



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

Operational Audit and
Asset Management
System Review

Final Report

March 2012

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Executive Summary

The Shire of Goomalling 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 Goomalling.

The Goomalling sewerage scheme was originally constructed during 1978. The scheme is operated by the Shire of Goomalling and includes a gravity reticulation system, two pump stations and rising main, a treatment plant and an effluent re-use scheme. The scheme collects and treats approximately 32,000 kl of residential liquid wastes and re-uses a similar amount less evaporation, on spray irrigation of the town's ovals.

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 1st December 2008 to 30th November 2011 inclusive.

OPERATIONAL 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 Goomalling has complied with its Water Services Operating Licence performance and quality standards and obligations during the audit period 1st December 2008 to 30th November 2011. There were no non-compliances identified.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in January 2009 and confirmed that out of the 7 previous audit recommendations, 4 have been completed, 1 is no longer applicable, 1 has been partially completed and 1 is still outstanding. This demonstrates that there has been an improvement in compliance with the licence conditions.

The outstanding and partially completed issues are:

- Due to the 12 months extension to the deadline for the Shire's Customer Service Charter review provided by the Authority, the Emergency Assistance section of the Charter has not yet been updated for the requirement to provide a response within one hour of receiving an emergency call. The next review is due in July 2012; and
- Although the Compliance Schedule has been developed and implemented, the required timeframes for the notification of the asset management system changes to the Authority were not included in the Schedule. Also, the Monitoring and Review Procedures section of the Asset Management Plan has not been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.

The audit recommended that the Shire:

- At the next review of the Shire's Customer Service Charter, update the Emergency Assistance section of the charter in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call; and
- Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe and note the required timeframes in the Compliance Schedule to ensure regulatory timeframes are met in case of changes occurring.

The audit confirmed the Shire of Goomalling has complied with all of its information reporting obligations for the period 1st July 2008 to 30th June 2011. There were no non-compliances identified.

Overall, there is a very good control environment to ensure that the licence obligations are met.

ASSET MANAGEMENT SYSTEM REVIEW

The review of the Asset Management System has shown that the processes are well defined and that Shire staff are familiar with the requirements of the system and apply it in the planning of future requirements, financial planning and the day to day operational running of the system.

The review confirmed that out of 6 previous review recommendations in the review report in January 2009, 3 have been completed, 2 have been partially completed and 1 is outstanding.

The outstanding and partially completed issues concerned:

- Asset Management Plan not being updated for details of the current legislative requirements and in line with the current operating licence;
- Assessment of assets' physical/structural condition not being updated for all assets recorded in the Asset Register; and
- Not recording amendments to the Asset Management Plan in the Document Status Table of the Asset Management Plan.

These issues are covered by the following recommendations from this review:

- A program to be put in place for formal inspection and reporting on the condition of all assets on a regular basis; and
- Recording the date of the most recent amendment to the Asset Management Plan, including keeping the Document Status Table and Implementation Program within the document up to date.

The key components of the infrastructure including the Imhoff treatment tank, primary treatment lake, and pump stations were inspected and appeared to be in reasonable condition. No performance assessment was undertaken. It is suggested that, in relation to the infrastructure that:

- A monitoring program of the fine weeping cracks in the Imhoff tank walls be instigated.

Overall, the asset management system is appropriate and adequate for the Shire's operations.

POST AUDIT IMPLEMENTATION PLAN

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

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

Report on the Operational Audit of the Water Services Operating Licence

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

Respective Responsibilities

The Shire of Goomalling 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 Goomalling 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 1st December 2008 to 30th 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 Goomalling 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 Unqualified Opinion

In our opinion, the Shire of Goomalling has complied, in all material respects, with the performance and quality standards and obligations of the Water Services Operating Licence for the period from 1st December 2008 to 30th November 2011.

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 PERTH, WA
DIRECTOR 30 MARCH 2012

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

Operational Audit and
Asset Management
System Review
- Introduction

Final Report

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1. Background

The Shire of Goomalling 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 Goomalling.

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

The Goomalling sewerage scheme was originally constructed during 1978. The scheme is operated by the Shire of Goomalling and includes a gravity reticulation system, two pump stations and rising main, a treatment plant and an effluent re-use scheme serving 194 residential and 23 non-residential properties. The scheme collects and treats approximately 32,000 kl of residential liquid wastes and re-uses a similar amount less evaporation, on spray irrigation of the town's ovals.

