

Shire of Coolgardie  
Water Services Operating Licence  
(Sewerage and Non-Potable Water)

Operational Audit and  
Asset Management  
System Review

Final Report

March 2012

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Quantum Management Consulting and Assurance

ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

Level 28 AMP Tower, 140 St Georges Terrace, Perth **M.** PO Box 6882, East Perth WA 6892

**T.** 08 9278 2570 **F.** 08 9278 2571

**E.** [mail@quantumassurance.com.au](mailto:mail@quantumassurance.com.au) **W.** [www.quantumassurance.com.au](http://www.quantumassurance.com.au)

## Executive Summary

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The Shire of Coolgardie has a Water Services Operating Licence, issued by the Economic Regulation Authority (the Authority) under the Water Services Licensing Act 1995 (WA), for the provision of sewerage and non-potable water supplies in the operating area that are centred on the township of Coolgardie.

Coolgardie is located approximately 570 kilometres east of Perth. The town was established in 1893 and has a population of approximately 1,000.

The sewerage scheme was originally constructed in 1984 with further works and expansion in 1988, 1992 and 1997. The scheme is operated by the Shire of Coolgardie and includes a gravity reticulation system, a pump station and rising main, treatment ponds and an effluent re-use scheme. The scheme collects and treats approximately 73 million litres per annum of residential and commercial wastewater. Treated wastewater is reticulated to the sports oval and parks.

This Operational Audit/Asset Management System Review has been conducted in order to assess the licensee's level of compliance with the conditions of its licence and the effectiveness of its asset management system.

The audit covered the period from 1<sup>st</sup> November 2008 to 31<sup>st</sup> October 2011.

### **OPERATIONAL AUDIT**

The audit reviewed the action taken on previous audit recommendations in the audit report issued in November 2009. Out of 8 previous recommendations, 2 issues have been closed and the remainder are outstanding.

There has been a high turnover of Shire administrative staff and periods of vacant positions that appear to have resulted in the recommendations not being actioned. Discussion with the current staff indicates they are committed to implementing the recommendations from this audit.

The outstanding issues from the previous audit are covered by the recommendations from this audit.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Coolgardie has complied with its Water Services Operating Licence during the audit period 1<sup>st</sup> November 2008 to 31<sup>st</sup> October 2011 apart from 3 non-compliances out of 52 obligations as noted below:

- The Customer Service Charter has not been made available to customers in three ways being on display in the Shire's Coolgardie office, a summary provided with the annual rates notice and a copy available on the Shire's website;
- Information requested by the Authority on the status of the previous Post Audit Implementation Plan has not been provided on a timely basis and action has not been taken to implement the recommendations; and
- The 2010/11 Performance Report and Compliance Report were not submitted by the due dates.

Other improvements were also noted as follows:

- Implement a Compliance Schedule as a reminder system of the various compliance obligations and reporting required by the licence;
- Develop and document a Complaints Procedure to comply with the licence obligation;

- Update the Emergency Assistance section of the Customer Service Charter to clarify the wording and update the telephone contact details (the entire Charter is due for review by June 2012); and
- Update the Asset Management Plan and the Compliance Schedule to include notifying the Authority within 10 business days of any changes to the asset management system.

The audit confirmed the Shire has complied with its licence reporting obligations for the period 1<sup>st</sup> November 2008 to 31<sup>st</sup> October 2011 apart from the annual reports for 2010/11 being submitted after the due dates; and the 2008/09 reports could not be located at the time of the audit to confirm compliance for this year.

The audit made several recommendations to improve the strength of the internal controls over complaints handling and reporting to the Authority. Otherwise, the control environment is considered adequate.

### **ASSET MANAGEMENT SYSTEM REVIEW**

The review of the asset management system and physical inspection of the assets confirmed that the scheme is operating satisfactorily and presents minimal risks to the Shire's customers and residents.

The new Manager Technical Services appointed in March 2011 has improved the level of maintenance of the ponds with vegetation clearing, and de-sludging in progress. The main pumps have been replaced and spares are now held at the Shire depot as backup. Regular inspection and maintenance plans are being developed.

There has been minimal expansion of the scheme with only a few more houses connected over the past few years and no major changes are envisaged.

The primary deficiencies with the Shire's asset management system relate to the lack of a complete and up-to-date Asset Management Plan, and the lack of documented procedures for the operation of the scheme.

There has been a high turnover of Shire administrative staff and periods of vacant positions that appear to have resulted in the previous audit recommendations not being actioned. Discussion with the current staff indicates they are committed to actioning the recommendations from this audit.

The main areas that are inadequate to meet the licence requirements are:

- The Asset Management Plan 2006 was due to be revised by November 2011 and is incomplete and out-of-date;
- There is no program to assess the condition and performance of assets on a regular basis, such as annually (although this has been done over the past six months);
- The operational procedures for the scheme are not documented and rely upon the knowledge of existing staff;
- There are no documented maintenance plans and evidence of their performance;
- There is no asset management information system to track and report on activities and the performance of the scheme;
- Staff have an understanding of the risks but there is no formal risk management process in the Asset Management Plan or being applied; and
- There is no formal contingency planning although some action, such as obtaining backup pumps, has been taken recently.

## **POST AUDIT IMPLEMENTATION PLAN**

The Post-Audit Implementation Plan in Appendix A provides a summary of the issues and recommendations from the performance audit and asset management system review with responses from the Shire of Coolgardie.

The Post Audit Implementation Plan has been developed by the audit team in consultation with the licensee and has been approved by the licensee. The Shire has agreed to implement the recommended actions.

## Audit Opinion

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### Report on the Operational Audit of the Water Services Operating Licence

We have audited the compliance of the Shire of Coolgardie with the procedures and controls over the performance and quality standards and licence obligations of the Water Services Operating Licence for the period 1<sup>st</sup> December 2008 to 30<sup>th</sup> November 2011 as measured by the Economic Regulation Authority's (the Authority's) Water Compliance Reporting Manual, May 2011.

#### Respective Responsibilities

The Shire of Coolgardie is responsible for compliance with the procedures and controls over the performance and quality standards and obligations of the Water Services Operating Licence. Our responsibility is to provide reasonable assurance and express a conclusion on compliance with the performance and quality standards and obligations of the Water Services Operating Licence, in all material respects.

Our audit has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and 3100 "Compliance Engagements".

Our audit procedures have been included in Section 1 of this report and have been undertaken to form a conclusion as to whether the Shire of Coolgardie has complied in all material respects, with the procedures and controls over the performance and quality standards and licence obligations of the Water Services Operating Licence for the period 1<sup>st</sup> December 2008 to 30<sup>th</sup> November 2011 as measured by the Authority's Water Compliance Reporting Manual, May 2011.

#### Limitations

This report was prepared for distribution to the Shire of Coolgardie and the Authority for the purpose of fulfilling the Shire's reporting obligations under the Water Services Operating Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Shire and the Authority, or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the performance and quality standards and licence obligations of the Water Services Operating Licence, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

#### Auditor's Qualified Opinion

In our opinion, the Shire of Coolgardie has complied, in all material respects, with the performance and quality standards and obligations of the Water Services Operating Licence for the period from 1<sup>st</sup> December 2008 to 30<sup>th</sup> November 2011 with the exception of:

- The Customer Service Charter has not been made available to customers in three ways being on display in the Shire's Coolgardie office, a summary provided with the annual rates notice and a copy available on the Shire's website;
- Information requested by the Authority on the status of the previous Post Audit Implementation Plan has not been provided on a timely basis and action has not been taken to implement the recommendations; and
- The 2010/11 Performance Report and Compliance Report were not submitted by the due dates;

- The Asset Management System does not meet the requirements of an effective asset management system being the framework of policies, plans, procedures and asset management information system.

We confirm that the Authority's Audit Guidelines: Electricity, Gas and Water Licences (August 2010) have been complied with in the conduct of this audit and the preparation of the report, and that the audit findings reflect our professional opinion.

**QUANTUM MANAGEMENT CONSULTING & ASSURANCE**

GEOFF WHITE CA  
DIRECTOR

PERTH, WA  
23 MARCH 2012

Shire of Coolgardie  
Water Services Operating Licence  
(Sewerage and Non-Potable Water)

Operational Audit and  
Asset Management  
System Review  
- Introduction

Final Report

March 2012



## 1. Background

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The Shire of Coolgardie has a Water Services Operating Licence, issued by the Economic Regulation Authority (the Authority) under the Water Services Licensing Act 1995 (WA), for the provision of sewerage and non-potable water supplies in the operating area that are centred on the township of Coolgardie.

Coolgardie is located approximately 570 kilometres east of Perth. The town was established in 1893 and has a population of approximately 1,000.

The sewerage scheme was originally constructed in 1984 with further works and expansion in 1988, 1992 and 1997. The scheme is operated by the Shire of Coolgardie and includes a gravity reticulation system, a pump station and rising main, treatment ponds and an effluent re-use scheme. The scheme collects and treats approximately 73 million litres per annum of residential and commercial wastewater. Treated wastewater is reticulated to the sports oval and parks.

The scheme consists of 11.2 km of gravity mains and 0.97 km of pressure main. There are four primary and secondary treatment ponds with a storage capacity of 26,700m<sup>3</sup> and an effluent re-use storage pond with a capacity of 31,500 m<sup>3</sup>.

The town's sewage demand profile has been stable in recent years with minimal growth predicted during the next five year period. The scheme has adequate capacity to meet foreseeable demand.

The Shire completes most of the required maintenance on its sewer system, however it has the capacity to engage electrical and plumbing contractors as required.

The Shire is required to comply with the terms and conditions of their licence (Operating Licence 13 Version OL2 15 May 2009), including applicable legislative provisions and performance reporting as set out in the Water Compliance Reporting Manual (May 2011).

This Operational Audit/Asset Management System Review has been conducted in order to assess the licensee's level of compliance with the conditions of its licence and the effectiveness of its asset management system.

Our audit approach was based on the compliance obligations set out in the licence, applicable legislation, regulatory guidelines and the Audit Guidelines issued by the Authority in August 2010.

## 2. Methodology

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### 2.1 Objectives and Scope

#### 2.1.1 Operational Audit

The objective of the Operational Audit was to provide the ERA with an independent assessment of the licensee's compliance with relevant obligations under the licence.

The audit has applied a risk-based audit approach. The scope of the audit included an assessment of the adequacy and effectiveness of performance against the requirements of the licence by considering:

- **process compliance** - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period;
- **output compliance** – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

The audit reviewed the status of the previous audit recommendations from the 2008 audit and also identified areas where improvement is required based on the current audit period.

#### 2.1.2 Asset Management System Review

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

- Asset planning
- Asset creation/acquisition
- Asset disposal
- Environmental analysis
- Asset operations
- Asset maintenance
- Asset management information system
- Risk management
- Contingency planning
- Financial planning
- Capital expenditure planning
- Review of the asset management system.

The review assessed the status of the previous recommendations from the 2008 review and also identified areas where improvement is required.

### 2.2 Audit Period and Timing

The audit covered the period 1<sup>st</sup> November 2008 to 31<sup>st</sup> October 2011 inclusive and was conducted in January 2012.

The previous audit covered the period 1<sup>st</sup> November 2005 to 31<sup>st</sup> October 2008.

