guide_TH
51	Project procedure manual rev format
52	Corporate Planning Process (GM-02-020-03)
53	Macroview
55	Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
62	Capital Expenditure and Disposal Procedure Example, Boiler control
63	Material list from JDE for boiler replacement, Example
69	Board Report, AN1 boiler
70	Signed off Expenditure Proposal
71	Steering Committee Meeting 3
76	Primervera GANNT for shutdown
84	Plant shutdown Feb 11 work list for NAAN2
94	Works cost report
98	Prill tower pin replacement Team Based Risk Assessment
100	SKM AN3 Power System Study Proposal
101	SKM Load Flow & Protection Review
105	Capacity demand charge, Guidelines for minimising annual cost
106	Project Request Form, upgrade bore pumps power supply
111	Life Expectancy Analysis Program, LEAP

			117 Ammonia Plant Machinery Scope of Work Oct 11 118 Plant inspection plan, Ammonia Area 123 Project evaluation 124 Ammonia/Ammonia Nitrate 2010-2011 Business Plan 125 Ammonia/Ammonia Nitrate Production Unit Strategies 2010 128 Finance Planning System, Budget for Fin yrs 129 5-10 Year Planning 130 2011 Corporate Plan Assumptions, Ammonia 131 2010/11 Budget Presentation, Ammonium Nitrate 132 2010/11 Budget Presentation, Ammonia 137 Capex Expenditure Proposal Voltage Regulation Control 138 Capex Expenditure Proposal UPS upgrade						
Criteria Effectiveness			**Post Review Audit Priority**							
	Policy		**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy rating**	**Performance Rating**
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
1.1	Ref docs – 2, 6, 7, 18, 19, 51, 52, 69, 76, 84, 117, 118, 124, 130, 131, and 132	Procedures involve long term forward planning and review by all stakeholders and risks involved.	2	C	MEDIUM	S	4	A	1
1.2	Ref docs - 6, 30, 51,52, 55, 71, 123.	Power generation is in response to steam generation by the processes. N/AN responsible for power generation and distribution.	2	C	MEDIUM	M	4	A	1
1.3	Ref docs – 51, 105	Generation is using a "waste" product. Imported power is monitored on Macroview against SWIN max demand and is reduced if possible at times of annual	1	C	LOW	M	5	A	1

		SWIN peak demand							
1.4	Ref docs – 51, 62, 123	LCC are part of the expenditure approval, EA, criteria.	2	C	MEDIUM	M	4	A	1
1.5	Ref docs – 32, 34, 35, 51, 128	Alternatives are part of the project approval criteria	2	C	MEDIUM	M	4	A	1
1.6	Ref docs – 62, 94, 123, 128	NPV hurdle rates have to be met in the project approval process	2	B	MEDIUM	M	4	A	1
1.7	Ref docs – 51, 98, 100, 101, 111 Review priority was high because of the consequences as a MHF. Procedures aim to minimise the likelihood.	Reliability of all components are monitored in JDE and used for maintenance planning. Detailed and long term maintenance planning in place.	3	C	HIGH	S	2	A	1
1.8	Ref docs – 51, 70, 71, 123	Shutdown plans commence 18 months prior to shutdown with formation of shutdown team who monitor and update plans. Post project review looks at positive and negative outcomes	1	B	LOW	S	5	A	1

Comments & Recommendations
On site power generation saves CSBP a lot of money and CSBP has developed thorough asset planning system processes to ensure that new assets can be reliably installed and are cost effective without risking any of the processes themselves.

2	**Key Process - Asset creation/acquisition** *Asset creation/acquisition means the provision or improvement of an asset where the outlay can be expected to provide benefits beyond the year of outlay.* **Outcome** *A more economic, efficient and cost-effective asset acquisition framework which will reduce demand for new assets, lower service costs and improve service delivery.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**

Interviewees:

Engineering Manager (David Zacher) Simon Orton
Inventory Management Officer (Dave Walter)
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker)
Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)

Relevant documentation:

6	Asset Management System
9	10/11 Compliance Report
10	09/10 Compliance Report
11	08/09 Compliance Report
18	Capacity Calculations 2009-2010
19	CSBP Capacity Calculations 2008-2009
28	Engineering Project Design Review EP-08-030-19
29	Modification Procedure GM-05-050-01 new version
31	HAZOP Process (GM-08-030-02)
32	Contracting Procedures (DP-10-020-06
33	Contracting Policy (GM-10-020-05)
34	Supply Policy (GM-10-010-12)
35	Purchasing Guide_TH
42	Equipment Numbering ES-14-101-06
43	Management of Risk Assessment Records (GM-04-043-03)
51	Project procedure manual rev format
52	Corporate Planning Process (GM-02-020-03)
54	Capital Expenditure and Disposal Procedure (DP-03-050-07)
62	Capital Expenditure and Disposal Procedure Example, Boiler control
63	Material list from JDE for boiler replacement, Example
64	New catalogue item request for JDE (Safety PLC), Example
68	Expenditure Proposal Boiler replacement
69	Board Report, AN1 boiler
70	Signed off Expenditure Proposal
72	Contractor meeting
87	Results of control valve external inspection
98	Prill tower pin replacement Team Based Risk Assessment
100	SKM AN3 Power System Study Proposal
101	SKM Load Flow & Protection Review
106	Project Request Form, upgrade bore pumps power supply
111	Life Expectancy Analysis Program, LEAP

			117 Ammonia Plant Machinery Scope of Work Oct 11 122 Tech data sheet from Dom.doc 134 Risk Assessment of Nitric Acid #2, Quest Reliability 135 Risk Assessment of AP2 / No1, Quest Reliability 136 Capex review, testing FM200 cylinders 137 Capex Expenditure Proposal Voltage Regulation Control 138 Capex Expenditure Proposal UPS upgrade 139 Management of Process Control Configuration DP-05-010-02 140 Engineering Project Spare Parts, EP-08-030-35 142 External Regulator DoCEP 6 monthly visit Presentation 145 JDE 146 Dom Docs 147 SiteSafe						
Criteria Effectiveness			**Post Review Audit Priority**						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy rating**	**Performance Rating**
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
2.1	Ref docs – 6, 18, 19, 28, 29, 51, 52, 54, 62, 69, 70, 98, 137, 138	Planning considers cost, reliability, risk to process, LCC, NPV. Alternatives, including do nothing, are part of the project approval criteria	2	C	MEDIUM	S	4	A	1
2.2	Ref docs – – 6, 28, 29, 51, 52, 54, 62, 69, 70, 137, 138	Planning considers cost, reliability, risk to process, LCC, NPV. Alternatives, including do nothing, are part of the project approval criteria	1	C	LOW	M	5	A	1
2.3	Ref docs – 100, 101, 111, 117, 139	Detailed review process, third party review, CSBP standards	2	C	MEDIUM	S	4	A	1
2.4	Ref docs – 64, 87, 146	Test results are kept on Dom.Doc with technical data	2	C	MEDIUM	M	4	A	1

		sheets. Commissioning data is used as a baseline and ongoing performance monitored with JDE							
2.5	Ref docs – 9, 10, 11, 43, 60, 142, 147	Legal registry is kept on Sitesafe with automated renewal reminders requiring acknowledgement	2	C	MEDIUM	M	4	A	1