The scheme consists of 10.7 km of gravity mains, 1 short 215m and longer 891.8m of pressure main. The primary and secondary treatment ponds have a storage capacity of 2,244m³ and the irrigation dam has a capacity of more than 5,000m³ as this pond caters for storm water run-off. If this pond threatens to overflow, the storm water is diverted via a sluice gate to another dam close by.

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 and the Audit Guidelines issued by the Authority in August 2010.

2. Methodology

2.1 Objectives and Scope

2.1.1 Operational Audit

The objective of the Operational Audit was to provide an assessment of the effectiveness of measures taken by the licensee to maintain the performance and quality standards referred to in the licence.

The audit applied a risk-based audit approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The scope of the audit covered the following:

- **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 Authority; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the Authority or specific issues that are advised by the Authority.

The audit reviewed the status of the previous audit recommendations 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 review recommendations and also identified areas where improvement is required.

2.2 Audit Period and Timing

The audit covered the period 1st December 2008 to 30th November 2011 inclusive and was conducted in December 2011 to January 2012.

The previous audit covered the period 1st December 2005 to 30th November 2008 inclusive.

2.3 Licensee's Representatives Participating in the Audit

- Linton Thomas - Environmental Health Officer (EHO)
- Chris Hazell – Shire Plumber

2.4 Key Documents Examined

- Shire of Goomalling Water Services Operating Licence 18 Version OL2 dated 15 May 2009
- Audit Report Shire of Goomalling Water Licence Operational Audit and Asset Management Review dated 31 January 2009
- Post Audit Implementation Plan Shire of Goomalling Water Licence Operational Audit and Asset Management Review dated 31 January 2009
- Post Audit Implementation Plan update dated March 2011
- Shire of Goomalling Customer Charter Wastewater Services (reviewed July 2008)
- Shire of Goomalling Annual Report for 2008-09; 2009-2010 and 2010-2011
- Shire of Goomalling Waste Water Services – Sewerage System Compliance Schedule
- Shire of Goomalling Waste Water Services Information Log
- Shire of Goomalling Sewerage System Defect and Complaint Report template
- Shire of Goomalling Complaint Management Policy
- Shire of Goomalling Complaints and Investigation Procedures
- Shire of Goomalling Asset Management Plan Sewerage and Effluent Reuse Scheme Assets June 2007
- Performance Reports to the Authority for the year ended 30 June 2009, 2010 and 2011
- Compliance Reports to the Authority for the year ended 30 June 2009, 2010 and 2011
- Correspondence between the Shire and the Authority
- Asset Condition and Performance Excel spreadsheet
- 2011 Maintenance Management Excel spreadsheet – Planned Work Program;
- Asset Register Excel spreadsheet
- Annual Capital Investment Budget Excel spreadsheet;
- Annual Operations and maintenance Budget Excel spreadsheet
- Risk Assessment Excel spreadsheet
- Shire of Goomalling Waste Water Services Contingency Plan (reviewed 16 February 2011)
- Audited Financial Statements 2010/11
- Shire of Goomalling Annual Budget for 2010-2011.

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

Asset management process - Performance ratings

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

2.7 Audit Team

NAME AND POSITION	HOURS
Geoff White – Director	8
Andrea Stefkova – Assistant Manager	20
Cleve Flottmann – Senior Engineer (David Wills and Associates)	8
TOTAL	36

Shire of Goomalling
Water Services Operating Licence
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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	
WATER SERVICES LICENSING ACT 1995														
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	Moderate						✓		
4	Notify changes to Asset Management System	Cl. 17.2	1	C	Low	Moderate								✓
5	Review of Asset Management System	Cl. 17.3	1	C	Low	Strong						✓		
6	Operational Audit	Cl. 16.1	1	C	Low	Strong						✓		
7	Comply with Performance Standards (emergency response, complaints, continuity and overflows)	Cl. 20.1	3	B	High	Moderate				✓				
WATER COORDINATION REGULATIONS 1996														
8	Payment of fees	Cl. 4.1	1	C	Low	Strong								✓
OTHER LICENCE CONDITIONS														
9	Customer complaints process	Cl. 6.1	2	B	Medium	Strong						✓		
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	Strong								✓
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	Strong						✓		
14	Complaints system	Sch.3 Cl.3.2(d)	2	B	Medium	Strong						✓		
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 Water	Sch.3 Cl.3.10	2	B	Medium	Strong								✓
17	Must co-operate with Dept. of Water	Sch.3 Cl.3.6	2	C	Medium	Strong								✓
18	Provide details to Dept. of Water	Sch.3 Cl.3.7	2	C	Medium	Strong								✓
19	Customer Service Charter	Cl.7.1	1	C	Medium	Strong						✓		
20	Availability of Customer Service Charter	Sch.3 Cl. 2.5	2	B	Medium	Moderate						✓		