### 2.3 Licensee's Representatives Participating in the Audit

- Paul Webb – Manager Technical Services
- Heather Pennington - Technical Administration Officer

### 2.4 Key Documents Examined

- Shire of Coolgardie Water Services Operating Licence Number 13 (Version OL2) dated 15 May 2009
- Audit Report Shire of Coolgardie – Report for Water Services Operating Licence – Audit and Asset Management Review dated November 2009
- Post Audit Implementation Plan correspondence with the Authority
- Shire of Coolgardie Customer Service Charter for Wastewater Services (November 2008);
- Shire of Coolgardie Annual Report for 2008/09 and 2009/10
- Adopted Annual Budget 2011/12
- Performance Reports to the Authority for 2009/10 and 2010/11.
- Compliance Reports to the Authority for 2009/10 and 2010/11.
- Correspondence between the Shire and the Authority.
- Shire of Coolgardie Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets November 2006.
- Sewerage Infrastructure Asset Register – 2006

### 2.5 Operational Audit - Compliance Ratings

The Shire's compliance with the licence obligations was assessed using the following compliance ratings.

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 to 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

## 2.6 Asset Management System Review - Effectiveness Ratings

The adequacy of processes and policies, and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

### Asset management process and policy definition - Adequacy ratings

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

### Asset management process - Performance ratings

RATING	DESCRIPTION	CRITERIA
1	Performing effectively	<ul style="list-style-type: none"> <li>The performance of the process meets or exceeds the required levels of performance.</li> <li>Process effectiveness is regularly assessed, and corrective action taken where necessary.</li> </ul>
2	Opportunity for improvement	<ul style="list-style-type: none"> <li>The performance of the process requires some improvement to meet the required level.</li> <li>Process effectiveness reviews are not performed regularly enough.</li> <li>Process improvement opportunities are not actioned.</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>The performance of the process requires significant improvement to meet the required level.</li> <li>Process effectiveness reviews are performed irregularly, or not at all.</li> <li>Process improvement opportunities are not actioned.</li> </ul>
4	Some action required	<ul style="list-style-type: none"> <li>Process is not performed, or the performance is so poor that the process is considered to be ineffective.</li> </ul>

## 2.7 Audit Team and Hours

NAME AND POSITION	HOURS
Geoff White – Director	18
Andrea Stefkova – Assistant Manager	20
Cleve Flottmann – Senior Engineer (David Wills and Associates)	10
TOTAL	48

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### 3. Operational Audit

The preliminary risk assessment included in the Audit Plan was reviewed and updated in the course of the audit and a compliance rating using the scale in Section 2.5 was assigned to each obligation under the licence, as shown in Section 3.1. Section 3.2 provides details of the current status of key recommendations from the previous audit. Section 3.3 provides further details of the systems and the compliance assessment for each obligation.

#### 3.1 Summary of Compliance Ratings

The audit assessment of the compliance ratings for each licence condition is shown below.

No. 1	Operating Licence Compliance Element	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant, N/A = not applicable, N/R = not rated)							
							1	2	3	4	5	N/A	N/R	
<b>WATER SERVICES LICENSING ACT 1995</b>														
1	General duty to provide services	n/a	1	C	Low	Strong						✓		
2	Regulations prescribing standard of service	Cl. 19	3	B	High	Moderate				✓				
3	Asset Management System	Cl. 17.1	2	C	Medium	Weak			✓					
4	Notify changes to Asset Management System	Cl. 17.2	1	C	Low	Weak			✓					
5	Review of Asset Management System	Cl. 17.3	1	C	Low	Moderate			✓					
6	Operational Audit	Cl. 16.1	1	C	Low	Moderate			✓					
7	Comply with Performance Standards (emergency response, complaints, continuity and overflows)	Cl. 20.1 and Sch. 4	3	B	High	Moderate			✓					
<b>WATER COORDINATION REGULATIONS 1996</b>														
8	Payment of fees	Cl. 4.1	1	C	Low	Moderate								✓
<b>OTHER LICENCE CONDITIONS</b>														
9	Customer complaints process	Cl. 6.1	2	B	Medium	Moderate				✓				
10	<i>N/A to local government</i>	Sch.3, Cl. 3.1	N/A	N/A	N/A	N/A							✓	
11	Customer complaints resolution	Sch.3, Cl. 3.8	2	B	Medium	Moderate				✓				
12	Staff trained to respond to complaints	Sch.3 Cl.3.2(b)	N/A	N/A	N/A	N/A							✓	
13	Staff authorised to make decisions on complaints	Sch.3 Cl.3.9(b)	1	C	Low	Moderate				✓				
14	Complaints system	Sch.3 Cl.3.2(d)	2	B	Medium	Weak			✓					
15	<i>N/A to local government</i>	Sch.3 Cl.3.4	N/A	N/A	N/A	N/A							✓	
16	Option to refer complaint to Dept. of	Sch.3	2	B	Medium	Moderate								✓

<sup>1</sup> The number refers to the item reference in the Water Compliance Reporting Manual, ERA August 2011

No. 1	Operating Licence Compliance Element	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant, N/A=not applicable, N/R=not rated)								
							1	2	3	4	5	N/A	N/R		
	Water	Cl.3.10													
17	Must co-operate with Dept. of Water	Sch.3 Cl.3.6	2	C	Medium	Moderate									✓
18	Provide details to Dept. of Water	Sch.3 Cl.3.7	2	C	Medium	Moderate									✓
19	Customer Service Charter	Cl.7.1	2	C	Medium	Moderate				✓					
20	Availability of Customer Service Charter	Sch.3 Cl. 2.5	2	C	Medium	Weak		✓							
21	Charter reviewed every 3 years	Sch.3 Cl. 2.6	1	C	Low	Moderate				✓					
22	Services consistent with Charter	Sch.3 Cl. 2.7	2	B	Medium	Strong					✓				
23	Customer consultation process	Cl. 8	2	C	Medium	Strong					✓				
24	Customer Council or at least two other forums	Sch.3 Cl. 4.1	2	C	Medium	Strong					✓				
25	Consult the Authority on type and extent of customer consultation	Sch.3 Cl. 4.2	2	C	Medium	Strong					✓				
26	If requested, establish other forums	Sch.3 Cl. 4.3	2	C	Medium	Strong									✓
27	<i>Not applicable (only applies to irrigation licences)</i>	Sch.3 Cl. 4.4	N/A	N/A	N/A	N/A								✓	
28	Customer consultation prior to major changes	Sch.3 Cl. 4.5	2	C	Medium	Moderate									✓
29	Council public question time	Sch. 3 Cl. 4.6	2	C	Medium	Strong					✓				
30	Modified customer agreements	Sch. 3 Cl. 5.1	2	B	Medium	Strong									✓
31	Annual report of non-standard agreements	Sch. 3 Cl. 5.4	2	B	Medium	Strong									✓
32	Customer survey, if directed by Authority	Sch. 3 Cl. 6	2	B	Medium	Strong									✓
33 to 40	<i>Not applicable (only applies to potable water licences)</i>	Cl. 9	N/A	N/A	N/A	N/A								✓	
41	Compliance with accounting standards	Cl. 15.1	2	C	Medium	Strong					✓				
42	Compliance with Operational Audit Guidelines	Cl. 16.2	2	C	Medium	Strong					✓				
43	Initial notification of asset management system (AMS) on licence commencement	Cl. 17.1	1	C	Low	Strong					✓				
44	Notify Authority of changes to AMS within 10 business days	Cl. 17.2	1	C	Low	Moderate				✓					
45	Compliance with Asset Management Review guidelines	Cl. 17.4	2	C	Medium	Strong					✓				
46	Report on external administration or significant financial or technical changes	Cl. 18.1	3	C	High	Strong									✓



No. 1	Operating Licence Compliance Element	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=iikely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant, 4 = compliant, 5=compliant, N/A = not applicable, N/R = not rated )							
							1	2	3	4	5	N/A	N/R	
47	Provide any information requested by Authority	Cl. 21.1	2	B	Medium	Weak		✓						
48	Information reporting requirements	Cl. 21.2	2	B	Medium	Weak		✓						
49	Publish information directed by Authority	Cl. 22.2 - .4	1	C	Low	Moderate								✓
-	Written conditions for connections	Sch.6 Cl. 2.1	2	B	Medium	Strong					✓			
-	Services available for connection	Sch.6 Cl. 2.2	2	B	Medium	Strong					✓			
-	Agreement to discontinue services	Sch.6 Cl. 2.3	2	B	Medium	Strong								✓

### 3.2 Previous Audit Recommendations

The status of the key recommendations in the previous audit report issued in November 2009 is summarised below.

Item	Licence Condition	Previous Audit Findings	Recommended Corrective Action	Post Audit Implementation Plan	Action Taken	Status
1	<p><b>Asset Management System (Cl. 17.1)</b></p> <p>The licensee must provide for, and notify the Authority of, an asset management system in respect of the licensee's assets within two business days from the commencement date unless otherwise notified in writing by the Authority.</p>	<p>The Shire has an Asset Management Plan dated November 2006 which needs updating and implementing. The AMP was received and acknowledged by the Authority in July 2007.</p>	<p>Update and expand the AMP and asset management information system to include the information recommended in Section 4.2 of this report. Advise the Authority once the updated system has been implemented.</p>	<p>To be carried out by Manager Regulatory and Development Services (MRDS), Manager Corporate Services (MCS) and Consultant by June 2010.</p>	<p>This clause refers to the initial development of the AMP at the commencement date of the licence. This clause has been met.</p>	CLOSED
2	<p><b>Asset Management System (Cl. 17.3)</b></p> <p>The licensee must, unless notified in writing by the Authority, within 24 months after the commencement date and every 24 months thereafter:</p> <p>(a) Conduct an asset management system review</p> <p>(b) provide the Authority with a report on the</p>	<p>The Shire has not completed any reviews, amendments or updates of the Asset Management System since 2006.</p>	<p>Revise the Asset Management System and advise the Authority when the relevant items in the Post-Audit Implementation Plan have been completed.</p>	<p>To be carried out by MRDS, and CEO by July 2010.</p>	<p>This issue is now superseded by the current review.</p>	CLOSED

Item	Licence Condition	Previous Audit Findings	Recommended Corrective Action	Post Audit Implementation Plan	Action Taken	Status
	asset management system review.					
3	<p><b>Customer Service Charter (Sch. 3, Cl. 2.5 and 2.6)</b></p> <p>The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.</p> <p>The licensee must review its Customer Service Charter at least once in every three year period.</p>	<p>Customer Service Charter was displayed on noticeboard but was removed during the review.</p> <p>Customer Service Charter not sent to customers.</p>	<p>Shire to prominently display Customer Service Charter.</p> <p>Create a summary version of the Customer Service Charter, including basic information about the Shire's operations and attach to the annual rate notices. Include in Asset Management Plan.</p>	<p>To be carried out by MCS and MRDS by November 2009.</p> <p>To be carried out by MCS and MRDS by August 2010.</p>	<p>None</p> <p><i>(Post-Audit Implementation Plan item 1.4)</i></p>	OUTSTANDING
4	<p><b>Customer Complaints (Sch. 3, Cl. 3.1)</b></p> <p>Subject to clause 3.8, the licensee must have in place a properly resourced process for effectively receiving, recording and (where possible) resolving customer complaints within 15 business days.</p>	<p>The Shire uses the procedures in section 2.9 of the Customer Service Charter to resolve complaints within 14 days. However, the resolution of complaints is not recorded.</p>	<p>Expand the customer complaint log system to include documentation of the complaint outcomes.</p>	<p>To be carried out by MCS by May 2010.</p>	<p>None</p> <p><i>(Post-Audit Implementation Plan item 1.2)</i></p>	OUTSTANDING
5	<p><b>Customer Complaints (Sch. 3, Cl. 3.9a)</b></p> <p>To ensure the effectiveness of such a</p>	<p>The Shire records and documents complaints, but not the outcomes.</p>	<p>Expand the current complaint log system to include complaint outcomes.</p>	<p>To be carried out by MCS by May 2010.</p>	<p>None</p> <p><i>(Post-Audit Implementation Plan item 1.2)</i></p>	OUTSTANDING