Comments & Recommendations
Nil

3	**Key process - Asset disposal** *Effective asset disposal frameworks incorporate consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets. Alternatives are evaluated in cost-benefit terms* **Outcome** *Effective management of the disposal process will minimise holdings of surplus and under-performing assets and will lower service costs.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**

Interviewees:

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Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers

Relevant documentation:

6	Asset Management System
18	Capacity Calculations 2009-2010
19	CSBP Capacity Calculations 2008-2009
28	Engineering Project Design Review EP-08-030-19
29	Modification Procedure GM-05-050-01 new version
42	Equipment Numbering ES-14-101-06
45	Transformer Risk Assessment (GM-KS-100-01)
51	Project procedure manual rev format
52	Corporate Planning Process (GM-02-020-03)
54	Capital Expenditure and Disposal Procedure (DP-03-050-07)
55	Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
57	Developing Maintenance Strategies (DP-05-013-05), DDME
58	Maintenance Policy 2
61	Equipment Disposal (DP-10-064-01
62	Capital Expenditure and Disposal Procedure Example, Boiler control
63	Material list from JDE for boiler replacement, Example
64	New catalogue item request for JDE (Safety PLC), Example
66	SIS Operations and System Maintenance Manual, SIS
68	Expenditure Proposal Boiler replacement
69	Board Report, AN1 boiler
94	Works cost report
123	Project evaluation
124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan
125	Ammonia/Ammonia Nitrate Production Unit Strategies 2010
134	Risk Assessment of Nitric Acid #2, Quest Reliability
135	Risk Assessment of AP2 / No1, Quest Reliability
142	External Regulator DoCEP 6 monthly visit Presentation

Criteria Effectiveness			Post Review Audit Priority						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance Rating**
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
3.1	Ref docs – 6, 28, 45, 58, 61, 62, 68, 69	Plant performance is monitored and reported on weekly, monthly and yearly with reliability data. JDE keeps component reliability data which is used for maintenance planning and to identify underperforming items. Gauze replacement timing is based on production rate which is monitored daily and trended.	2	C	MEDIUM	S	4	A	1
3.2	Ref docs – 6, 69, 134, 135	Failures and poor performance are reviewed, Third party experts are used as well as in-house expertise.	2	C	MEDIUM	S	4	A	1
3.3	Ref docs – 54, 61, 62	Disposal procedure is specified	1	C	LOW	M	5	A	1
3.4	Ref docs – 6, 29, 58, 63,	Stocks are held for vulnerable assets and forward planning for replacements. “Shopping lists” are prepared by JDE for plant replacements and stocks monitored with rotating stock take to confirm correctness.	2	C	MEDIUM	S	4	A	1

Comments & Recommendations
Nil

4	**Key Process - Environmental analysis** *Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.* **Outcome** *The asset management system regularly assesses external opportunities and threats and takes corrective action to maintain performance requirements.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**
Interviewees: Contracting Specialist Peter Bastin Emergency Services Group Leader (Scott Blum) Engineering Manager (David Zacher) Simon Orton Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano) Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers Manufacturing Manager (Lee Barker) Senior Environmental Advisor (Mark Germain)		**Relevant documentation:** 2 Board Reports, Cyanide 6 Asset Management System 7 CSBP Limited Renewal template 09/10 - Customers 8 RET review and implication 9 10/11 Compliance Report 10 09/10 Compliance Report 11 08/09 Compliance Report 17 IMO Exemption letter 18 Capacity Calculations 2009-2010 20 Wesf Group Risk - Review of Proposals Supp Electricity 23 20110114 CSBP Limited Electricity Generation Licence 15 (EGL015) 36 Crisis Management Manual (GM-11-013-05) 46 Management of Emergencies RM11-010-02 V51.6 47 Kwinana Emergency Management GM-11-010-03 50 Safety Management System Procedure (GM-11-030-01) 53 Macroview 55 Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66 67 Environmental Risk Solutions, ERS, min of meeting 84 Plant shutdown Feb 11 work list for NAAN2 86 Registration of pressure vessel with DCEP 105 Capacity Demand Charge, Guidelines for minimising annual cost 124 Ammonia/Ammonia Nitrate 2010-2011 Business Plan 125 Ammonia/Ammonia Nitrate Production Unit Strategies 2010 126 Monthly Report, Ammonia and Ammonia Nitrate 127 Monthly Board Report, Cyanide 142 External Regulator DoCEP 6 monthly visit Presentation 147 SiteSafe		
Criteria Effectiveness		**Post Review Audit Priority**	

	Policy	Performance	Consequence	Likelihood	Inherent Risk rating	Adequacy of existing controls	Review priority	Adequacy Rating	Performance Rating
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
4.1	Ref docs 2, 6, 8, 142	CSBP is conscious it is operating a MHF and liaises with the local community and other industries in KIP. It monitors threats eg Varanus shutdown, Pilbara fertiliser plant, downturn in iron ore or gold mining etc.	1	C	LOW	S	5	A	1
4.2	Ref docs – 2, 18, 19, 50, 124, 126, 127	The customers for power are in-house enabling good communication of performance, planning and forecasting. External factors monitored and responded to, e.g. Varanus Regular meetings with KIMA Emergency evacuation practices 6 monthly report/inspection with DoCEP provides an audit	2	C	MEDIUM	S	4	A	1
4.3	Ref docs – 6, 9, 10, 11, 23, 126, 127, 147	Legal registry is kept on Sitesafe with automated renewal reminders requiring acknowledgement	2	C	MEDIUM	M	4	A	1
4.4	Ref docs – 6, 7, 20, 46, 126, 127,	Alternatives products are sourced if they can't supply, as during Varanus shutdown	2	C	MEDIUM	M	4	A	1

Comments & Recommendations
Nil

5	**Key Process - Asset operations** *Operations functions relate to the day-to-day running of assets and directly affect service levels and costs.* **Outcome** *Operations plans adequately document the processes and knowledge of staff in the operation of assets so that service levels can be consistently achieved.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**

Interviewees:

Electrical Projects Officer Geoff Fitchett
Electrical/Instrument Engineer(Sameer Nawaz)
Emergency Services Group Leader (Scott Blum)
Engineering Manager (David Zacher) Simon Orton
Inventory Management Officer (Dave Walter)
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers
Operations Superintendent (Leigh Meyers)
Operations Supervisor (Graham Nurse)
Reliability Supervisor – Instr/Elect (Darren Thomas)
Reliability Supervisor – Mechanical (Jamal Fozdar)
Reliability Supervisor(Warren Britza)
Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)
Senior Environmental Advisor (Mark Germain)
Senior Mechanical Engineer (John Siinmaa)
Senior Plant Engineer - Mechanical (Anees Sidiqui)
Senior Process Engineer (Kim Eng)
Superintendent Instrument/ Electrical (Vinod Verna)

Relevant documentation:

2 Board Reports, Cyanide
3 2008 CSBP Ltd - Performance Audit and Asset Management System Review Report
Generation Licence EGL15
6 Asset Management System
17 IMO Exemption letter
18 Capacity Calculations 2009-2010
20 Wesf Group Risk - Review of Proposals Supp Electricity
29 Modification Procedure GM-05-050-01 new version
32 Contracting Procedures (DP-10-020-06
33 Contracting Policy (GM-10-020-05)
34 Supply Policy (GM-10-010-12)
35 Purchasing Guide_TH
36 Crisis Management Manual (GM-11-013-05)
37 Business Continuance Plan- Finance (GM-03-010-07)
38 Equip Maint User Contingency Plan for Computing_TH
40 Non Standard Software Request form SF1724
42 Equipment Numbering ES-14-101-06
44 Document Numbering (GM-04-047-01)
45 Transformer Risk Assessment (GM-KS-100-01)
46 Management of Emergencies RM11-010-02 V51.6
47 Kwinana Emergency Management GM-11-010-03
48 Visitor Access to Kwinana Works (DP-02-100-02), DDMA8
49 Site Access and Asset Protection Policy (GM-02-100-01), DDM40C3
50 Safety Management System Procedure (GM-11-030-01)
51 Project procedure manual rev format
53 Macroview
55 Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
63 Material list from JDE for boiler replacement, Example
66 SIS Operations and System Maintenance Manual, SIS
73 Scope of Work for boiler erection

	74	Expenditure Authorisation, EA, for 3 yr shutdown
	75	Work order input sheet, take domes off, pressure clean tubes
	76	Primervera GANNT for shutdown
	77	Shutdown worklist
	78	Field Service Report, Industrial Plant and Service
	79	Instrument Electrical Summary Report, PP2 Shutdown
	80	ips TRAINING ON tURBOLOG
	82	Permitting for the Feb 11 shutdown
	84	Plant shutdown Feb 11 work list for NAAN2
	86	Registration of pressure vessel with DCEP
	87	Results of control valve external inspection
	93	Take 5 check
	94	Works cost report
	97	Weekly pre use euqipment check of vehicles
	98	Prill tower pin replacement Team Based Risk Assessment
	99	JSA repair / re-tube lighting
	100	SKM AN3 Power System Study Proposal
	101	SKM Load Flow & Protection Review
	102	Loss of 132kV Power 25/3/09 Investigation
	103	Loss of Power to Chemicals North 11/11/09 Investigation
	104	Preamble to Procedure for "Sudden Island Mode"
	105	Capacity Demand Charge, Guidelines for minimising annual cost
	106	Project Request Form, upgrade bore pumps power supply
	109	Power balancing considerations (and load shedding)
	110	Isolation of 132kV switchyard
	112	Training Calendar, 2011
	120	Cost Report, Ammonia Plant
	121	Ammonia Plant Operating Procedures
	122	Tech data sheet from Dom.doc
	123	Project evaluation
	124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan
	125	Ammonia/Ammonia Nitrate Production Unit Strategies 2010
	126	Monthly Report, Ammonia and Ammonia Nitrate
	127	Monthly Board Report, Cyanide
	128	Finance Planning System, Budget for Fin yrs
	129	5-10 Year Planning
	130	2011 Corporate Plan Assumptions, Ammonia
	131	2010/11 Budget Presentation, Ammonium Nitrate
	132	2010/11 Budget Presentation, Ammonia
	133	AN1 Works Cost Report
	134	Risk Assessment of Nitric Acid #2, Quest Reliability
	135	Risk Assessment of AP2 / No1, Quest Reliability
	136	Capex review, testing FM200 cylinders
	137	Capex Expenditure Proposal Voltage Regulation Control

			138 Capex Expenditure Proposal UPS upgrade 139 Management of Process Control Configuration DP-05-010-02 140 Engineering Project Spare Parts, EP-08-030-35 141 Safety Report Ammonia/Ammonia Nitrate production Facility, TR-08-053-01 142 External Regulator DoCEP 6 monthly visit Presentation 143 Safety Meeting 144 Safety Scoreboard 145 JDE 146 Dom Docs 148 DCS						
Criteria Effectiveness			**Post Review Audit Priority**						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance rating**
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5.1	Ref docs – 6, 53, 55, 66, 104, 105, 109, 121, 125, 141, 148	AMS is the overarching document with links to policies and procedures via Dom.Doc links N/AN run the power system for the whole site and wheel power between Cyanide, N/AN and the SWIN	1	C	LOW	M	5	A	1
5.2	Ref docs – 6, 36, 37, 38, 45, 46, 47, 55, 66, 98, 104, 134, 135, 139, 142	Risk management is applied in most of the procedures. As a MHF operation risks must be minimised.	1	C	LOW	S	5	A	1
5.3	Ref doc – 6, 42, 63, 75, 78, 79, 86, 87, 94, 120, 133, 140, 142, 145, 146	Very detailed asset component register in JDE	2	C	MEDIUM	M	4	A	1

5.4	Ref doc – 2, 6, 74, 105, 120, 126, 127, 133, 145	Performance is monitored 24/7 from the N/AN control room. Regular reporting and review.	2	C	MEDIUM	M	4	A	1
5.5	Ref doc - 6, 80, 112, 142,	More graduates taken on. Training and refresher courses on OHS 91 people / 40 training courses in 6 month period reported to DoCEP	2	C	MEDIUM	M	4	A	1

Comments & Recommendations
Process operations are based around major shutdowns every three years and minor shutdowns for gauze replacement as required based on performance monitoring. Power generation is continuous based on steam available from the processes augmented, under special circumstances, by the steam generator.

6	**Key process - Asset maintenance** *Maintenance functions relate to the upkeep of assets and directly affect service levels and costs.* **Outcome** *Maintenance plans cover the scheduling and resourcing of the maintenance tasks so that work can be done on time and on cost.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**

Interviewees:

Electrical/Instrument Engineer(Sameer Nawaz)
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Senior Process Engineer (Kim Eng)
Superintendent Instrument/ Electrical (Vinod Verna)
Technical Officer – Maintenance (Barry O'Neill)

Relevant documentation:

2	Board Reports, Cyanide
4	2008-2009 Power usage forecast
6	Asset Management System
18	Capacity Calculations 2009-2010
19	CSBP Capacity Calculations 2008-2009
29	Modification Procedure GM-05-050-01 new version
30	Major Shutdown Organisation and Responsiblilties
31	HAZOP Process (GM-08-030-02)
32	Contracting Procedures (DP-10-020-06
33	Contracting Policy (GM-10-020-05)
34	Supply Policy (GM-10-010-12)
35	Purchasing Guide_TH
36	Crisis Management Manual (GM-11-013-05)
40	Non Standard Software Request form SF1724
42	Equipment Numbering ES-14-101-06
45	Transformer Risk Assessment (GM-KS-100-01)
46	Management of Emergencies RM11-010-02 V51.6
47	Kwinana Emergency Management GM-11-010-03
50	Safety Management System Procedure (GM-11-030-01)
51	Project procedure manual rev format
53	Macroview
55	Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
56	RCM Turbo: (UG-05-013-09), DDM34
57	Developing Maintenance Strategies (DP-05-013-05), DDME
58	Maintenance Policy 2
62	Capital Expenditure and Disposal Procedure Example, Boiler control
63	Material list from JDE for boiler replacement, Example
65	Safety Requirement Specification, Safety Instrumented Systems (SIS)
66	SIS Operations and System Maintenance Manual, SIS
69	Board Report, AN1 boiler