¹ The number refers to the item reference in the Water Compliance 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		
21	Charter reviewed every 3 years	Sch.3 Cl. 2.6	2	C	Low	Strong							✓		
22	Services consistent with Charter	Sch.3 Cl. 2.7	2	C	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	B	Medium	Strong									✓
29	Council public question time	Sch. 3 Cl. 4.6	2	B	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	C	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	1	C	Medium	Strong							✓		
42	Compliance with Operational Audit Guidelines	Cl. 16.2	1	C	Medium	Strong							✓		
43	Initial notification of asset management system (AMS) on licence commencement	Cl. 17.1	2	C	Low	Strong							✓		
44	Notify Authority of changes to AMS within 10 business days	Cl. 17.2	1	C	Low	Strong									✓
45	Compliance with Asset Management Review guidelines	Cl. 17.4	2	B	Medium	Strong							✓		
46	Report on external administration or significant financial or technical changes	Cl. 18.1	3	C	High	Strong									✓
47	Provide any information requested by Authority	Cl. 21.1	1	C	Medium	Strong							✓		
48	Information reporting requirements	Cl. 21.2	2	B	Medium	Strong							✓		
49	Publish information directed by Authority	Cl. 22.2 - .4	2	B	Low	Strong									✓
-	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 January 2009 is summarised below.

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
1.1 (n/a)	Incident Reporting The requirement to report incidents was removed from water licences in May 2009.	The Shire reported no overflows for 2005/06 period as per the Schedule 3 Annual Performance Report to the Authority. The 2006/07 Schedule 3 Report was not available for review. The Schedule 3 Annual Performance Report for 2007/08 reported 2 sewerage overflows attributable to a blockage or failure in the licensee's infrastructure and 4 internal sewerage overflows. However, as confirmed through discussion with the Shire's EHO the Shire of Goomalling did not report these overflows to the Authority within 5 days of its occurrence.	2	Inform the Authority of any sewerage overflows from wastewater/ sewerage infrastructure, including wastewater treatment plants, pumping stations etc. within five days of their occurrence. Develop and implement a compliance schedule with timeframes for incident reporting noted in the schedule to ensure regulatory timeframes are met in case of overflows occurring.	<i>A compliance schedule will be developed and implemented.</i> EHO 31 May 2009	No longer applicable.	CLOSED
1.2 (item 48)	Information Reporting Requirements - Cl.21.2 The licensee must comply with the information reporting requirements as set	Confirmed that the licensee had produced reports as per the requirements of Schedule 3 of the licence for the 2005/06 and 2007/08 financial years. However, the Shire's EHO was not able to find a copy of the 2006/07 Annual Performance Report. As advised by the Shire's	2	Locate the 2006/07 annual performance report and if not submitted to ERA, submit as soon as possible. Develop and implement a	<i>A compliance schedule will be developed and implemented.</i> <i>Documentation explaining where and how to source the</i>	The Compliance Schedule has been developed and implemented. The documentation explaining where and how to source the required information	COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	out in Schedule 5.	<p>EHO, he was on Long Service Leave at the time the Schedule 3 Annual Performance Report for 2006/07 period was due to be submitted to the Authority and he is not sure whether the report was completed and by whom.</p> <p>Audit noted that although the Annual Performance Report for 2007/08 was submitted within the required time, on 25 July 2008, the 2005/06 report has been submitted late to the Authority on 10 August 2006. There is no system in place to ensure the timely submission of reports and the submission of reports is purely reactionary to the reminder received from the ERA.</p> <p>The information for the reports comes from a variety of sources. However, information as to where and how to source the required data is not documented.</p>		<p>compliance schedule with timeframes for annual performance report submission included as part of the schedule of events to ensure regulatory timeframes are met. The compliance schedule will also help to meet regulatory timeframes by the replacement staff in case of the Shire's EHO unavailability due to leave or illness.</p> <p>Create documentation to explain where and how to source the required information; and file and keep copies of the source information together with a copy of the Schedule 3 Annual Performance Report to allow easier checking of the validity of the results.</p>	<p><i>required information will be created; and copies of the source information will be filed and kept together with the Annual Performance Report.</i></p> <p><i>EHO</i></p> <p><i>31 May 2009</i></p>	has also been created.	
1.3 (item 14)	<p>Customer Complaints – Sch. 3, Cl. 3.9(a)</p> <p>The licensee must provide an</p>	The Comments Register exists and is located at the Shire's reception. Upon the review of the register audit noted that no complaint/comment is registered	3	The Complaint Register should be developed and maintained by the Shire in order to	<i>The Complaints Register will be developed and maintained by the Shire; and</i>	The Shire has developed and implemented the Complaints Management Policy	COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	appropriate system to monitor and record the number, nature of and outcomes to complaints.	<p>over the audit period. No complaints were reported as per the Schedule 3 report for 2005/06 and 2007/08 period. The 2006/07 report was not available for review.</p> <p>The Shire's EHO advised that all complaints received goes directly to the CEO for resolution and are acted upon promptly, but they are not being recorded in the Complaints Register. Due to the lack of the complaints recording processes in place, the audit was unable to determine whether there were some complaints actually received over the audit period and only not recorded and subsequently not reported in Schedule 3 and if there were any complaints whether they were resolved within the required 21 day period.</p>		<p>improve internal control over the recording and reporting of complaints (and procedures documented).</p> <p>Each customer complaint received by the Shire and its outcome should be recorded in the Complaints Register in sufficient details in order to be able to ascertain:</p> <ul style="list-style-type: none"> • Date and time the complaint was received; • Name of the complainant; • Who received the complaint; • Method of complaint; • Details of the complaint; • Time from report of the complaint to action; • Details of the action taken; • Name of person authorising; and • Date/ time 	<p><i>complaints recording and reporting procedures will be documented.</i></p> <p><i>Each customer complaint received by the Shire and its outcome will be recorded in the Complaints Register in sufficient details to reflect the recommendation.</i></p> <p><i>EHO</i></p> <p><i>30 June 2009</i></p>	<p>and the Complaints and Investigation Procedure.</p> <p>The Complaints Register exists and is located at the front counter. Forms for common complaints are used to ensure all relevant details are collected.</p> <p>No complaints were received over the audit period.</p>	