Item	Licence Condition	Previous Audit Findings	Recommended Corrective Action	Post Audit Implementation Plan	Action Taken	Status
	process the licensee must, as a minimum, record details of each customer complaint and its outcome.					
6	<p><b>Customer Consultation (Sch. 3, Cl. 4.1 b ii)</b></p> <p>The licensee must establish ongoing customer consultation processes which both inform customers and proactively solicit customer opinion on the licensee's operation and delivery of services. The licensee may:</p> <p>(ii) Publish a simple newsletter providing basic information about the licensee's operations.</p>	A brief description of sewer services is provided on rate notices. However, basic information about the Shire's operation of the services and summary of the Customer Service Charter was not detailed.	Create a summary version of the Customer Service Charter including basic information about the Shire's operations and attach to annual rate notices.	To be carried out by MCS and MRDS by August 2010.	None <i>(Post-Audit Implementation Plan item 1.3)</i>	OUTSTANDING
7	<p><b>Customer Consultation (Sch. 3, Cl. 4.2)</b></p> <p>The Authority must be consulted with respect to the type and extent of customer consultation to be adopted by the licensee.</p>	The Authority was not consulted on the type or extent of consultation.	Consult with the Authority on the type and extent of customer consultation.	To be carried out by MRDS by August 2010.	Customer consultation opportunities are provided at Council meetings and the annual electors meeting. Considered adequate.	CLOSED
8	<b>Emergency Response</b>	The Shire provides emergency phone numbers	Redraft Section 1.5 of the Customer Service Charter to	To be carried out by MCS and MRDS	The Customer Service Charter	OUTSTANDING

Item	Licence Condition	Previous Audit Findings	Recommended Corrective Action	Post Audit Implementation Plan	Action Taken	Status
	<p><b>(Sch. 4 Cl. 1.1)</b></p> <p>The licensee shall provide an emergency telephone advice system such that customers need make only one telephone call to report an emergency, and at least 90% of customers within one hour of reporting an emergency, shall be advised of the nature and timing of the action to be taken by the licensee.</p>	<p>in the Customer Service Charter and the website. Currently investigating installing a phone system with one emergency number. The Authority's review of the Customer Service Charter noted that the Emergency Assistance paragraph 1.5 may be confusing.</p>	<p>clarify the Emergency Call-out System and process.</p>	<p>by April 2010.</p>	<p>(Nov. 2008) has not been amended. As noted in this audit, the telephone contacts and numbers are out-of-date.</p> <p><i>(Post-Audit Implementation Plan item 1.3)</i></p>	

### 3.3 Audit Results and Recommendations

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
<b>DETAILED COMPLIANCE OBLIGATIONS</b>						
<b>WATER SERVICES LICENSING ACT 1995</b>						
1	Water Services Licensing Act Section 32(1)(a)	n/a	The licensee must provide the water service.	5	The audit confirmed that the Shire provides the water service.	5
2	Water Services Licensing Act Section 33	Clause 19	The Licensee must achieve prescribed standards as defined in the regulations.	2	The audit reviewed the Shire's Performance Reports for 2009/10 and 2010/11 (2008/09 could not be located).  Noted that the Shire complied with all performance standards.	4
3	Water Services Licensing Act Section 36(1)(a)	Clause 17.1	The Licensee must have an Asset Management System in respect to the licensed activity.	3	The audit confirmed that the Asset Management System in respect to the licensed activity is in place. As noted in the Asset Management System Review, there are gaps in the existing system. Refer Section 4.	3
4	Water Services Licensing	Clause 17.2	The Licensee must notify the Authority of any changes to the Asset Management	5	There were no material changes made to the asset management system that would require notification to the Authority. However,	3

<sup>2</sup> Number refers to the item reference in the Water Compliance Reporting Manual, ERA May 2011

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
	Act Section 36(1)(b)		System.		there is no process to notify the Authority of any changes.	
5	Water Services Licensing Act Section 36(1)(c)	Clause 17.3	The Licensee must not less than once in every period of 24 months (or such other period determined by the Authority) provide the Authority with an independent expert report, acceptable to the Authority, on the effectiveness of the Asset Management System.	5	<p>The Asset Management System Review is now being undertaken and will be completed within the prescribed time.</p> <p>However, there is no Compliance Schedule to ensure that reviews are undertaken by the prescribed time.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Implement a Compliance Schedule (reminder system) that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority.</li> </ul> <p><i>(Post Audit Implementation Plan item 1.1)</i></p>	4
6	Water Services Licensing Act Section 37(1)	Clause 16.1	The Licensee must not less than once in every period of 24 months (or such other period determined by the Authority) provide the Authority with an operational audit conducted by an independent expert, acceptable to the Authority.	5	<p>The Operational Audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, there is no Compliance Schedule to ensure that reviews are undertaken by the prescribed time.</p> <p>Refer recommendation in item 5.</p>	4
7	Water Services Licensing Act Section 38(2)	Clause 20.1	<p>The licensee must comply with the performance standards set out in Schedule 4, comprising:</p> <ul style="list-style-type: none"> <li>• Emergency telephone response system such that customers need only</li> </ul>	2	<p>The audit reviewed the Shire's Performance Reports for 2009/10 and 2010/11 and noted that the Shire complied with all performance standards.</p> <p>The Shire was unable to locate the 2008/09 report at the time of the audit.</p> <p>The Manager Technical Services confirmed that all complaints are</p>	4

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			<p>make one call and they are advised of the nature and timing of action within one hour (Target is 90% of calls).</p> <ul style="list-style-type: none"> <li>• 90% of complaints resolved within 15 business days.</li> <li>• Fewer than 40 blockages per 100km of sewer main per year</li> <li>• 90% of connected properties experience no sewerage overflows per year</li> </ul>		dealt with immediately including arranging a plumber when necessary.	
<b>WATER COORDINATION REGULATION 1996</b>						
8	Water Services Coordination Regulations Section 2	Clause 4.1	The licensee must pay the applicable fees in accordance with the regulations.	5	The licence expires on 29 April 2021. The application for renewal of the licence is to be accompanied by the prescribed fee.	N/R



No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
<b>OTHER LICENCE CONDITIONS</b>						
9	Operating Licence	Clause 6.1	The licensee must establish a customer complaints process as set out in Schedule 3.	3	The Customer Service Charter outlines the processes for enquiries, suggestions, complaints and disputes. However, there is no internal procedure or register to track complaints and their outcome. Annual Performance Reports to the Authority indicate there are minimal sewerage related complaints. Refer recommendation in item 14.	4
10	Operating Licence	Schedule 3 Clause 3.1	The licensee must resolve customer complaints within 15 business days of the receipt of complaint.	N/A	The Shire of Coolgardie is a Local Government authority so this is not applicable.	N/A
11	Operating Licence	Schedule 3 Clause 3.8	The licensee must resolve customer complaints within 15 business days of the receipt of complaint or for matters to be considered by a Local Government Council within 5 business days after the first ordinary Council meeting following the 15 business day period.	3	The audit confirmed with the Shire that there were only 2 sewerage related customer complaints in 2010/11, nil in 2009/10.  The Shire was unable to locate the 2008/09 report at the time of the audit.  However, there is no internal procedure or register to track complaints and their outcome. Refer recommendation in item 14.	4
12	Operating Licence	Schedule 3 Clause 3.2(b)	The licensee must provide appropriately trained staff to respond to complaints.	N/A	The Shire of Coolgardie is a Local Government authority so this is not applicable.	N/A
13	Operating Licence	Schedule 3 Clause 3.9(b)	The licensee must provide one trained staff member who is authorised or has access to	5	The Shire's CEO is authorised to make decisions to settle customer complaints or disputes. The Shire's staff have been provided with complaints resolution training through the OHS courses.	4

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			another officer who is authorised to make necessary decisions to respond to complaints.			
14	Operating Licence	Schedule 3 Clause 3.2(d)	The licensee must provide an appropriate system to monitor and record the number, nature of and outcomes to complaints.	3	<p>The complaints policy is set out in the Customer Service Charter and a complaints file is kept. However, there is no internal procedure or register to track complaints and their outcome. Annual Performance Reports to the Authority indicate there are minimal sewerage related complaints.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop and document a Complaints Procedure including staff responsibilities, forms, register and general procedures.</li> </ul> <p><i>(Post Audit Implementation Plan item 1.2)</i></p>	3
15	Operating Licence	Schedule 3 Clause 3.4	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	N/A	The Shire of Coolgardie is a Local Government Agency so this is not applicable.	N/A
16	Operating Licence	Schedule 3 Clause 3.10	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water unless the complaint is a matter that relates to section 3.22 of the <i>Local Government Act 1995</i> .	3	<p>The Customer Service Charter outlines the processes for enquiries, suggestions, complaints and disputes.</p> <p>As noted in item 14, there is no formal process for complaints handling.</p>	N/R
17	Operating	Schedule 3	The licensee must co-operate with the Department of Water's	3	The audit confirmed with the Shire that during the audit period, there	N/R

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
	Licence	Clause 3.6	request for information concerning a disputed complaint.		were no such requests received from the Department of Water.	
18	Operating Licence	Schedule 3 Clause 3.7	The licensee must, on request, provide complaints details to the Department of Water.	3	The audit confirmed with the Shire that during the audit period, there were no such requests received from the Department of Water.	N/R
19	Operating Licence	Clause 7.1	The licensee must establish a Customer Service Charter as set out in Schedule 3.	4	<p>The Shire's Customer Service Charter was approved by the Authority on 29 June 2009. The emergency contact names and telephone numbers are out-of-date. Also, as noted in the previous audit, the wording of Section 1.5 is confusing between emergency and non-emergency contacts.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Redraft Section 1.5 of the Customer Service Charter to clarify the Emergency Assistance process.</li> <li>▪ Update the emergency contact names and numbers in the Charter.</li> </ul> <p><i>(Post Audit Implementation Plan item 1.3)</i></p>	4
20	Operating Licence	Schedule 3 Clause 2.5	The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.	3	<p>At the date of the audit, the Charter was not displayed in the Administration Office in Coolgardie.</p> <p>A copy of the Charter is provided upon request and at no charge to customers.</p> <p>A copy of the Charter or advice on its availability have not been provided to customers at least in the past 2 years, such as a summary with the annual rates notices. The Charter is not available</p>	2