	71	Steering Committee Meeting 3
	72	Contractor meeting
	73	Scope of Work for boiler erection
	74	Expenditure Authorisation, EA, for 3 yr shutdown
	75	Work order input sheet, take domes off, pressure clean tubes
	76	Primervera GANNT for shutdown
	77	Shutdown worklist
	78	Field Service Report, Industrial Plant and Service
	79	Instrument Electrical Summary Report, PP2 Shutdown
	81	Maintenance Report 3500 Monitoiring Equipment
	82	Permitting for the Feb 11 shutdown
	83	AN2 / NA2 Plant control valve external inspection
	84	Plant shutdown Feb 11 work list for NAAN2
	85	Metallurgical Assessment of Failed Shell Plate Section, Bureau Veritas
	86	Registration of pressure vessel with DCEP
	87	Results of control valve external inspection
	88	IPS Procedure for testing overspeed protection
	89	Field Service Report, Industrial Plant and Service
	90	Field Service Report, Industrial Plant and Service
	91	AN Maintenance scoreboard
	92	Safety observation card
	93	Take 5 check
	94	Works cost report
	95	Weekly Maintenance Plan E & I and Mec
	96	Backlog Report
	97	Weekly pre use euqipment check of vehicles
	98	Prill tower pin replacement Team Based Risk Assessment
	99	JSA repair / re-tube lighting
	100	SKM AN3 Power System Study Proposal
	101	SKM Load Flow & Protection Review
	102	Loss of 132kV Power 25/3/09 Investigation
	103	Loss of Power to Chemicals North 11/11/09 Investigation
	106	Project Request Form, upgrade bore pumps power supply
	107	Electrical Switching Programme
	108	Expenditure Proposal, inspect, maintain and repairs in 132kV yard
	109	Power balancing considerations (and load shedding)
	110	Isolation of 132kV switchyard
	111	Life Expectancy Analysis Program, LEAP
	112	Training Calendar, 2011
	114	AP Machinery Shutdown Report July 08
	115	Nitric Acid Plant Compressor Train Shutdown Report Nov 09
	116	Nitric Acid Plant #1 Air Compressor Train Shutdown Report Oct 08
	117	Ammonia Plant Machinery Scope of Work Oct 11
	118	Plant inspection plan, Ammonia Area

	120 Cost Report, Ammonia Plant 122 Tech data sheet from Dom.doc 123 Project evaluation 124 Ammonia/Ammonia Nitrate 2010-2011 Business Plan 125 Ammonia/Ammonia Nitrate Production Unit Strategies 2010 126 Monthly Report, Ammonia and Ammonia Nitrate 127 Monthly Board Report, Cyanide 128 Finance Planning System, Budget for Fin yrs 129 5-10 Year Planning 130 2011 Corporate Plan Assumptions, Ammonia 131 2010/11 Budget Presentation, Ammonium Nitrate 132 2010/11 Budget Presentation, Ammonia 133 AN1 Works Cost Report 134 Risk Assessment of Nitric Acid #2, Quest Reliability 135 Risk Assessment of AP2 / No1, Quest Reliability 136 Capex review, testing FM200 cylinders 137 Capex Expenditure Proposal Voltage Regulation Control 138 Capex Expenditure Proposal UPS upgrade 139 Management of Process Control Configuration DP-05-010-02 140 Engineering Project Spare Parts, EP-08-030-35 141 Safety Report Ammonia/Ammonia Nitrate production Facility, TR-08-053-01 142 External Regulator DoCEP 6 monthly visit Presentation 143 Safety Meeting 144 Safety Scoreboard 145 JDE 146 Dom Docs

Criteria Effectiveness			**Post Review Audit Priority**						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance Rating**
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6.1	Ref docs – 6, 29, 30, 31-35, 42, 51, 55, 57, 58, 63, 66, 75, 76,	Preventative maintenance based on OEM recommendations, condition monitoring, historical data from JDE and statutory requirements	2	B	MEDIUM	S	4	A	1

6.2	Ref docs – 6, 111, 118	Regular inspections and condition monitoring carried out on plant and recorded	2	B	MEDIUM	S	4	A	1
6.3	Ref docs – 6, 63, 72-77, 82, 82, 88, 95, 96, 122,	Strong emphasis on preventive maintenance based on history, inspection, performance monitoring and OEM recommendations.	2	C	MEDIUM	S	4	A	1
6.4	Ref doc s – 78, 79, 81, 85, 87, 89, 90, 91, 102, 103, 114, 115, 116	Failures and poor performance are reviewed, Third party experts are used as well as in-house expertise.	2	C	MEDIUM	S	4	A	1
6.5	Ref docs – 95, 96, 99, 134, 135, 141	Monthly, weekly and daily maintenance schedule updates. Low risk work put on 'backlog' list for action when convenient or if there is an unplanned outage.	2	C	MEDIUM	M	4	A	1
6.6	Ref docs – 114, 115, 116, 120, 127	Costs are kept on JDE for budgeting similar works. Costs monitored with formal review on major works.	2	C	MEDIUM	M	4	A	1

Comments & Recommendations
Nil

7	**Key process - Asset Management Information System (MIS)** *An asset management information system is a combination of processes, data and software that support the asset management functions.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **2**
	Outcome *The asset management information system provides authorised, complete and accurate information for the day-to-date running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards.*		

Interviewees:

Contracting Specialist Peter Bastin
Emergency Services Group Leader (Scott Blum)
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Inventory Management Officer (Dave Walter)
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers
Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)
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Technical Officer – Maintenance (Barry O'Neill)
Doug Bester

Relevant documentation:

2 Board Reports, Cyanide
3 2008 CSBP Ltd - Performance Audit and Asset Management System Review Report Generation Licence EGL15
4 2008-2009 Power usage forecast
6 Asset Management System
9 10/11 Compliance Report
10 09/10 Compliance Report
11 08/09 Compliance Report
38 Equip Maint User Contingency Plan for Computing_TH
39 Information Systems Security Policy-General (GM-04-030-07)
40 Non Standard Software Request form SF1724
41 Personal Computer Policy_TH
42 Equipment Numbering ES-14-101-06
43 Management of Risk Assessment Records (GM-04-043-03)
44 Document Numbering (GM-04-047-01)
49 Site Access and Asset Protection Policy (GM-02-100-01), DDM40C3
50 Safety Management System Procedure (GM-11-030-01)
51 Project procedure manual rev format
52 Corporate Planning Process (GM-02-020-03)
53 Macroview
60 Cintellate Legal register
64 New catalogue item request for JDE (Safety PLC), Example