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
				responded			
1.4 (items 4, 5 & 44)	<p>Asset Management System – Cl. 17.2 & 17.3</p> <p>The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.</p> <p>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.</p>	<p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when changes occur to the current system, processes and procedures. The maintenance and capital investment plans shall be revised annually. However, 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.</p> <p>The effectiveness of the Asset Management System is currently being audited and the final report will be provided to the Authority by due date. However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the Asset Management System review was reactionary to a note sent by ERA and not planned.</p>	4	<p>Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p> <p>Develop and implement the compliance schedule with Asset Management System review dates included as part of the schedule of events to ensure regulatory timeframes are met.</p> <p>Note the required timeframes for the notification of the asset management system changes to the Authority in the compliance schedule to ensure regulatory timeframes are met in case of changes occurring.</p>	<p><i>The Monitoring and Review Procedures section of the Asset Management Plan will be updated to reflect the recommendation.</i></p> <p>EHO</p> <p>31 August 2009</p> <p><i>A compliance schedule will be developed and implemented; and the required timeframes for the notification of the asset management system changes to the Authority noted in the schedule to reflect the recommendation.</i></p> <p>EHO</p> <p>31 May 2009</p>	<p>The Compliance Schedule has been developed and implemented with the Asset Management System Review dates included.</p> <p>However, the Compliance Schedule does not include the required timeframes for the notification of the asset management system changes to the Authority.</p> <p>The Monitoring and Review Procedures section of the AMP has not yet been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p> <p><i>(Post Audit Implementation Plan item 1.2)</i></p>	PARTLY COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
1.5 (item 6)	<p>Operational Audit - Cl.16.1</p> <p>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.</p>	<p>This performance audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the Operational Audit was reactionary to a note sent by the ERA and not planned.</p>	4	Develop and implement the compliance schedule with Operational Audit dates included as part of the schedule of events to ensure regulatory timeframes are met.	<p><i>A compliance schedule will be developed and implemented.</i></p> <p>EHO</p> <p>31 May 2009</p>	The Compliance Schedule has been developed and implemented with the Operational Audit due dates included.	COMPLETED
1.6 (item 7)	<p>Service and Performance Standards – Cl. 20.1</p> <p>The Licensee must comply with the service and performance standards as set out in Schedule 4.</p>	The Shire's Customer Service Charter provides two hour response time to emergency calls for messages left on the answering machine. This is not in compliance with the Water Licence requirement to provide a response within one hour of receiving an emergency call.	4	Update the Emergency Assistance section of the Shire's Customer Service Charter in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call.	<p><i>The Emergency Assistance section of the Charter will be updated at the next review of the Charter to reflect the recommendation.</i></p> <p>EHO</p> <p>31 December 2009</p>	<p>Due to the 12 months extension to the deadline for the Shire's Customer Service Charter review provided by the Authority, the Emergency Assistance section of the Charter has not yet been updated for the requirement to provide a response within one hour of receiving an emergency call. The next review is due in July 2012</p> <p><i>(Post Audit Implementation Plan)</i></p>	OUTSTANDING