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
					<p>on the Shire's website.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Display the Customer Service Charter in the Shire's Coolgardie Office (with copies available to visitors).</li> <li>▪ Publish the Charter on the Shire's website.</li> <li>▪ Provide a summary (with a reference to the full copy on the website) to customers with the annual rates notice.</li> </ul> <p><i>(Post Audit Implementation Plan item 1.4)</i></p>	
21	Operating Licence	Schedule 3 Clause 2.6	The licensee must review its Customer Service Charter at least once in every three year period.	5	The Shire's Customer Service Charter was approved by the Authority on 29 June 2009. The next review is due by June 2012. As noted in item 19, the emergency contact names and telephone numbers are out-of-date.	4
22	Operating Licence	Schedule 3 Clause 2.7	The licensee must provide its services consistent with its Customer Service Charter.	4	<p>The audit confirmed that the Shire provides its services consistent with its Customer Service Charter.</p> <p>The Charter is generally consistent with the licence provision in covering all of the service issues likely to be of concern to the Shire's customers.</p>	5
23	Operating Licence	Clause 8	The licensee must establish customer consultation processes as set out in Schedule 3.	3	The audit confirmed with the Shire's Manager Technical Services that an adequate customer consultation process has been established as detailed in item 24. There have been no major changes to the scheme in the audit period that required further consultation.	5
24	Operating Licence	Schedule 3 Clause 4.1	The licensee may either establish a Customer Council	3	The Shire allows its customers to raise matters of concern regarding the sewerage system at public question time during the two-monthly	5

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.		Coolgardie Council meetings.  The audit confirmed that the Shire also holds an annual electors' meeting (2010/11 meeting was on 1 <sup>st</sup> February 2011).	
25	Operating Licence	Schedule 3 Clause 4.2	The licensee must consult the Authority on the type and extent of consultation to be adopted by the licensee.	3	The Shire's Customer Service Charter states that community involvement in the Shire's service planning and decision making processes will be sought through forums such as focus groups, customer surveys and displays at local functions."	5
26	Operating Licence	Schedule 3 Clause 4.3	The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	3	The audit confirmed with the Shire's Manager Technical Services that during the audit period, there were no such requests received from the Authority.	N/R
27	Operating Licence	Schedule 3 Clause 4.4	The licensee must hold season opening and closing public meetings, and the agenda must cover at least season opening and closing conditions, tariffs and scheme operation.	N/A	Only applicable to irrigation licences.	N/A
28	Operating Licence	Schedule 3 Clause 4.5	The licensee must prior to making a major change to the	4	The audit confirmed with the Shire's Manager Technical Services that during the audit period, the Shire has made no significant	N/R

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			operation of a water service hold a public meeting and seek written submissions.		changes to the operation of the water service.	
29	Operating Licence	Schedule 3 Clause 4.6	The licensee must allow customers to raise matters of concern regarding Council public question time in accordance with the <i>Local Government Act 1995</i> .	4	The audit confirmed with the Shire's Manager Technical Services that the Shire allows its customers to raise matters of concern regarding the sewerage system at public question time during the Coolgardie Council meetings.	5
30	Operating Licence	Schedule 3 Clause 5.1	The licensee may enter into an agreement with a customer to provide water services that may exclude, modify or restrict the terms of the licence.	4	The audit confirmed with the Shire's Manager Technical Services that no such agreements have been entered into over the audit period.	N/R
31	Operating Licence	Schedule 3 Clause 5.4	The licensee must publish a report annually that includes the specified information.	4	The audit confirmed with the Shire's Manager Technical Services that no agreements that may exclude, modify or restrict the terms of the licence have been entered into over the audit period.	N/R
32	Operating Licence	Schedule 3 Clause 6	The licensee must conduct a customer survey if directed by the Authority.	4	The audit confirmed with the Shire's Manager Technical Services that during the audit period, there were no such directions received from the Authority.	N/R
33 to 40	Operating Licence	Clause 9	Memorandum of Understanding	N/A	Only applicable to potable water licences.	N/A
41	Operating Licence	Clause 15.1	The licensee must maintain accounting records that comply with the Australian Accounting	4	Each year the Shire of Coolgardie prepares a comprehensive Annual Report for the whole of the Shire, which is independently audited by a qualified auditor.	5

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			Standards Board Standards or equivalent International Accounting Standards.		The audit sighted the Shire's Financial Report for the year ended 30 <sup>th</sup> June 2010 including an Independent Audit Report.	
42	Water Services Licensing Act Section 37	Clause 16.2	The licensee must comply and require the licensee's auditor to comply with the Authority's Standard Audit Guidelines, minimum requirements regarding appointment of the auditor, scope of audit, conduct of the audit and reporting of the audit.	4	The Shire's Audit Plan –Water Services Operating Licence – Performance Audit and Asset Management System Review, dated 25 January 2012, stipulates compliance requirements for the auditors.	5
43	Water Services Licensing Act Section 36	Clause 17.1	The licensee must provide for and notify the Authority of its asset management system within 2 business days from the licence commencement date unless notified in writing by the Authority.	5	The licence commencement date was 21 May 1997. The Authority was notified of the Shire's asset management system at this time.	5
44	Water Services Licensing Act Section 36	Clause 17.2	The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.	5	The audit confirmed with the Shire's Manager Technical Services that there were no material changes made to the asset management system that would require notification to the Authority.  The Monitoring and Review Procedures section of the Asset Management Plan does not include the requirement to notify the Authority of any changes to the asset management system within the required timeframe.  <b>Recommendations:</b>	4

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
					<ul style="list-style-type: none"> <li>▪ Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority within 10 business days of any changes to the asset management system.</li> <li>▪ Note the required timeframe for the notification of any asset management system changes to the Authority, in the Compliance Schedule to ensure regulatory timeframes are met.</li> </ul> <p><i>(Post Audit Implementation Plan item 1.5)</i></p>	
45	Water Services Licensing Act Section 36	Clause 17.4	The licensee must comply and require the licensee's expert to comply with the Authority's Standard Guidelines dealing with the asset management system review including, minimum requirements, regarding appointment of the expert reviewer, scope of review, conduct of the review and reporting of the outcomes of the review.	4	The Shire's Audit Plan – Water Services Operating Licence – Performance Audit and Asset Management System Review, dated 25 January 2012, stipulates compliance requirements for the auditors.	5
46	Operating Licence	Clause 18.1	The licensee must report to the Authority if it is under external administration within 2 business days or significant change in its financial or technical circumstances within 10 business days.	5	No significant changes.	N/R



No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
47	Operating Licence	Clause 21.1	The licensee must provide any information the Authority may require in connection with its functions under the Act.	3	<p>In addition to the reporting requirements under the Water Compliance Reporting Manual, the Shire has been requested several times to provide updates on the Post Audit Implementation Plan. It appears that due to staff turnover (at least three Manager Technical Services with the current Manager being appointed six months ago) that this requirement has not been met. As noted in this report, there was very little progress in implementing the previous audit recommendations.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Ensure that future Post Audit Implementation Plan (PAIP) updates are submitted to the Authority by the due dates required or extension of time should be sought from the Authority.</li> </ul> <p><i>(Post Audit Implementation Plan item 1.6)</i></p>	2
48	Operating Licence	Clause 21.2	The licensee must comply with the information reporting requirements as set out in Schedule 5.	3	<p>In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority:</p> <ul style="list-style-type: none"> <li>• Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>• Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> <p>The audit reviewed the Shire's Compliance and Performance Reports for 2009/10 and 2010/11 (2008/09 was unable to be located) and relevant correspondence between the Shire and the Authority and noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• The 2010/11 Performance Report was submitted late to the</li> </ul>	2

No <sup>2</sup>	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
					<p>Authority (due 31 July 2011, submitted 21 October 2011). The performance reports for 2008/09 and 2009/10 were also submitted late.</p> <ul style="list-style-type: none"> <li>The 2010/11 Compliance Report was submitted late to the Authority due 31 August 2011, submitted 1<sup>st</sup> November 2011).</li> </ul> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Ensure that future Performance and Compliance Reports are submitted to the Authority by the due dates (reminder system in the Compliance Register).</li> </ul> <p><i>(Post Audit Implementation Plan item 1.7)</i></p>	
49	Operating Licence	Clause 22.2 and 22.4	The licensee must publish relevant information directed to do so by the Authority within the specified timeframes.	5	The audit confirmed with the Shire's Manager Technical Services that during the audit period, no such directions were received from the Authority.	N/R
-	Operating Licence	Schedule 6 Clause 2.1	The licensee must set out in writing its conditions for connection and make it available to people enquiring or applying for connection.	4	<p>The audit confirmed that the Shire provide its services consistent with its Customer Service Charter.</p> <p>The charter is generally consistent with the licence provision in covering all of the service issues likely to be of concern to the Shire's customers.</p>	5
-	Operating Licence	Schedule 6 Clause 2.2	The licensee must ensure that its services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.	4	<p>The audit confirmed with the Shire's Manager Technical Services that the services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.</p> <p>The audit confirmed that the Shire provide its services consistent with its Customer Service Charter.</p>	5

No 2	Legislation /Licence Condition	Licence Reference	Description	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating  (Refer to the 7-point rating scale in section 2.5)
					The charter is generally consistent with the licence provision in covering all of the service issues likely to be of concern to the Shire's customers.	
-	Operating Licence	Schedule 6 Clause 2.3	The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable.	4	The audit confirmed with the Shire's Manager Technical Services that over the audit period there was no discontinuation of the service due to the service not being commercially viable.	N/R

### 3.4 Recommended Changes to the Licence

No changes to the licence are considered necessary.

### 3.5 Conclusion

The audit reviewed the action taken on previous audit recommendations in the audit report issued in November 2009. Out of 8 previous recommendations, 2 issues have been closed and the remainder are outstanding.

There has been a high turnover of Shire administrative staff and periods of vacant positions that appear to have resulted in the recommendations not being actioned. Discussion with the current staff indicates they are committed to implementing the recommendations from this audit.

The outstanding issues from the previous audit are covered by the recommendations from this audit.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Coolgardie has complied with its Water Services Operating Licence during the audit period 1<sup>st</sup> November 2008 to 31<sup>st</sup> October 2011 apart from 3 non-compliances out of 52 obligations as noted below:

- The Customer Service Charter has not been made available to customers in three ways being on display in the Shire's Coolgardie office, a summary provided with the annual rates notice and a copy available on the Shire's website;
- Information requested by the Authority on the status of the previous Post Audit Implementation Plan has not been provided on a timely basis and action has not been taken to implement the recommendations; and
- The 2010/11 Performance Report and Compliance Report were not submitted by the due dates.

Other improvements were also noted as follows:

- Implement a Compliance Schedule as a reminder system of the various compliance obligations and reporting required by the licence;
- Develop and document a Complaints Procedure to comply with the licence obligation;
- Update the Emergency Assistance section of the Customer Service Charter to clarify the wording and update the telephone contact details (the entire Charter is due for review by June 2012); and
- Update the Asset Management Plan and the Compliance Schedule to include notifying the Authority within 10 business days of any changes to the asset management system.