			113 **Equipment register** **142** **External Regulator DoCEP 6 monthly visit Presentation** **147** **SiteSafe** **149** **National Polutants Inventory, NPI**						
Criteria Effectiveness			**Post Review Audit Priority**						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance Rating**
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7.1	Ref docs – 1, 38, 39, 40, 42, 43, 44, 51, 60, 113, 147	JDE has been tailored for the end user with simple data entry. Recent update to version 8.2 Dom.docs used for document control. Intranet for CSBP. Macroview set up in conjunction with local OEM in an ongoing relationship. Wesfarmers Chemicals, Energy and Fertilisers' helpline provides full IT support to users	2	B	MEDIUM	M	4	A	1
7.2	Ref docs – 6, 39, 42, 44, 51, 53, 60, 64, 147	Cross checks for tariff metering, Macroview checks data. Regular reporting of production performance and trending with crosschecks. Plant numbering system incorporates item, location, function etc Documentation has some naming inconsistencies with	1	B	LOW	M	5	A	2

		reference to East and North instead of Sodium cyanide and N/AN. Document revision dating system vulnerable to misinterpretation,							
7.3	Ref docs - 39, 40, 41	Hierarchy of access to JDE, DomDocs and Macroview employed.	2	C	MEDIUM	M	4	A	1
7.4	Ref docs – 49, 50, 142, 147,	Security access passes required, 24/7 monitoring of gates.	2	B	MEDIUM	M	4	A	1
7.5	Ref docs – 6, 38, 39, 43, 142	Data backed up regularly on and off site. Data retrieval has been proved. High level of redundancy in DCS/Macroview.	2	C	MEDIUM	M	4	A	1
7.6	Ref docs – 6, 142, 143, 144, 147, 149	Being a MHF operation CSBP are diligent on their monitoring and reporting. Errors in emission monitoring sensors picked up and rectified.	2	B	MEDIUM	M	4	A	1
7.7	Ref docs – 2, 6, 131, 132, 142, 149.	No major issues with licensers. Have reported CO_2 emissions for last 5 years	1	C	LOW	M	5	A	1

Comments & Recommendations

Recommendation 1: Standards, procedures and meeting minutes be updated from Chemicals North and Chemicals East to refer to the new site naming.
Recommendation 2: Revision date be included in Version text box on the title page as the automatic footer date appears to be vulnerable to error should a document be saved again or copied from Dom.docs to another medium.

Recommendation 3: Some of the standards on the CSBP site were last revised over 10 years ago and this should be reviewed (Note readers are advised to check they are using the current version)

8	**Key Process - Risk Management** *Risk management involves the identification of risks and their management within an acceptable level of risk.* **Outcome** *An effective risk management framework is applied to manage risks related to the maintenance of service standards*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**

Interviewees:

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Senior Process Engineer (Kim Eng)
Superintendent Instrument/ Electrical (Vinod Verna)
Doug Bester

Relevant Documentation:

6	Asset Management System
7	CSBP Limited Renewal template 09/10 - Customers
8	RET review and implication
18	Capacity Calculations 2009-2010
20	Wesf Group Risk - Review of Proposals Supp Electricity
29	Modification Procedure GM-05-050-01 new version
31	HAZOP Process (GM-08-030-02)
32	Contracting Procedures (DP-10-020-06
33	Contracting Policy (GM-10-020-05)
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35	Purchasing Guide
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37	Business Continuance Plan- Finance (GM-03-010-07)
38	Equip Maint User Contingency Plan for Computing_
39	Information Systems Security Policy-General (GM-04-030-07)
40	Non Standard Software Request form SF1724
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45	Transformer Risk Assessment (GM-KS-100-01)
46	Management of Emergencies RM11-010-02 V51.6
47	Kwinana Emergency Management GM-11-010-03
48	Visitor Access to Kwinana Works (DP-02-100-02), DDMA8
49	Site Access and Asset Protection Policy (GM-02-100-01), DDM40C3
50	Safety Management System Procedure (GM-11-030-01)
55	Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
57	Developing Maintenance Strategies (DP-05-013-05), DDME
60	Cintellate Legal register
65	Safety Requirement Specification, Safety Instrumented Systems (SIS)
66	SIS Operations and System Maintenance Manual, SIS
67	Environmental Risk Solutions, ERS, min of meeting
68	Expenditure Proposal Boiler replacement

	71	Steering Committee Meeting 3
	87	Results of control valve external inspection
	88	IPS Procedure for testing overspeed protection
	92	Safety observation card
	94	Works cost report
	97	Weekly pre use equipment check of vehicles
	98	Prill tower pin replacement Team Based Risk Assessment
	99	JSA repair / re-tube lighting
	101	SKM Load Flow & Protection Review
	102	Loss of 132kV Power 25/3/09 Investigation
	103	Loss of Power to Chemicals North 11/11/09 Investigation
	104	Preamble to Procedure for "Sudden Island Mode"
	105	Capacity Demand Charge, Guidelines for minimising annual cost
	107	Electrical Switching Programme
	111	Life Expectancy Analysis Program, LEAP
	112	Training Calendar, 2011
	114	AP Machinery Shutdown Report July 08
	115	Nitric Acid Plant Compressor Train Shutdown Report Nov 09
	116	Nitric Acid Plant #1 Air Compressor Train Shutdown Report Oct 08
	120	Cost Report, Ammonia Plant
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	124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan
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	126	Monthly Report, Ammonia and Ammonia Nitrate
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	129	5-10 Year Planning
	134	Risk Assessment of Nitric Acid #2, Quest Reliability
	135	Risk Assessment of AP2 / No1, Quest Reliability
	136	Capex review, testing FM200 cylinders
	137	Capex Expenditure Proposal Voltage Regulation Control
	138	Capex Expenditure Proposal UPS upgrade
	139	Management of Process Control Configuration DP-05-010-02
	140	Engineering Project Spare Parts, EP-08-030-35
	141	Safety Report Ammonia/Ammonia Nitrate production Facility, TR-08-053-01
	142	External Regulator DoCEP 6 monthly visit Presentation
	143	Safety Meeting
	144	Safety Scoreboard
	145	JDE
	147	SiteSafe
Criteria Effectiveness		**Post Review Audit Priority**

	Policy	Performance	Consequence	Likelihood	Inherent Risk rating	Adequacy of existing controls	Review priority	Adequacy Rating	Performance Rating
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
8.1	Ref docs – 6, 29, 31-40, 43, 46-50, 55, 57,66, 92, 93, 97, 139	Risk assessment and management is integral in the operational, financial and capital works procedures.	2	B	MEDIUM	M	4	A	1
8.2	Ref docs - 7, 8, 20, 45, 60, 65, 71, 87, 98, 99, 101-105, 107, 111, 112, 115, 116, 123-129, 141-145	Risk register maintained and monitored on Sitesafe and reported to management. Risk registers are maintained for projects.	2	C	MEDIUM	M	4	A	1
8.3	Ref docs – 67, 68, 134, 135, 141, 147	Risk assessment and Hazop applied with contingency planning. Probability assessed using historical performance and industry knowledge. Consequences based on costs of loss of production, reputation, safety etc. Continuous improvement through review of positive and negative outcomes of projects.	2	B	MEDIUM	S	4	A	1

Comments & Recommendations
Nil

9	**Key Process - Contingency Planning** *Contingency plans document the steps to deal with the unexpected failure of an asset.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**
	Outcome- *Contingency plans have been developed and tested to minimise any significant disruptions to service standards.*		

Interviewees:

Contracting Specialist Peter Bastin
Electrical Projects Officer Geoff Fitchett
Doug Bester
Emergency Services Group Leader (Scott Blum)
Engineering Manager (David Zacher) Simon Orton
Inventory Management Officer (Dave Walter)
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers
Operations Superintendent (Leigh Meyers)
Reliability Supervisor – Instr/Elect (Darren Thomas)
Reliability Supervisor – Mechanical (Jamal Fozdar)
Reliability Supervisor(Warren Britza)
Reliability Support Officers JDE Asset Management Officers (Roland Lau and Andy Pearce)
Senior Environmental Advisor (Mark Germain)