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
						<i>item 1.1)</i>	
1.7 (items 20 & 21)	<p>Customer Service Charter – Sch. 3, Cl. 2.5 & 2.6</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>The Shire of Goomalling Customer Service Charter has been reviewed in July 2008 and approved by ERA on 18 July 2008.</p> <p>The Authority found that the Shire of Goomalling has submitted their new charter for approval within an acceptable timeframe. However, we did not identify a process in place to ensure that the timeframes would be met. The review and submission of the Customer Service Charter was reactionary to a note sent by ERA and not planned.</p> <p>Audit confirmed through sighting that the charter is prominently displayed at the Shire's reception, and through the discussion with the Shire's EHO that the charter is provided upon request and at no charge to the customers.</p> <p>The Shire's EHO advised that the Shire of Goomalling provides ratepayers with a newsletter every 3 months and the notice advising availability of the Customer Service Charter has been published in one of those</p>	4	<p>Increase accessibility of the Charter by making the Customer Charter available to customers on the website.</p> <p>Develop and implement the compliance schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory requirements are met.</p> <p>Note the Customer Service Charter annual notification requirement in the compliance schedule to ensure that customers are advised of the availability of the Customer Service Charter on an annual basis.</p>	<p><i>The Customer Service Charter will be made available to customers on the Shire's website.</i></p> <p><i>Finance Manager</i></p> <p><i>31 October 2009</i></p> <p><i>A compliance schedule will be developed and implemented; and the Customer Service Charter annual notification requirement will be noted in the schedule to reflect the recommendation.</i></p> <p><i>EHO</i></p> <p><i>31 May 2009</i></p>	<p>The audit confirmed that the Customer Service Charter is available to customers on the website.</p> <p>The Compliance Schedule has been developed and implemented with the annual notification requirement noted in the schedule.</p>	COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
		newsletters. However, no process is in place to ensure that the Customer Service Charter availability notification will be provided to the Shire's customers on an annual basis.					

3.3 Audit Results and Recommendations

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
DETAILED COMPLIANCE OBLIGATIONS							
LICENCE COMPLIANCE REQUIREMENTS – WATER SERVICES LICENSING ACT 1995							
1	Water Services Licensing Act Section 32(1)(a)	n/a	The licensee must provide the water service.	1	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	2	As per item 7 – The audit reviewed the Shire's Performance Reports for the year ended 30 June 2009, 2010 and 2011 and noted that the Shire complied with all performance standards. As per item 7 – However, the Customer Service Charter needs to be updated in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call. <i>(Post Audit Implementation Plan item 1.1)</i>	4
3	Water Services Licensing Act	Clause 17.1	The Licensee must have an Asset Management System in respect to the licensed	2	4	The audit confirmed that the Asset Management System in respect to the licensed activity is in place.	5

² Number refers to the item reference in the Electricity Compliance Reporting Manual, ERA July 2010

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
	Section 36(1)(a)		activity.				
4	Water Services Licensing Act Section 36(1)(b)	Clause 17.2	The Licensee must notify the Authority of any changes to the Asset Management System.	2	5	The audit confirmed with the Shire's EHO that during the audit period, there were no material changes made to the asset management system that would require notification to the Authority.	N/R
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.	2	5	The Asset Management System Review is now being undertaken. The Compliance Schedule has been developed and implemented with the Asset Management System review dates included.	5
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.	2	5	The Operational Audit is now being undertaken. The Compliance Schedule has been developed and implemented with the Operational Audit dates included.	5
7	Water	Clause 20.1	The licensee must comply with	2	2	The audit reviewed the Shire's Performance Reports for the	4