The audit confirmed the Shire has complied with its licence reporting obligations for the period 1<sup>st</sup> November 2008 to 31<sup>st</sup> October 2011 apart from the annual reports for 2010/11 being submitted after the due dates; and the 2008/09 reports could not be located at the time of the audit to confirm compliance for this year.

The audit made several recommendations to improve the strength of the internal controls over complaints handling and reporting to the Authority. Otherwise, the control environment is considered adequate.

*The Post Audit Implementation Plan in Appendix A provides a summary of the issues and recommendations from the audit with responses from the Shire.*

Shire of Coolgardie  
Water Services Operating Licence  
(Sewerage and Non-Potable Water)

Asset Management  
System Review  
- Detailed Report

Final Report

March 2012

## 4. Asset Management System Review

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The effectiveness of the Shire of Coolgardie's asset management system was assessed using the asset management system process and policy definitions ratings and the performance ratings provided by the Authority in the Audit Guidelines.

This included evaluating the key processes of:

- Asset planning
- Asset creation/acquisition
- Asset disposal
- Environmental analysis
- Asset operations
- Asset maintenance
- Asset management information system
- Risk management
- Contingency planning
- Financial planning
- Capital expenditure planning
- Review of the asset management system.

The review has assessed and rated these key processes as shown in Section 4.1.

Section 4.2 provides details of the current status of recommendations from the previous review.

Section 4.3 provides further details of the current systems and the effectiveness rating for each process in the asset management system.

#### 4.1 Summary of Asset Management System Ratings

The audit assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 2.6, is shown in the table below.

Section 4.3 provides further details of the rating for each process in the asset management system.

ASSET MANAGEMENT SYSTEM	Process and policy definition rating				Performance rating				
	Inadequate	Requires significant improvement	Requires some improvement	Adequately defined	Serious action required (4)	Corrective action required (3)	Opportunity for improvement (2)	Performing effectively (1)	Not Rated
Key Processes									
1. Asset planning			B			3			
2. Asset creation/ acquisition			B			3			
3. Asset disposal		C					2		
4. Environmental analysis			B				2		
5. Asset operations		C					2		
6. Asset maintenance		C					2		
7. Asset management information system	D					3			
8. Risk management	D					3			
9. Contingency planning	D					3			
10. Financial planning				A				1	
11. Capital expenditure planning			B			3			
12. Review of asset management system		C				3			

## 4.2 Previous Review Recommendations

The status of the key recommendations in the previous audit report issued in November 2009 is summarised below.

No.	Asset Management Process	Previous Review Findings	Recommended Corrective Actions	Post Audit Implementation Plan	Action Taken	Status
1.1	<b>Asset Planning</b>	Plans and objectives are included in the AMP, but need updating and implementing.	Update plans and objectives in AMP and implement.	<i>To be carried out by Manager Corporate Services (MCS) and Manager Technical Services (MTS) by June 2010</i>	None <i>(Post Audit Implementation Plan item 2.1)</i>	Outstanding
1.2		Service levels stated in AMP, but not complete or implemented.	Complete and implement the service levels and update the AMP.		Overall service levels are defined in the AMP (could be less detailed). Implementation is covered by other processes.	<b>Closed</b>
1.3		Asset value included in AMP, but needs updating and expanding to include operating costs.	Update asset values in AMP and include lifecycle costs such as operational costs.		None <i>(Post Audit Implementation Plan item 2.2)</i>	Outstanding
1.4		Likely failures understood by staff, but not documented.	Identify and document likelihood and consequences of asset failure in AMP.	<i>To be carried out by MTS by June 2010</i>	None <i>(Post Audit Implementation Plan item 2.11)</i>	Outstanding
1.5		Plans in AMP have not been reviewed since its creation in November 2006.	Create and implement a reminding procedure to ensure the AMP is regularly reviewed and updated.		None <i>(Post Audit Implementation Plan item 2.1)</i>	Outstanding
2.1	<b>Asset Creation and Acquisition</b>	Tests completed for pumping stations, however, minimal documentation	Create and implement commissioning process for assets and include in the AMP	<i>To be carried out by MCS and MTS by March 2010</i>	None <i>(Post Audit Implementation Plan item 2.5)</i>	Outstanding
3.1	<b>Asset Disposal</b>	Asset levels of service contained in AMP but not monitored.	Create and implement a process for identifying capacity of assets and recording past performance. Include in AMP.	<i>To be carried out by MTS by March 2010</i>	None <i>(Post Audit Implementation Plan item 2.6)</i>	Outstanding



No.	Asset Management Process	Previous Review Findings	Recommended Corrective Actions	Post Audit Implementation Plan	Action Taken	Status
3.2		Shire examines performance when assets fail.	Create and implement a review process for when under or poor performing assets are identified and include in AMP.		None <i>(Post Audit Implementation Plan item 2.6)</i>	Outstanding
4.1	<b>Environmental Analysis</b>	Opportunities and threats are understood by staff and partly mentioned in AMP.	Conduct SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and include in AMP.	<i>To be carried out by MCS, Manager Regulatory &amp; Development Services (MRDS) and Consultant by June 2010</i>	None <i>(Post Audit Implementation Plan item 2.12 – risk assessment)</i>	Outstanding
4.2		Shire operates sewer system effectively but completes minimal measurements including wastewater treatment output.	Identify and document performance requirements for all assets. Create and implement monitoring procedures for assets. Include in AMP.	<i>To be carried out by MTS by March 2010</i>	None <i>(Post Audit Implementation Plan item 2.6)</i>	Outstanding
5.1	<b>Asset Operations</b>	Operational procedures are understood by staff, however, minimal operational policies and procedures are documented.	Create, document and implement operational policies and procedures, and link to service levels required. Include in AMP.	<i>To be carried out by MTS by April 2010</i>	None <i>(Post Audit Implementation Plan item 2.8)</i>	Outstanding
5.2		Risk management not completed.	Create and implement a regular review procedure for the operational schedule to prioritise task based on risk.	<i>To be carried out by MTS by April 2010</i>	None <i>(Post Audit Implementation Plan item 2.8)</i>	Outstanding
5.3		Detailed asset register exists, however needs updating.	Create and implement an update process for the asset register and include in AMP.	<i>To be carried out by MTS by April 2010</i>	None <i>(Post Audit Implementation Plan item 2.9)</i>	Outstanding
6.1	<b>Asset</b>	Maintenance policies and	Create, document and	<i>To be carried out by</i>	None	Outstanding

No.	Asset Management Process	Previous Review Findings	Recommended Corrective Actions	Post Audit Implementation Plan	Action Taken	Status
	<b>Maintenance</b>	procedures are understood by staff, however, minimal documentation.	implement maintenance policies and procedures and link to service levels required. Include in AMP.	<i>MTS by April 2010</i>	<i>(Post Audit Implementation Plan item 2.10)</i>	
6.2		Maintenance plan include din AMP, however, Shire uses a different schedule.	Amend AMP to reflect current maintenance schedule.	<i>To be carried out by MTS by April 2010</i>	None <i>(Post Audit Implementation Plan item 2.10)</i>	Outstanding
6.3		Risk management not undertaken.	Create and implement a regular review procedure for the maintenance schedule to prioritise task based on risk.	<i>To be carried out by MTS by April 2010</i>	None <i>(Post Audit Implementation Plan item 2.9)</i>	Outstanding
7.1	<b>Asset Management Information System</b>	Asset management plan and register located on computer, however, not used. No documentation for users.	Train staff in the AMIS use and implement.	<i>To be carried out by MTS by March 2010</i>	None <i>(Post Audit Implementation Plan item 2.11)</i>	Outstanding
7.2		No verification of data undertaken.	Create data verification procedure for updating asset data in AMIS.		None <i>(Post Audit Implementation Plan item 2.11)</i>	Outstanding
7.3		Licence obligations understood by staff and adequate reports completed, but AMIS not used to produce reports.	Train staff in the AMIS use and implement.		None <i>(Post Audit Implementation Plan item 2.11)</i>	Outstanding
8.1	<b>Risk Management</b>	Risk management not undertaken.	Identify risks and create risk management procedure and policies. Include in AMP. Ensure policy includes a review procedure.	<i>To be carried out by MTS by March 2010</i>	None <i>(Post Audit Implementation Plan item 2.12)</i>	Outstanding
8.2		Risk management not undertaken.	Create, implement and monitor risk register and include in AMP.		None <i>(Post Audit Implementation Plan item 2.12)</i>	Outstanding

No.	Asset Management Process	Previous Review Findings	Recommended Corrective Actions	Post Audit Implementation Plan	Action Taken	Status
8.3		Probability and consequences of failure are understood by staff but not documented.	Create and document risk register including the treatment and consequences of failure. Include in AMP.		None <i>(Post Audit Implementation Plan item 2.12)</i>	Outstanding
9.1	<b>Contingency Planning</b>	Shire has capacity to handle emergencies, however, not documented and no documented contingency plan exists.	Create and implement a Contingency Plan and include in AMP.	<i>To be carried out by MTS by March 2010</i>	None <i>(Post Audit Implementation Plan item 2.13)</i>	Outstanding
10.1	<b>Financial Planning</b>	The Shire's "Plan for the Future" contains objectives, strategies and actions. However, the AMP objectives need to be amended to match.	Amend AMP to match current plan.	<i>To be carried out by MTS by March 2010</i>	The AMP needs to be reviewed for this change and others since it was produced in 2006. <i>(Post Audit Implementation Plan item 2.1)</i>	Outstanding
10.2	The Shire's "Plan for the Future" contains 5 year predictions. The AMP needs amending to match.					
10.3	The Shire's "Plan for the Future" includes a financial plan for the operation of the services. The AMP needs amending to match.					
11.1	<b>Capital Expenditure Planning</b>	Capital expenditure plan included in AMP. Needs reviewing.	Review and update plan in AMP.	<i>To be carried out by MCS and MTS by March 2010</i>	None <i>(Post Audit Implementation Plan items 2.1 and 2.2)</i>	Outstanding
11.2	Capital expenditure plan in AMP takes into account asset life and condition. Needs updating.					
11.3		No review process exists.	Create and implement a reminding procedure to ensure the plan is regularly reviewed	<i>To be carried out by MRDS by December</i>	None <i>(Post Audit Implementation Plan items 2.1)</i>	Outstanding

No.	Asset Management Process	Previous Review Findings	Recommended Corrective Actions	Post Audit Implementation Plan	Action Taken	Status
			and updated.	2009.		
12.1	<b>Review of Asset Management System</b>	No review process in place. AMP needs reviewing.	Create asset management system review procedure to ensure system is regularly reviewed.	<i>To be carried out by MRDS by December 2009.</i>	None <i>(Post Audit Implementation Plan items 2.1 and 2.2)</i>	Outstanding
12.2		Shire audits the system every 3 years, however, licence requires every 2 years.	Create and implement a reminding procedure to ensure audits are completed every 24 months.	<i>To be carried out by MRDS by December 2009.</i>	Audit interval is determined by the Authority. Reminder to be set up. <i>(Post Audit Implementation Plan item 1.1)</i>	Outstanding