Relevant documentation:

2	Board Reports, Cyanide
6	Asset Management System
8	RET review and implication
20	Wesf Group Risk - Review of Proposals Supp Electricity
31	HAZOP Process (GM-08-030-02)
36	Crisis Management Manual (GM-11-013-05)
37	Business Continuance Plan- Finance (GM-03-010-07)
38	Equip Maint User Contingency Plan for Computing_TH
39	Information Systems Security Policy-General (GM-04-030-07)
45	Transformer Risk Assessment (GM-KS-100-01)
46	Management of Emergencies RM11-010-02 V51.6
47	Kwinana Emergency Management GM-11-010-03
52	Corporate Planning Process (GM-02-020-03)
55	Major Shutdown Organisation and Responsibilities (DP-05-040-02), DDM66
67	Environmental Risk Solutions, ERS, min of meeting
71	Steering Committee Meeting 3
88	IPS Procedure for testing overspeed protection
104	Preamble to Procedure for "Sudden Island Mode"
108	Expenditure Proposal, inspect, maintain and repairs in 132kV yard
109	Power balancing considerations (and load shedding)
110	Isolation of 132kV switchyard
112	Training Calendar, 2011
124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan
125	Ammonia/Ammonia Nitrate Production Unit Strategies 2010
130	2011 Corporate Plan Assumptions, Ammonia
131	2010/11 Budget Presentation, Ammonium Nitrate
132	2010/11 Budget Presentation, Ammonia
134	Risk Assessment of Nitric Acid #2, Quest Reliability
135	Risk Assessment of AP2 / No1, Quest Reliability
141	Safety Report Ammonia/Ammonia Nitrate production Facility, TR-08-053-01
142	External Regulator DoCEP 6 monthly visit Presentation

Criteria Effectiveness			Post Review Audit Priority						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance Rating**
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
9.1	Ref doc – 2, 6, 8, 20, 31, 36-39, 45-47, 52, 55, 67, 71, 88, 104, 108-110, 112, 124, 125, 130-132, 134, 135, 141, 142	There are well developed plans for site emergency, incident and evacuation which are reviewed annually. Contingency plans are in place for loss of power or gas supply, changes in market for AN and for loss of computer access or data.	3	C	HIGH	S	2	A	1

Comments & Recommendations
The Review Priority was high because of the consequences as a MHF. The procedures aim to minimise the likelihood.

10	**Key Process - Financial Planning** *The financial planning component of the asset management plan brings together the financial elements of the service delivery to ensure its financial viability over the long term.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**
	Outcome *A financial plan that is reliable and provides for long-term financial viability of services*		

Interviewees:

Contracting Specialist Peter Bastin
Engineering Manager (David Zacher) Simon Orton
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers

Relevant documentation:

2	Board Reports, Cyanide
6	Asset Management System
18	Capacity Calculations 2009-2010
19	CSBP Capacity Calculations 2008-2009
20	Wesf Group Risk - Review of Proposals Supp Electricity
21	2008-2009 Power usage forecast
28	Engineering Project Design Review EP-08-030-19
34	Supply Policy (GM-10-010-12)
35	Purchasing Guide_TH
36	Crisis Management Manual (GM-11-013-05)
37	Business Continuance Plan- Finance (GM-03-010-07)
51	Project procedure manual rev format
52	Corporate Planning Process (GM-02-020-03)
54	Capital Expenditure and Disposal Procedure (DP-03-050-07)
59	Premier Power Sales Electricity Supply Agreement
61	Equipment Disposal (DP-10-064-01
62	Capital Expenditure and Disposal Procedure Example, Boiler control
68	Expenditure Proposal Boiler replacement
69	Board Report, AN1 boiler
71	Steering Committee Meeting 3
72	Contractor meeting
74	Expenditure Authorisation, EA, for 3 yr shutdown
91	AN Maintenance scoreboard
94	Works cost report
107	Electrical Switching Programme
124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan
125	Ammonia/Ammonia Nitrate Production Unit Strategies 2010
126	Monthly Report, Ammonia and Ammonia Nitrate
127	Monthly Board Report, Cyanide
128	Finance Planning System, Budget for Fin yrs
129	5-10 Year Planning

			130 2011 Corporate Plan Assumptions, Ammonia 131 2010/11 Budget Presentation, Ammonium Nitrate 132 2010/11 Budget Presentation, Ammonia 133 AN1 Works Cost Report 136 Capex review, testing FM200 cylinders 142 External Regulator DoCEP 6 monthly visit Presentation 145 JDE						
Criteria Effectiveness			**Post Review Audit Priority**						
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance Rating**
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
10.1	Ref docs – 2, 52, 54, 120, 124, 125, 128, 129, 130, 131, 133, 142	Wesfarmer CEF financial planning is based on the Argenti model revised to suit their application. SWOT analysis and risk assessment are used to develop strategies, resource requirements identified and a baseline budget established which is regularly revised. Financial performance is scrutinised by the parent company.	1	C	LOW	M	5	A	1
10.2	Ref docs – 68, 70, 74, 102, 123	Expenditure Approval is sought for different levels and different values. The highest level is the Wesfarmers Board, smaller amounts the	1	C	LOW	M	5	A	1

		CSBP Board. Most funding is internal within Wesfarmers.							
10.3	Ref docs –	Annual reports contain financial statements of balance sheet, Income and Profit and Loss. Financial progress is presented in group monthly reports	1	C	LOW	M	5	A	1
10.4	Ref docs – 129, 130, 131, 132, 133	The 5 year financial plans are updated annually in November and budget revised in March each year. Income is forecast for a year ahead and external industry research used for longer range forecasting in what can be a volatile market.	1	C	LOW	M	5	A	1
10.5	Ref docs – 124, 125, 129, 130, 131, 132, 133	Each group has a separate budget allocated. General costs come from the shared services budget.	1	B	LOW	M	5	A	1
10.6	Ref docs – 71, 126, 127	Revenue and costs are monitored on a monthly basis, both at management and board levels and corrective action implemented accordingly.	1	C	LOW	M	5	A	1

Comments & Recommendations
Nil

11	**Key Process - Capital Expenditure Planning** *The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure on each over the next five or more years.* *Since capital investments tend to be large and lumpy, projections would normally be expected to cover at least 10 years, preferably longer. Projections over the next five years would usually be based on firm estimates.* **Outcome -** *A capital expenditure plan that provides reliable forward estimates of capital expenditure and asset disposal income, supported by documentation of the reasons for the decisions and evaluation of alternatives and options.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**

Interviewees:

Contracting Specialist Peter Bastin
Engineering Manager (David Zacher) Simon Orton
Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano)
Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers
Senior Mechanical Engineer (John Siinmaa)
Senior Plant Engineer - Mechanical (Anees Sidiqui)
Senior Process Engineer (Kim Eng)
Superintendent Instrument/ Electrical (Vinod Verna)

Relevant documentation:

2	Board Reports, Cyanide
6	Asset Management System
28	Engineering Project Design Review EP-08-030-19
32	Contracting Procedures (DP-10-020-06
33	Contracting Policy (GM-10-020-05)
51	Project procedure manual rev format
52	Corporate Planning Process (GM-02-020-03)
54	Capital Expenditure and Disposal Procedure (DP-03-050-07)
61	Equipment Disposal (DP-10-064-01
62	Capital Expenditure and Disposal Procedure Example, Boiler control
68	Expenditure Proposal Boiler replacement
69	Board Report, AN1 boiler
70	Signed off Expenditure Proposal
73	Scope of Work for boiler erection
106	Project Request Form, upgrade bore pumps power supply
124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan
125	Ammonia/Ammonia Nitrate Production Unit Strategies 2010
126	Monthly Report, Ammonia and Ammonia Nitrate
127	Monthly Board Report, Cyanide
128	Finance Planning System, Budget for Fin yrs

			129	5-10 Year Planning						
			130	2011 Corporate Plan Assumptions, Ammonia						
			131	2010/11 Budget Presentation, Ammonium Nitrate						
			132	2010/11 Budget Presentation, Ammonia						
			133	AN1 Works Cost Report						
			136	Capex review, testing FM200 cylinders						
			137	Capex Expenditure Proposal Voltage Regulation Control						
			138	Capex Expenditure Proposal UPS upgrade						
			140	Engineering Project Spare Parts, EP-08-030-35						
			142	External Regulator DoCEP 6 monthly visit Presentation72	Contractor meeting					
			73	Scope of Work for boiler erection						
			76	Primervera GANNT for shutdown						
			106	Project Request Form, upgrade bore pumps power supply						
			124	Ammonia/Ammonia Nitrate 2010-2011 Business Plan						
			125	Ammonia/Ammonia Nitrate Production Unit Strategies 2010						
			126	Monthly Report, Ammonia and Ammonia Nitrate						
			127	Monthly Board Report, Cyanide						
			128	Finance Planning System, Budget for Fin yrs						
			129	5-10 Year Planning						
			130	2011 Corporate Plan Assumptions, Ammonia						
			131	2010/11 Budget Presentation, Ammonium Nitrate						
			132	2010/11 Budget Presentation, Ammonia						
			136	Capex review, testing FM200 cylinders						
			137	Capex Expenditure Proposal Voltage Regulation Control						
			138	Capex Expenditure Proposal UPS upgrade						
			140	Engineering Project Spare Parts, EP-08-030-35						
			142	External Regulator DoCEP 6 monthly visit Presentation						
Criteria Effectiveness			**Post Review Audit Priority**							
	Policy	**Performance**	**Consequence**	**Likelihood**	**Inherent Risk rating**	**Adequacy of existing controls**	**Review priority**	**Adequacy Rating**	**Performance Rating**	
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak				
11.1	Ref docs – 2, 6, 52, 61, 62, 129, 131, 132	Expenditure Approval requires details of timing, resources, costs and risks	1	C	LOW	M	5	A	1	

		involved. Capital expenditure is included in the Financial Plan.							
11.2	Ref docs –2, 54, 61, 62, 68, 70, 136, 137, 138	Capital expenditure is based on plant replacement based on performance monitoring, expansion for new or larger markets.	1	C	LOW	M	5	A	1
11.3	Ref docs – 2, 54, 61, 62, 68, 70, 136, 137, 138	Capital expenditure is often timed to be included in the 3 year shutdown otherwise to match asset life or market demands	1	C	LOW	M	5	A	1
11.4	Ref docs – – 2, 51, 54, 61, 62, 68, 69, 73, 126, 127, 129, 130-133	Capital works are monitored and reported regularly and incorporated in the financial plan.	1	C	LOW	M	5	A	1

Comments & Recommendations
Nil

12	**Key Process - Review of AMS** *The asset management system is regularly reviewed and updated* **Outcome** *Review of the Asset Management System to ensure the effectiveness of the integration of its components and their currency.*	**Asset management process and policy definition adequacy rating** **A**	**Asset management performance rating** **1**
Interviewees: Contracting Specialist Peter Bastin Electrical Projects Officer Geoff Fitchett Engineering Manager (David Zacher) Simon Orton Inventory Management Officer (Dave Walter) Manufacturing Manager – Ammonia/AN (Scott Olsen – acting for Albert Romano) Manufacturing Manager – Cyanide (Lee Barker) Leigh Meyers Senior Environmental Advisor (Mark Germain)		**Relevant documentation:** 3 2008 CSBP Ltd - Performance Audit and Asset Management System Review Report Generation Licence EGL15 6 Asset Management System 9 10/11 Compliance Report 10 09/10 Compliance Report 11 08/09 Compliance Report 12 Letter to ERA notifying Incr Gen Capacity 13 Letter to ERA Notify of JDE Upgrade 14 Letter to ERA Change of Contact Details 15 Letter from ERA Update of Post Audit Implementation Plan 16 Embargoed Notice of Surrender - Electricity Retail 17 IMO Exemption letter 25 Approval of Auditor - 2011 performance audit and asset management system review - ERL008 EGL015 - CSBP Ltd 36 Crisis Management Manual (GM-11-013-05) 69 Board Report, AN1 boiler 130 2011 Corporate Plan Assumptions, Ammonia 131 2010/11 Budget Presentation, Ammonium Nitrate 132 2010/11 Budget Presentation, Ammonia 140 Engineering Project Spare Parts, EP-08-030-35 142 External Regulator DoCEP 6 monthly visit Presentation	
Criteria Effectiveness		**Post Review Audit Priority**	

	Policy	Performance	Consequence	Likelihood	Inherent Risk rating	Adequacy of existing controls	Review priority	Adequacy rating	Performance Rating
			1=minor 2=moderate 3=major	A=likely B=probable C=unlikely	L=low M=medium H=high	S=strong M=moderate W=weak			
12.1	Ref doc – 3, 6, 9-17, 36, 142	Review processes are in place to ensure asset plans and systems are current. Post project reviews take place 12 months after completion and findings are fed back into standards and procedures	2	C	MEDIUM	M	4	A	1
12.2	Ref doc – 6, 9-17, 25, 36, 142	Internal and external review of the assets and management systems are regularly conducted.	2	B	MEDIUM	M	4	A	1

Comments & Recommendations
CSBP have responded to the previous Asset Management Review by preparing an overarching document for the asset management system based on the ERA's document structure.