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
	Services Licensing Act Section 38(2)		<p>the performance standards set out in Schedule 4.</p> <ul style="list-style-type: none"> Emergency telephone response system such that customers need only make one call and they are advised of the nature and timing of action within one hour (Target is 90% of calls). 90% of complaints resolved within 15 business days. Fewer than 40 blockages per 100km of sewer main per year 90% of connected properties experience no sewerage overflows per year 			<p>year ended 30 June 2009, 2010 and 2011 and noticed that the Shire complied with all performance standards.</p> <p>However, due to the 12 months extension to the deadline for the Shire's Customer Service Charter review provided by the Authority, the Emergency Assistance section of the Charter has not yet been updated for the requirement to provide a response within one hour of receiving an emergency call. The next review is due in July 2012.</p> <p>The Shire's Customer Service Charter now provides two hour response time to emergency calls for messages left on the answering machine. This is not in compliance with the Water Licence requirement to provide a response within one hour of receiving an emergency call.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> At the next review of the Shire's Customer Service Charter, update the Emergency Assistance section of the charter in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call. <p><i>(Post Audit Implementation Plan item 1.1)</i></p>	
LICENCE COMPLIANCE REQUIREMENTS – WATER COORDINATION REGULATION 1996							
8	Water Services Coordination Regulations	Clause 4.1	The licensee must pay the applicable fees in accordance with the regulations.	N/R	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 ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
	Section 2						
LICENCE COMPLIANCE REQUIREMENTS – LICENCE CONDITIONS							
9	N/A	Clause 6.1	The licensee must establish a customer complaints process as set out in Schedule 3.	NR	3	The Customer Service Charter outlines process in regards to enquiries, suggestions, complaints and disputes. The Shire has also developed and implemented the Complaints Management Policy and the Complaints and Investigation Procedure.	5
10	N/A	Schedule 3 Clause 3.1	The licensee must resolve customer complaints within 15 business days of the receipt of complaint.	NR	N/A	Shire of Goomalling is a Local Government Agency so this is not applicable.	N/A
11	N/A	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.	NR	3	The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period. The Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes.	N/R
12	N/A	Schedule 3 Clause 3.2(b)	The licensee must provide appropriately trained staff to respond to complaints.	NR	N/A	Shire of Goomalling is a Local Government Agency so this is not applicable.	N/A
13	N/A	Schedule 3	The licensee must provide one	NR	5	The Shire's CEO is authorised to make necessary decisions	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
		Clause 3.9(b)	trained staff member who is authorised or has access to another officer who is authorised to make necessary decisions to respond to complaints.			to settle the customer complaints or disputes. The Shire's staff have been provided with complaints resolution training through the OHS courses.	
14	N/A	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.	NR	3	The Shire has developed and implemented the Complaints Management Policy and the Complaints and Investigation Procedure. The Complaints Register exists and is located at the front counter. Forms for common complaints are used to ensure all relevant details are collected. The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period.	5
15	N/A	Schedule 3 Clause 3.4	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	NR	N/A	Shire of Goomalling is a Local Government Agency so this is not applicable.	N/A
16	N/A	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> .	NR	3	The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period. The Customer Service Charter outlines process in regards to enquiries, suggestions, complaints and disputes.	N/R

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
17	N/A	Schedule 3 Clause 3.6	The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	NR	4	<p>The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period.</p> <p>The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Department of Water.</p>	N/R
18	N/A	Schedule 3 Clause 3.7	The licensee must, on request, provide complaints details to the Department of Water.	NR	4	<p>The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period.</p> <p>The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Department of Water.</p>	N/R
19	N/A	Clause 7.1	The licensee must establish a Customer Service Charter as set out in Schedule 3.	2	4	The revised Shire of Goomalling Customer Service Charter Wastewater Services (reviewed July 2008) was approved by the Authority on 18 July 2008.	5
20	N/A	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.	2	4	<p>The audit confirmed through sighting that the charter is prominently displayed at the Shire's reception, and through discussion with the Shire's EHO that the charter is provided upon request and at no charge to customers.</p> <p>In addition, the audit confirmed that the Customer Service Charter is available to customers on the website.</p> <p>The Shire's EHO advised that the Shire provide ratepayers with a newsletter every 3 months and the notice advising availability of the charter is published in the newsletter on an annual basis.</p>	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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 Shire has developed and implemented the Compliance Schedule with the annual charter notification requirement noted in the schedule of events.	
21	N/A	Schedule 3 Clause 2.6	The licensee must review its Customer Service Charter at least once in every three year period.	2	5	<p>The previous charter was approved by the Authority was approved by the Authority on 18 July 2008.</p> <p>The Authority has provided a 12 months extension to the deadline for Shire's Customer Service Charter review. The next review is due in July 2012.</p> <p>The Shire has developed and implemented the Compliance Schedule with the Customer Service Charter review due dates included in the schedule of events to ensure regulatory timeframes are met.</p>	5
22	N/A	Schedule 3 Clause 2.7	The licensee must provide its services consistent with its Customer Service Charter.	2	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
23	N/A	Clause 8	The licensee must establish customer consultation processes as set out in Schedule 3.	NR	4	The audit confirmed with the Shire's EHO that an adequate customer consultation process has been established.	5
24	N/A	Schedule 3 Clause 4.1	The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular	NR	4	The audit confirmed with the Shire's EHO that the Shire hold regular electors meetings, provide ratepayers with the newsletter every 3 months and articles are being placed in the local newspaper.	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
			meeting; publish a newsletter or run other public forums, concerning the licensed activities.			The Shire also allows its customers to raise matters of concern regarding the sewerage system at public question time during the Goomalling Council meetings.	
25	N/A	Schedule 3 Clause 4.2	The licensee must consult the Authority on the type and extent of consultation to be adopted by the licensee.	NR	4	<p>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. The Shire will also use local media bulletins to advise customers of any system change that may result in significant variation in its service levels.</p> <p>The previous charter was approved by the Authority on 18 July 2008. At the time of the charter review, the Shire placed an advertisement in the local newspaper which sought public comment on the charter for a period of three weeks. As stated in its approval dated 18 July 2008, the Authority was satisfied with the type and extent of the public consultation that was undertaken.</p>	5
26	N/A	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.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Authority.	N/R
27	N/A	Schedule 3 Clause 4.4	The licensee must hold season opening and closing	NR	N/A	Not applicable.	N/A