### 4.3 Review Results and Recommendations

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating <sup>3</sup>	B	Performance Rating <sup>4</sup>	3
1	<b>ASSET PLANNING</b>				
1.1	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	<p>Sighted the Shire of Coolgardie Asset Management Plan (AMP) 2006. The goal, objective and level of service are stated in the AMP as “to provide cost effective wastewater collection, treatment and disposal services for the Town of Coolgardie, which meets community expectations for health and environmental management”.</p> <p>The demand and assets have not changed significantly since 2006. The AMP was due for review by November 2011 but has not yet been reviewed. The planning process needs to be improved to review the AMP at least every 5 years and to cover the expected elements of an effective AMP. Also, changes that have occurred such as the “Plan for the Future” adopted in May 2009.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Document and implement a process to review the Asset Management Plan (AMP) at least every 5 years or whenever major changes to the scheme are planned; including estimated operational, maintenance and capital activities and costs for the next 5 years. (<i>Post Audit Implementation Plan item 2.1</i>).</li> </ul>			
1.2	Service levels are defined.	<p>The Level of Service is detailed as “The Shire of Coolgardie will provide its services in a manner which is fair, courteous and timely with a focus on consultation with our customers respecting your rights and meeting your reasonable expectations.” Service levels in respect of number of blockages and emergency telephone response times are stated. Considered adequate.</p>			
1.3	Non-asset options (e.g. demand management) are considered.	<p>Demand Management and Changes in Technology are considered in the AMP.</p>			

<sup>3</sup> Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

<sup>4</sup> Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1.4	Lifecycle costs of owning and operating assets are assessed.	<p>The life cycle costs of owning and operating the assets have been estimated in the AMP and detailed in Appendix B of the AMP. No review has occurred since 2006 and some costs were not complete at that time.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Update asset values in the AMP, including capital, operational and maintenance costs to give a Lifecycle Cost for the system. (Post Audit Implementation Plan item 2.2)</li> </ul>			
1.5	Funding options are evaluated.	Funding options including an asset replacement reserve are outlined in the AMP.			
1.6	Costs are justified and cost drivers identified.	The costs have been estimated in the AMP, such as replacement values. Costs are as at June 2005 and need to be revised. Refer item 1.4.			
1.7	Likelihood and consequences of asset failure are predicted.	<p>The AMP does not include any information on asset performance or a risk assessment.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Update the AMP to include a risk assessment of asset failure. (Post Audit Implementation Plan item 2.3)</li> </ul>			
1.8	Plans are regularly reviewed and updated.	<p>The AMP is required to be reviewed every 5 years (due by November 2011) but has not yet been reviewed.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Review the AMP (due by November 2011) and update with additional content as recommended in this report. (Post Audit Implementation Plan item 2.4)</li> </ul>			
<b>2</b>	<b>ASSET CREATION/ ACQUISITION</b>	Process Rating	B	Performance Rating	3
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>The 2006 Asset Creation Plan outlined in the AMP states that there are no new assets that have been identified. This is a reflection on the minimal growth happening in the town. The only items identified in the lifecycle cost model are those for replacement.</p> <p>No new assets are planned, only upgrades and maintenance to the existing system, and replacements of existing infrastructure as required</p>			
2.2	Evaluations include all life-cycle costs.	As for item 1.4.			
2.3	Projects reflect sound engineering	The AMP states That "New assets required in the future will be procured through the Government Supply system			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	and business decisions.	where available or through select and public tendering on an as needs basis and in accord with the Shire's procurement policies and procedures."			
2.4	Commissioning tests are documented and completed.	<p>Commissioning of new assets (eg pumps) relies on the installer. There is no process to ensure testing is documented and complete.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Include in the AMP and implement a process to ensure new assets are adequately commissioned and testing documentation is retained (<i>Post Audit Implementation Plan item 2.5</i>)</li> </ul>			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Legislative requirements are stated in the AMP. Responsibility is assigned to the Manager Technical Services and a new Environmental Health Officer due to commence in February 2012.			
<b>3</b>	<b>ASSET DISPOSAL</b>	Process Rating	C	Performance Rating	2
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	<p>An Asset Register is available in the 2006 AMP. No action has been documented in recent years on asset performance.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Include a rolling program of condition and performance assessment of assets (at least annually). Where assets are identified for replacement within the next 5 years, replacement costs should be updated and included in a rolling 5 year plan. (<i>Post Audit Implementation Plan item 2.6</i>)</li> </ul>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	Annual assessment of asset condition is not generally occurring (per item 3.1 above). However, over the past year, there has been an appraisal to identify assets that are underperforming. These are investigated and corrected action taken to remedy to the situation, or disposed of. For example, new pumps have been installed.			
3.3	Disposal alternatives are evaluated.	According to the AMP, assets at the end of their life will be replaced with a similar capacity and the old asset dumped or recycled for scrap as appropriate. Damaged or missing assets would be written off.			
3.4	There is a replacement strategy for assets.	Assets such as pumps are replaced as failures occur. Spare pumps are kept on hand to replace pumps that cease operation. Failed pumps are then overhauled and stored as backups for future installation. Replacement of other assets is considered for inclusion in Shire budgets. The Shire maintains a Sewerage Reserve.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	B	Performance Rating	2
4	<b>ENVIRONMENTAL ANALYSIS</b>				
4.1	Opportunities and threats in the system environment are assessed.	There is not a specific section in the AMP on opportunities and threats for the system, but there is a section on the existing environment that describes external factors.			
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	<p>The levels of service and performance parameters are clearly defined in the AMP. They include availability, capacity, continuity, odour control, and emergency response.</p> <p>An Annual Performance Report is provided as per Schedule 3 to the Authority. Performance standards were met for 2010/11 and 2009/10 although the reports were not submitted on time. The audit was unable to ascertain compliance with the performance standards for 2008/09, as the Annual Performance Report could not be located.</p>			
4.3	Compliance with statutory and regulatory requirements.	<p>Compliance with statutory and regulatory requirements is being monitored by the Shire's Manager Technical Services.</p> <p>The Asset Management Plan identifies the following regulatory requirements:</p> <ul style="list-style-type: none"> <li>▪ Water Services Licensing Act 1995;</li> <li>▪ Local Government Act 1995;</li> <li>▪ Environmental Protection Act 1986;</li> <li>▪ Occupational Safety and Health Act 1984; and</li> <li>▪ Occupational Safety and Health Regulations 1996.</li> </ul> <p>The audit noted that the AMP requires compliance with the Department of Environment (DEC) Licence Number 6587/7 issued 15<sup>th</sup> December 2004. Noted one breach for waste water discharge from the final pond that was reported to DEC in November 2011.</p> <p>The Authority amended the Operating Licence on 6<sup>th</sup> August 2008 and 15<sup>th</sup> May 2009. The AMP has not been amended to reflect the amendments. Also, some Performance and Compliance reports to the Authority were submitted late. Refer recommendation in item 48.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Update the AMP for the amendments to the operating licence from the Authority in August 2008 and May 2009. (Post Audit Implementation Plan item 2.7)</b></li> </ul>			
4.4	Achievement of customer service levels.	The asset appears to be in keeping with Shire's statement on its commitment to service. However, the audit was unable to ascertain compliance with the performance standards for 2008/09, as the Annual Performance Report could not be located.			



Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>5</b>	<b>ASSET OPERATIONS</b>	Process Rating	C	Performance Rating	2
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>The Asset Management Plan includes an overview of the operations of the system only. Existing Shire staff have a sound working knowledge of the system and have the system running well. However, the levels of service are dependent on the knowledge of Shire staff, as operational procedures do not exist.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Document and implement the operational procedures for the scheme based on the requirements of the AMP. The procedures should be based on a risk assessment (<i>Post Audit Implementation Plan item 2.8</i>)</li> </ul>			
5.2	Risk management is applied to prioritise operations tasks.	<p>The AMP does not include any risk management process. Risk management is practiced informally. Refer item 8 and 5.1.</p>			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<p>The Asset Register (Excel database) includes asset type, location, construction type but <b>not</b> an assessment of the assets physical condition. Replacement value for all assets is included in the Asset Register, however this is in 2006 \$.</p> <p>The asset system components have been identified, valued and documented in the Asset Register in the AMP. This is now 6 years old, and the data needs to be reviewed. It was identified that assets created in 1997 are listed in the Asset Register, but not shown on the Shires as-constructed plans.</p> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>▪ Review the asset register for the sewerage system. The register should document asset detail, current value and predicted life. Assets in the register should be aligned with those shown on 'as-constructed' drawings.</li> <li>▪ Where assets are identified for replacement within the next five years, replacement costs should be updated.</li> <li>▪ Assess assets for current physical condition, and predicted time to replacement and include data in the Asset Register. (<i>Post Audit Implementation Plan item 2.9</i>)</li> </ul>			
5.4	Operational costs are measured and monitored.	<p>All expenditure is captured in the Shire's Financial Management Information System (FMIS) and included in monthly actual/budget expenditure reports provided to senior management and the Council. Separate cost codes are used for sewerage accounts.</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
5.5	Staff receive training commensurate with their responsibilities.	<p>The AMP outlines the current human resources required to support the AMP as:</p> <ul style="list-style-type: none"> <li>▪ Technical Services Manager</li> <li>▪ Principal Works Supervisor</li> <li>▪ Maintenance staff</li> </ul> <p>Training needs are identified and have been subject to change to reflect staff and operational requirements.</p> <p>Three licensed plumbers are available to carry out maintenance or take action in an emergency.</p>			
<b>6</b>	<b>ASSET MAINTENANCE</b>	Process Rating	C	Performance Rating	2
6.1	Maintenance policies and procedures are documented and linked to service levels required.	The Asset Management Plan includes a section on Maintenance Planning. This is effectively an overview of the maintenance.			
6.2	Regular inspections are undertaken of asset performance and condition.	There have been ad hoc inspections but there is no process to ensure annual assessments of the condition of assets are performed. Refer recommendation in item 3.1.			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>Maintenance is carried out by the licensed plumber and Shire maintenance staff on a regular basis. A physical inspection of the assets revealed them to be in good order.</p> <p>However, there are no documented maintenance plans apart from the guidelines in the AMP. The AMP only has partially developed plans for major maintenance.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ <b>The planned and routine maintenance plans in the AMP need to be implemented by:</b> <ul style="list-style-type: none"> <li>○ <b>Developing an annual and 5 year plan for maintenance works, based on a risk assessment per the AMP and including costing.</b></li> <li>○ <b>Including maintenance activities in the Shire's work program and work order system so it can be scheduled and tracked to completion. .(Post Audit Implementation Plan item 2.10)</b></li> </ul> </li> </ul>			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	No formal comparisons appear to have been made of maintenance against replacement costs. No formal Maintenance Plan. Refer recommendation in item 6.3.			
6.5	Risk management is applied to prioritise maintenance tasks.	The AMP does not include any risk management process. Risk management is practiced informally. Refer item 8.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
6.6	Maintenance costs are measured and monitored.	All expenditure is captured in the Shire's Financial Management Information System (FMIS) and included in monthly actual/budget expenditure reports provided to senior management and the Council. Separate cost codes are used for sewerage accounts.			
<b>7</b>	<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>	Process Rating	D	Performance Rating	3
7.1	Adequate system documentation for users and IT operators.	There is no asset management information system apart from the AMP and the Asset Register (Excel database) attached to the plan.			
7.2	Input controls include appropriate verification and validation of data entered into the system.	Excel spreadsheets are used, but there are no input controls that check the input of data.			
7.3	Logical security access controls appear adequate, such as passwords.	The AMP and the accompanying excel spreadsheets are saved on the server. Security access control is considered adequate, with account login and password required on the Shire's IT systems and the Manager Technical Services' PC.			
7.4	Physical security access controls appear adequate.	The Shire offices are locked and alarmed outside of hours. Visitor access is restricted during office hours.			
7.5	Data backup procedures appear adequate.	The system is regularly backed up as part of the standard IT maintenance procedures on weekly basis. There is a hardcopy of the AMP and Asset Register.			
7.6	Key computations related to licensee performance reporting are materially accurate.	No documents are currently produced.			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	<p>Apart from printing the Excel spreadsheets, there is no ability to create management reports.</p> <p>The functionality of the suite of Excel spreadsheets provided by the Authority to Shires for asset management planning purposes would appear to be adequate for this Shire. The Shire does not have these spreadsheets.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ Obtain from the Authority the suite of Excel spreadsheets and utilise these as part of the revision of the AMP and supporting procedures. Procedures for the input and validation of data, updating of data and reporting need to be developed. Staff should be trained to use the system. (Post Audit Implementation Plan item 2.11)</li> </ul>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	D	Performance Rating	3
<b>8</b>	<b>RISK MANAGEMENT</b>				
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	<p>There is no documented risk management policy and procedure. The AMP does not include any risk assessment of individual assets. . In practice the risks are largely understood by the Shire, and mitigations measures have been put in place. An example is the holding of spare pumps to be installed if a breakdown occurs.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Revise the AMP to include a risk assessment process.</b></li> <li>▪ <b>Carry out the risk assessment and include identified risks and mitigation strategies in the AMP.(Post Audit Implementation Plan item 2.12)</b></li> </ul>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	Risk management is only performed on an informal basis. Staff understand ways to rapidly deal with the main system risks such as pipeline blockages and pump failure. A more structured approach is recommended as described in item 8.1.			
8.3	The probability and consequences of asset failure are regularly assessed.	The probability and consequences of the identified risks have not been formally assessed and documented. In practice the risks are largely understood by the Shire, and mitigations measures have been put in place. An example is the holding of spare pumps to be installed if a breakdown occurs. Refer recommendation in item 8.1.			
<b>9</b>	<b>CONTINGENCY PLANNING</b>				
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Key staff have an understanding of unwritten procedures, such as the calling of a plumber in the case of a pipe blockage, or an electrician in the case of a pump failure. However, a formal Contingency Plan has not been developed.</p> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Following the risk assessment, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.</b></li> <li>▪ <b>The contingency plans should include:</b> <ul style="list-style-type: none"> <li>▪ <b>Detailed procedures</b></li> <li>▪ <b>Key local contact details – name, number and location</b></li> <li>▪ <b>Communication protocols</b></li> <li>▪ <b>Specifications, location and availability of emergency equipment</b></li> <li>▪ <b>Authorities that need to be contacted and when.</b></li> </ul> </li> </ul>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<ul style="list-style-type: none"> <li data-bbox="831 363 2007 475">▪ Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency. (Post Audit Implementation Plan item 2.13)</li> </ul>			
<b>10</b>	<b>FINANCIAL PLANNING</b>	Process Rating	A	Performance Rating	1
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	The financial summary in the AMP provides for the replacement of assets at the end of their useful life. No further capital expenditure is required. The capital replacement annuity of \$35,670 (in 2006 \$) is covered by the annual transfer to the Sewerage Reserve - \$77,000 for 2011/12. Operating expenditure of approximately \$100,000 per year is covered by annual rates charges.			
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	The Shire maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and upgrading of capital facilities for the sewerage scheme. The reserve has a balance of \$\$414,661 at 30 June 2011. Recurrent costs are covered by rates charged to property owners in the Shire.			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	An Annual Budget is completed for each financial year which includes the sewerage scheme. Actual/budget income and expenditure is monitored. Sighted the Shire of Coolgardie's Adopted Budget for the year ended 30 June 2012.			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The AMP outlines the five year capital expenditure and five year operating expenditure for the sewerage scheme. An amount of \$127,612 in 2006 \$ is the level of revenue estimated to maintain the sewer assets. The rates are the main source of sewerage scheme income. The Shire's financial plan does not specifically provide a prediction on income for the next five years, however, due to the stability of the income stream, this is not considered necessary.			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The Shire of Coolgardie Annual Budget 2011/12 provides detailed expenditure required for the scheme for the next 12 months including operations, maintenance, administration expenses, depreciation, system upgrades and transfer to reserves (\$77,000). In 2010/11, \$45,000 was drawn from the reserve for capital replacements and major maintenance.			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Variations in actual/budget income and expenses are monitored monthly by senior management and Council.			
<b>11</b>	<b>CAPITAL EXPENDITURE</b>	Process Rating	B	Performance Rating	3

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>PLANNING</b>					
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	The forecast lifecycle asset replacement program is included in the AMP. However, this was due for review by November 2011. Refer recommendation in item 1.1.			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The analysis assumes that assets will be replaced at the end of their standard economic life.			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The capital expenditure plan would appear to be consistent with the estimated replacement year. In reality some assets will fail earlier than the standard life and some assets will remain useful beyond the standard replacement life. A condition monitoring system needs to be instigated on an annual cycle for all assets. Refer recommendation in item 3.1.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	There is no evidence that the AMP has been reviewed. The review was due in 2011. Refer recommendation in item 1.1.			
<b>12</b>	<b>REVIEW OF AMS</b>	Process Rating	C	Performance Rating	3
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.	<p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed every 5 years and/or when changes occur to the current system, processes and procedures. The maintenance and capital expenditure plans should be revised annually.</p> <p>The audit noted that the requirement to notify any changes to the system to the Authority is not stated in the AMP's review procedures. This issue is already covered by the Recommendation 1.4.</p> <p>The Monitoring and Review Procedures in the AMP suggest review of the AMP in five yearly intervals and the maintenance and capital investment plans shall be revised annually.</p> <p>Various recommendations have been made in this asset management system review to review and update the AMP at least every 5 years, annual review of capital, operational and maintenance plans, etc.</p>			
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	This review is the only independent review of the asset management system. Considered adequate in view of the stable nature of the scheme.			

#### 4.4 Conclusion

The review of the asset management system and physical inspection of the assets confirmed that the scheme is operating satisfactorily and presents minimal risks to the Shire's customers and residents.

The new Manager Technical Services appointed in March 2011 has improved the level of maintenance of the ponds with vegetation clearing, and de-sludging in progress. The main pumps have been replaced and spares are now held at the Shire depot as backup. Regular inspection and maintenance plans are being developed.

There has been minimal expansion of the scheme with only a few more houses connected over the past few years and no major changes are envisaged.

The primary deficiencies with the Shire's asset management system relate to the lack of a complete and up-to-date Asset Management Plan, and the lack of documented procedures for the operation of the scheme.

There has been a high turnover of Shire administrative staff and periods of vacant positions that appear to have resulted in the previous audit recommendations not being actioned. Discussion with the current staff indicates they are committed to actioning the recommendations from this audit.

The main areas that are inadequate to meet the licence requirements are:

- The Asset Management Plan 2006 was due to be revised by November 2011 and is incomplete and out-of-date;
- There is no program to assess the condition and performance of assets on a regular basis, such as annually (although this has been done over the past six months);
- The operational procedures for the scheme are not documented and rely upon the knowledge of existing staff;
- There are no documented maintenance plans and evidence of their performance;
- There is no asset management information system to track and report on activities and the performance of the scheme;
- Staff have an understanding of the risks but there is no formal risk management process in the Asset Management Plan or being applied; and
- There is no formal contingency planning although some action, such as obtaining backup pumps, has been taken recently.

*The Post Audit Implementation Plan in Appendix A provides a summary of the issues and recommendations from the asset management system review with responses from the Shire.*

## Appendix A: Post Audit Implementation Plan

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
<b>1</b>	<b>Operational Audit</b>				
1.1 (items 5 & 6)	<p><b>Operational Audit and Asset Management System Review</b></p> <p>The Operational Audit and Asset Management System Review is now being undertaken.</p> <p>However, there is no Compliance Schedule to ensure that reviews are undertaken by the prescribed time.</p>	Medium	<ul style="list-style-type: none"> <li>Implement a Compliance Schedule (reminder system) that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority.</li> </ul>	<i>Agreed.</i>	<p><i>Health/Building Officer</i></p> <p><i>31 March 2012</i></p>
1.2 (item 14)	<p><b>Customer Complaints System</b></p> <p>The complaints policy is set out in the Customer Service Charter and a complaints file is kept. However, there is no internal procedure or register to track complaints and their outcome. Annual Performance Reports to the Authority indicate there are minimal sewerage related complaints.</p>	Medium	<ul style="list-style-type: none"> <li>Develop and document a Complaints Procedure including staff responsibilities, forms, register and general procedures.</li> </ul>	<i>A procedure will be developed. A Complaints Register has been implemented.</i>	<p><i>Technical Administration Officer</i></p> <p><i>30 April 2012</i></p>
1.3 (item 19)	<p><b>Customer Service Charter – Emergency Assistance</b></p> <p>The Shire's Customer Service Charter was approved by the Authority on 29 June 2009. The emergency contact names and telephone numbers are out-of-date. Also, as noted in the previous audit, the wording of Section 1.5 is confusing between emergency and non-emergency contacts.</p>	High	<ul style="list-style-type: none"> <li>Redraft Section 1.5 of the Customer Service Charter to clarify the Emergency Assistance process.</li> <li>Update the emergency contact names and numbers in the Charter.</li> </ul> <p>(Note: The entire Charter is due for review by June 2012).</p>	<i>Charter to be reviewed, commencing in March 2012.</i>	<p><i>Health/Building Officer</i></p> <p><i>31 May 2012</i></p>