Table 3.0 Effectiveness Criteria Pre- Audit Review

Ref	Asset management system component	Details/Requirements	Consequence 1=minor, 2=moderate, 3=major	Risk Likelihood A=likely, B=probable, C=unlikely	Inherent Risk low, medium, high	Adequacy of existing controls S=strong, M=moderate, W=weak	Review Priority					
							1	2	3	4	5	N/A
1	**Asset Planning**	Asset planning strategies are focused on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).	**Outcome** *Integration of asset strategies into operational or business plans will establish a framework for existing and new assets to be effectively utilised and their service potential optimised.*				0	1	0	5	2	0
1.1		Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning	2	C	MEDIUM	M				4		
1.2		Service levels are defined	2	C	MEDIUM	M				4		
1.3		Non-asset options (eg demand management) are considered	1	C	LOW	M					5	
1.4		Lifecycle costs of owning and operating assets are assessed	2	C	MEDIUM	M				4		
1.5		Funding options are evaluated	2	C	MEDIUM	M				4		

1.6		Costs are justified and cost drivers identified	2	B	MEDIUM	M				4		
1.7		Likelihood and consequences of asset failure are predicted	3	C	HIGH	M		2				
1.8		Plans are regularly reviewed and updated	1	B	LOW	M					5	
2	**Asset creation/acquisition**	Asset creation/acquisition means the provision or improvement of an asset where the outlay can be expected to provide benefits beyond the year of outlay.	**Outcome** *A more economic, efficient and cost-effective asset acquisition framework which will reduce demand for new assets, lower service costs and improve service delivery.*				**0**	**0**	**0**	**4**	**1**	**0**
2.1		Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions	2	C	MEDIUM	M				4		
2.2		Evaluations include all life-cycle costs	1	C	LOW	M					5	
2.3		Projects reflect sound engineering and business decisions	2	C	MEDIUM	M				4		
2.4		Commissioning tests are documented and completed	2	C	MEDIUM	M				4		
2.5		Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood	2	C	MEDIUM	M				4		
3	**Asset disposal**	Effective asset disposal frameworks incorporate consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets. Alternatives are evaluated in cost-benefit	**Outcome** *Effective management of the disposal process will minimise holdings of surplus and under-performing assets and will lower service costs***.**				**0**	**0**	**0**	**3**	**1**	**0**

		terms											
3.1		Under-utilised and under-performing assets are identified as part of a regular systematic review process	2	C	MEDIUM	M				4		
3.2		The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	2	C	MEDIUM	M				4		
3.3		Disposal alternatives are evaluated	1	C	LOW	M					5	
3.4		There is a replacement strategy for assets	2	C	MEDIUM	M				4		
4	**Environmental analysis**	Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.	**Outcome** *The asset management system regularly assesses external opportunities and threats and takes corrective action to maintain performance requirements.*				0	0	0	3	1	0
4.1		Opportunities and threats in the system environment are assessed	1	C	LOW	M					5	
4.2		Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved	2	C	MEDIUM	M				4		
4.3		Compliance with statutory and regulatory requirements	2	C	MEDIUM	M				4		

4.4		Achievement of customer service levels	2	C	MEDIUM	M				4		
5	**Asset operations**	Operations functions relate to the day-to-day running of assets and directly affect service levels and costs.	**Outcome** *Operations plans adequately document the processes and knowledge of staff in the operation of assets so that service levels can be consistently achieved.*				0	0	0	3	2	0
5.1		Operational policies and procedures are documented and linked to service levels required	1	C	LOW	M					5	
5.2		Risk management is applied to prioritise operations tasks	1	C	LOW	M					5	
5.3		Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data	2	C	MEDIUM	M				4		
5.4		Operational costs are measured and monitored	2	C	MEDIUM	M				4		
5.5		Staff receive training commensurate with their responsibilities	2	C	MEDIUM	M				4		

6	**Asset maintenance**	Maintenance functions relate to the upkeep of assets and directly affect service levels and costs.	**Outcome** *Maintenance plans cover the scheduling and resourcing of the maintenance tasks so that work can be done on time and on cost.*				**0**	**0**	**0**	**6**	**0**	**0**
6.1		Maintenance policies and procedures are documented and linked to service levels required	2	B	MEDIUM	M				4		
6.2		Regular inspections are undertaken of asset performance and condition	2	B	MEDIUM	M				4		
6.3		Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule	2	C	MEDIUM	M				4		
6.4		Failures are analysed and operational/maintenance plans adjusted where necessary	2	C	MEDIUM	M				4		
6.5		Risk management is applied to prioritise maintenance tasks	2	C	MEDIUM	M				4		
6.6		Maintenance costs are measured and monitored	2	C	MEDIUM	M				4		
7	**Asset Management Information System**	An asset management information system is a combination of processes, data and software that support the asset management functions.	**Outcome -** *The asset management information system provides authorised, complete and accurate information for the day-to-date running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards*				0	0	0	5	2	0

7.1		Adequate system documentation for users and IT operators	2	B	MEDIUM	M				4		
7.2		Input controls include appropriate verification and validation of data entered into the system	1	B	LOW	M					5	
7.3		Logical security access controls appear adequate, such as passwords	2	C	MEDIUM	M				4		
7.4		Physical security access controls appear adequate	2	B	MEDIUM	M				4		
7.5		Data backup procedures appear adequate	2	C	MEDIUM	M				4		
7.6		Key computations related to licensee performance reporting are materially accurate	2	B	MEDIUM	M				4		
7.7		Management reports appear adequate for the licensee to monitor licence obligations	1	C	LOW	M					5	
8	**Risk Management**	Risk management involves the identification of risks and their management within an acceptable level of risk.	**Outcome** *An effective risk management framework is applied to manage risks related to the maintenance of service standards*				0	0	0	3	0	0
8.1		Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system	2	B	MEDIUM	M				4		
8.2		Risks are documented in a risk register and treatment plans are actioned and monitored	2	C	MEDIUM	M				4		

8.3		The probability and consequences of asset failure are regularly assessed	2	B	MEDIUM	M				4		
9	**Contingency Planning**	Contingency plans document the steps to deal with the unexpected failure of an asset.	**Outcome-** *Contingency plans have been developed and tested to minimise any significant disruptions to service standards.*				0	1	0	0	0	0
9.1		Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	3	C	HIGH	M		2				
10	**Financial Planning**	The financial planning component of the asset management plan brings together the financial elements of the service delivery to ensure its financial viability over the long term.	**Outcome** *A financial plan that is reliable and provides for long-term financial viability of services*				0	0	0	0	6	0
10.1		The financial plan states the financial objectives and strategies and actions to achieve the objectives	1	C	LOW	M					5	
10.2		The financial plan identifies the source of funds for capital expenditure and recurrent costs	1	C	LOW	M					5	
10.3		The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	1	C	LOW	M					5	
10.4		The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period	1	C	LOW	M					5	

10.5		The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	1	B	LOW	M					5	
10.6		Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary	1	C	LOW	M					5	
11	**Capital Expenditure Planning**	The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure on each over the next five or more years. Since capital investments tend to be large and lumpy, projections would normally be expected to cover at least 10 years, preferably longer. Projections over the next five years would usually be based on firm estimates	**Outcome -** *A capital expenditure plan that provides reliable forward estimates of capital expenditure and asset disposal income, supported by documentation of the reasons for the decisions and evaluation of alternatives and options.*				0	0	0	0	4	0
11.1		There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates	1	C	LOW	M					5	
11.2		The plan provide reasons for capital expenditure and timing of expenditure	1	C	LOW	M					5	
11.3		The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	1	C	LOW	M					5	
11.4		There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned	1	C	LOW	M					5	

12 Review of AMS	The asset management system is regularly reviewed and updated.	**Outcome** *Review of the Asset Management System to ensure the effectiveness of the integration of its components and their currency.*				0	0	0	2	0	0
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current	2	C	MEDIUM	M				4		
12.2	Independent reviews (eg internal audit) are performed of the asset management system	2	B	MEDIUM	M				4		