No ₂	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
			public meetings, and the agenda must cover at least season opening and closing conditions, tariffs and scheme operation.				
28	N/A	Schedule 3 Clause 4.5	The licensee must prior to making a major change to the operation of a water service hold a public meeting and seek written submissions.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, the Shire has made no significant changes to the operation of the water service.	N/R
29	N/A	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> .	NR	4	The audit confirmed with the Shire's EHO that the Shire allows its customers to raise matters of concern regarding the sewerage system at public question time during the Goomalling Council meetings.	5
30	N/A	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.	NR	4	The audit confirmed with the Shire's EHO that no such agreements have been entered into over the audit period.	N/R
31	N/A	Schedule 3 Clause 5.4	The licensee must publish a report annually that includes the specified information.	NR	4	The audit confirmed with the Shire's EHO 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	N/A	Schedule 3 Clause 6	The licensee must conduct a customer survey if directed by	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such directions received from the	N/R

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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 Authority.			Authority.	
33 to 40	N/A	Clause 9	Memorandum of Understanding	2	N/A	Clause 9 is not applicable.	N/A
41	N/A	Clause 15.1	The licensee must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	NR	4	Each year the Shire of Goomalling prepares a comprehensive Annual Report for the whole of the Shire, which is independently audited by a certified auditor. The audit sighted the Shire's Financial Report for the year ended 30 th June 2011.	5
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.	NR	4	The Shire's Audit Plan –Water Services Operating Licence – Operational Audit and Asset Management System Review, dated 27 October 2011, stipulates compliance requirements on 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.	2	5	The licence commencement date was 21 May 1997. The Authority was notified of the Shire's asset management system back then.	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
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.	2	5	<p>The audit confirmed with the Shire's EHO that there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>The Shire has developed and implemented the Compliance Schedule, however the Schedule does not include the required timeframes for the notification of the asset management system changes to the Authority.</p> <p>Also, the Monitoring and Review Procedures section of the Asset Management Plan has not yet been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe. ▪ Note the required timeframes for the notification of the asset management system changes to the Authority in the Compliance Schedule to ensure regulatory timeframes are met in case of changes occurring in the asset management system. <p><i>(Post Audit Implementation Plan item 1.2)</i></p>	N/R
45	Water Services Licensing Act	Clause 17.4	The licensee must comply and require the licensee's expert to comply with the Authority's Standard Guidelines dealing	NR	4	The Audit Plan - Operational Audit and Asset Management System Review dated October 2011 stipulates compliance requirements on auditors.	5