No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
1.4 (item 20)	<p><b>Customer Service Charter - Availability</b></p> <p>At the date of the audit, the Charter was not displayed in the Administration Office in Coolgardie.</p> <p>A copy of the Charter is provided upon request and at no charge to customers.</p> <p>A copy of the Charter or advice on its availability have not been provided to customers at least in the past 2 years, such as a summary with the annual rates notices. The Charter is not available on the Shire's website.</p>	High	<ul style="list-style-type: none"> <li>• Display the Customer Service Charter in the Shire's Coolgardie Office (with copies available to visitors).</li> <li>• Publish the Charter on the Shire's website.</li> <li>• Provide a summary (with a reference to the full copy on the website) to customers with the annual rates notice.</li> </ul>	Agreed.	<p><i>Technical Administration Officer</i></p> <p><i>31 March 2012</i></p>
1.5 (item 44)	<p><b>Notify Changes to Asset Management System</b></p> <p>The audit confirmed with the Shire's Manager Technical Services that there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>The Monitoring and Review Procedures section of the Asset Management Plan does not include the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p>	Medium	<ul style="list-style-type: none"> <li>• Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority within 10 business days of any changes to the asset management system.</li> <li>• Note the required timeframe for the notification of any asset management system changes to the Authority, in the Compliance Schedule to ensure regulatory timeframes are met.</li> </ul>	Asset Management Plan is to be revised.	<p>Health/Building Officer and Manager Technical Services</p> <p>31 July 2012</p>
1.6	<p><b>Provision of Information to the Authority</b></p>	High	<ul style="list-style-type: none"> <li>• Ensure that future Post Audit Implementation Plan (PAIP)</li> </ul>	Agreed.	<p>Health/Building Officer</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
(item 47)	<p>In addition to the reporting requirements under the Water Compliance Reporting Manual, the Shire has been requested several times to provide updates on the Post Audit Implementation Plan.</p> <p>It appears that due to staff turnover (at least three Manager Technical Services with the current Manager being appointed six months ago) that this requirement has not been met. As noted in this report, there was very little progress in implementing the previous audit recommendations.</p>		updates are submitted to the Authority by the due dates required or extension of time should be sought from the Authority.	<i>Item to be added to Compliance Schedule.</i>	Ongoing
1.7 (item 48)	<p><b>Performance and Compliance Reporting</b></p> <p>In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority:</p> <ul style="list-style-type: none"> <li>• Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>• Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> <p>The audit reviewed the Shire's Compliance and Performance Reports for 2009/10 and 2010/11 (2008/09 was unable to be located) and relevant correspondence between the Shire and the Authority and noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• The 2010/11 Performance Report was submitted late to the Authority (due 31 July 2011, submitted 21 October 2011).</li> <li>• The 2010/11 Compliance Report was submitted</li> </ul>	High	<ul style="list-style-type: none"> <li>• Ensure that future Performance and Compliance Reports are submitted to the Authority by the due dates (reminder system in the Compliance Register).</li> </ul>	<p><i>Agreed.</i></p> <p><i>Item to be added to Compliance Schedule.</i></p>	<p>Health/Building Officer</p> <p>Ongoing</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
	late to the Authority due 31 August 2011, submitted 1 <sup>st</sup> November 2011).				
<b>2</b>	<b>Asset Management System Review</b>				
2.1	<p><b>Asset Planning</b></p> <p><u>Asset Planning Process</u></p> <p>The demand and assets have not changed significantly since 2006. The Asset Management Plan 2006 (AMP) was due for review by November 2011 but has not yet been reviewed. The planning process needs to be improved to review the AMP at least every 5 years and to cover the expected elements of an effective AMP. Also, changes that have occurred such as the “Plan for the Future” adopted in May 2009.</p>	Medium	<ul style="list-style-type: none"> <li>Document and implement a process to review the Asset Management Plan (AMP) at least every 5 years or whenever major changes to the scheme are planned; including estimated operational, maintenance and capital activities and costs for the next 5 years.</li> </ul>	<p><i>Asset Management Plan is to be revised, including a review procedure.</i></p>	<p>Health/Building Officer and Manager Technical Services</p> <p>31 July 2012</p>
2.2	<p><u>Asset Values and Costs</u></p> <p>The life cycle costs of owning and operating the assets have been estimated in the AMP and detailed in Appendix B of the AMP. No review has occurred since 2006 and some costs were not complete at that time.</p>	Medium	<ul style="list-style-type: none"> <li>Update asset values in the AMP, including capital, operational and maintenance costs to give a Lifecycle Cost for the system.</li> </ul>	<p><i>Asset Management Plan is to be revised.</i></p>	<p>Health/Building Officer and Manager Technical Services</p> <p>31 July 2012</p>
2.3	<p><u>Asset Performance and Risk</u></p> <p>The AMP does not include any information on asset performance or a risk assessment.</p>		<ul style="list-style-type: none"> <li>Update the AMP to include a risk assessment of asset failure.</li> </ul>	<p><i>Asset Management Plan is to be revised.</i></p>	<p>Health/Building Officer and Manager Technical Services</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
					31 July 2012
2.4	<p><u>Review of Asset Management Plan</u></p> <p>The AMP is required to be reviewed every 5 years (due by November 2011) but has not yet been reviewed.</p>	Medium	<ul style="list-style-type: none"> <li>Review the AMP (due by November 2011) and update with additional content as recommended in this report.</li> </ul>	<p><i>Asset Management Plan is to be revised.</i></p>	<p>Health/Building Officer and Manager Technical Services</p> <p>31 July 2012</p>
2.5	<p><b>Asset Creation and Acquisition</b></p> <p><u>Commissioning of New Assets</u></p> <p>Commissioning of new assets (eg pumps) relies on the installer. There is no process to ensure testing is documented and complete.</p>	Medium	<ul style="list-style-type: none"> <li>Include in the AMP and implement a process to ensure new assets are adequately commissioned and testing documentation is retained</li> </ul>	<p><i>Asset Management Plan is to be revised.</i></p>	<p>Health/Building Officer and Manager Technical Services</p> <p>31 July 2012</p>
2.6	<p><b>Asset Disposal</b></p> <p><u>Condition and Performance Assessment</u></p> <p>An Asset Register is available in the 2006 AMP. No action has been documented in recent years on asset performance.</p>	High	<ul style="list-style-type: none"> <li>Include a rolling program of condition and performance assessment of assets (at least annually). Where assets are identified for replacement within the next 5 years, replacement costs should be updated and included in a rolling 5 year plan.</li> </ul>	<p><i>An annual inspection program will be implemented. Assets to be reviewed as part of revising the Asset Management Plan.</i></p>	<p>Health/Building Officer and Manager Technical Services</p> <p>31 July 2012</p>
2.7	<p><b>Environmental Analysis</b></p> <p><u>Operating Licence Amendments</u></p> <p>The Authority amended the Operating Licence on 6<sup>th</sup> August 2008 and 15<sup>th</sup> May 2009. The AMP has not</p>	Low	<ul style="list-style-type: none"> <li>Update the AMP for the amendments to the operating licence from the Authority in August 2008 and May 2009.</li> </ul>	<p><i>Asset Management Plan is to be revised.</i></p>	<p>Health/Building Officer and Manager Technical Services</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
	been amended to reflect the amendments. Also, some Performance and Compliance reports to the Authority were submitted late. Refer recommendation in item 48.				31 July 2012
2.8	<p><b>Asset Operations</b></p> <p><u>Operational Procedures</u></p> <p>The Asset Management Plan includes an overview of the operations of the system only. Existing Shire staff have a sound working knowledge of the system and have the system running well. However, the levels of service are dependent on the knowledge of Shire staff, as operational procedures do not exist.</p>	High	<ul style="list-style-type: none"> <li>Document and implement the operational procedures for the scheme based on the requirements of the AMP. The procedures should be based on a risk assessment</li> </ul>	<p><i>Operational procedures are to be documented based on the strategies in the revised Asset Management Plan.</i></p>	<p><i>Health/Building Officer and Manager Technical Services</i></p> <p><i>30 September 2012</i></p>
2.9	<p><u>Asset Register</u></p> <p>The Asset Register (Excel database) includes asset type, location, construction type but <b>not</b> an assessment of the assets physical condition. Replacement value for all assets is included in the Asset Register, however this is in 2006 \$.</p> <p>The asset system components have been identified, valued and documented in the Asset Register in the AMP. This is now 6 years old, and the data needs to be reviewed. It was identified that assets created in 1997 are listed in the Asset Register, but not shown on the Shires as-constructed plans.</p>	Medium	<ul style="list-style-type: none"> <li>Review the asset register for the sewerage system. The register should document asset detail, current value and predicted life. Assets in the register should be aligned with those shown on 'as-constructed' drawings.</li> <li>Where assets are identified for replacement within the next five years, replacement costs should be updated.</li> <li>Assess assets for current physical condition, and predicted time to replacement and include data in the Asset Register.</li> </ul>	<p><i>Assets to be reviewed as part of revising the Asset Management Plan.</i></p>	<p><i>Health/Building Officer and Manager Technical Services</i></p> <p><i>31 July 2012</i></p>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
2.10	<p><b>Asset Maintenance</b></p> <p><u>Maintenance Plans and Scheduling</u></p> <p>Maintenance is carried out by the licensed plumber and Shire maintenance staff on a regular basis. A physical inspection of the assets revealed them to be in good order.</p> <p>However, there are no documented maintenance plans apart from the guidelines in the AMP. The AMP only has partially developed plans for major maintenance.</p>	High	<p>The planned and routine maintenance plans in the AMP need to be implemented by:</p> <ul style="list-style-type: none"> <li>Developing an annual and 5 year plan for maintenance works, based on a risk assessment per the AMP and including costing.</li> <li>Including maintenance activities in the Shire's work program and work order system so it can be scheduled and tracked to completion. .</li> </ul>	<p><i>Maintenance plans and procedures are to be documented based on the strategies in the revised Asset Management Plan.</i></p>	<p><i>Health/Building Officer and Manager Technical Services</i></p> <p><i>30 September 2012</i></p>
2.11	<p><b>Asset Management Information System</b></p> <p>Apart from printing the Excel spreadsheets, there is no ability to create management reports.</p> <p>The functionality of the suite of Excel spreadsheets provided by the ERA to other Shires for asset management planning purposes would appear to be adequate for this Shire. The Shire does not have these spreadsheets.</p>	Medium	<ul style="list-style-type: none"> <li>Obtain from the Authority the suite of Excel spreadsheets and utilise these as part of the revision of the AMP and supporting procedures.</li> <li>Procedures for the input and validation of data, updating of data and reporting need to be developed. Staff should be trained to use the system.</li> </ul>	<p><i>Will be set up as part of the revised Asset Management Plan.</i></p>	<p><i>Health/Building Officer and Manager Technical Services</i></p> <p><i>31 July 2012</i></p>
2.12	<p><b>Risk Management</b></p> <p>There is no documented risk management policy and procedure. The AMP does not include any risk assessment of individual assets. . In practice the</p>	High	<ul style="list-style-type: none"> <li>Revise the AMP to include a risk assessment process.</li> <li>Carry out the risk assessment and</li> </ul>	<p><i>Asset Management Plan is to be revised.</i></p>	<p><i>Health/Building Officer and Manager Technical</i></p>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
	risks are largely understood by the Shire, and mitigations measures have been put in place. An example is the holding of spare pumps to be installed if a breakdown occurs.		include identified risks and mitigation strategies in the AMP.		<i>Services</i> <i>31 July 2012</i>
2.13	<p><b>Contingency Planning</b></p> <p>Key staff have an understanding of unwritten procedures, such as the calling of a plumber in the case of a pipe blockage, or an electrician in the case of a pump failure.</p> <p>However, a formal Contingency Plan has not been developed.</p>	<b>High</b>	<ul style="list-style-type: none"> <li>• Following the risk assessment, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.</li> <li>• The contingency plans should include: <ul style="list-style-type: none"> <li>○ Detailed procedures</li> <li>○ Key local contact details – name, number and location</li> <li>○ Communication protocols</li> <li>○ Specifications, location and availability of emergency equipment</li> <li>○ Authorities that need to be contacted and when.</li> </ul> </li> <li>• Once developed, the contingency</li> </ul>	<i>Contingency plans and procedures are to be documented based on the strategies in the revised Asset Management Plan.</i>	<i>Health/Building Officer and Manager</i> <i>Technical Services</i> <i>30 September 2012</i>

No.	Issue	Priority (High Medium Low)	Recommendation	Licensee Response	Person Responsible & Due Date
			plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.		

END OF REPORT