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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)
	Section 36		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.				
46	N/A	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.	2	5	No significant changes.	N/R
47	N/A	Clause 21.1	The licensee must provide any information the Authority may require in connection with its functions under the Act.	2	3	In addition to the reporting requirements under the Water Compliance Reporting Manual, the Shire provided updates on the post-audit implementation plan in respect of the 2008 performance audit and asset management system review to the Authority.	5
48	N/A	Clause 21.2	The licensee must comply with the information reporting requirements as set out in Schedule 5.	2	3	In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority: <ul style="list-style-type: none"> Annual performance reports no later than 31 July for the reporting year ending 30 June; and Annual compliance reports by 31 August for the year ending 30 June. 	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	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 audit reviewed the Shires Compliance and Performance Reports for the year ending 30 June 2009, 2010 and 2011 and relevant correspondence between the Shire and the Authority and noted no exceptions.	
49	N/A	Clause 22.2 and 22.4	The licensee must publish relevant information directed to do so by the Authority within the specified timeframes.	NR	5	The audit confirmed with the Shire's EHO that during the audit period, no such directions were received from the Authority.	N/R
-	N/A	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.	NR	4	The audit confirmed that the Shire provide its services consistent with its Customer Service Charter. 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.	5
-	N/A	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.	NR	4	The audit confirmed with the Shire's EHO that the services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions. The audit confirmed that the Shire provide its services consistent with its Customer Service Charter.	5
-	N/A	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.	NR	4	The audit confirmed with the Shire's EHO 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

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 Goomalling has complied with its Water Services Operating Licence performance and quality standards and obligations during the audit period 1st December 2008 to 30th November 2011. There were no non-compliances identified.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in January 2009 and confirmed that out of the 7 previous audit recommendations, 4 have been completed, 1 is no longer applicable, 1 has been partially completed and 1 is still outstanding. This demonstrates that there has been an improvement in compliance with the licence conditions.

The outstanding and partially completed issues are:

- Due to the 12 months extension to the deadline for the Shire's Customer Service Charter review provided by the Authority, the Emergency Assistance section of the Charter has not yet been updated for the requirement to provide a response within one hour of receiving an emergency call. The next review is due in July 2012; and
- Although the Compliance Schedule has been developed and implemented, the required timeframes for the notification of the asset management system changes to the Authority were not included in the Schedule. Also, the Monitoring and Review Procedures section of the Asset Management Plan has not been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.

The audit recommended that the Shire:

- At the next review of the Shire's Customer Service Charter, update the Emergency Assistance section of the charter in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call; and
- Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe and note the required timeframes in the Compliance Schedule to ensure regulatory timeframes are met in case of changes occurring.

The audit confirmed the Shire of Goomalling has complied with all of its information reporting obligations for the period 1st July 2008 to 30th June 2011. There were no non-compliances identified.

Overall, there is a very good control environment to ensure that the licence obligations are met.

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 Goomalling
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Asset Management
System Review –
Detailed Report

Final Report

March 2012

4. Asset Management System Review

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

4.2 Previous Review Recommendations

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

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
2.1	Environmental Analysis Compliance with statutory and regulatory requirements	Audit noted that the AMP also requires compliance with the Department of Environment Licence Number R1782 issued 21 st December 2004. However, the Department of Water records show that Shire of Goomalling has the Department of Environment Registration number R1782 issued 21 st December 2005. The AMP section on Regulatory Requirements outlining the requirements of the operating licence for the sewerage services needs to be updated in line with the new operating licence issued to the Shire of Goomalling on 6 th August 2008.	2	Update the Asset Management Plan for details of the current Department of Environment Registration. Update the Asset Management Plan in line with the requirements of the new operating licence for the sewerage services issued to the Shire of Goomalling on 6th August 2008.	<i>The Asset Management Plan will be updated to reflect the recommendations.</i> EHO 31 August 2009	The Asset Management Plan Section 2.3 Legislative Requirements has not yet been updated for details of the current Department of Environment Licence/Registration and in line with the requirements of the current operating licence. <i>(Post Audit Implementation Plan item 2.2)</i>	OUTSTANDING
2.2	Risk Management Risks are documented in a risk register and treatment plans	The Risk Management Methodology is outlined in the AMP and some risk events have been identified in the "Mitigation and management Strategies" section of the AMP, but the	1	Complete the Risk Assessment following the Risk Assessment Methodology outlined in the AMP and in the Risk Assessment Excel spreadsheet and	<i>The Risk Assessment will be completed and the identified risks consolidated to reflect the</i>	The Risk Assessment has been sighted.	COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	are actioned and monitored	Risk Assessment Excel spreadsheet has not been completed. Also the Risk Assessment Excel spreadsheet needs to be updated in line with the new operating licence for the sewerage services issued to the Shire of Goomalling 6th August 2008.		consolidate the risks identified. Update the Risk Assessment Excel spreadsheet in line with the new operating licence for the sewerage services issued to the Shire of Goomalling 6th August 2008.	<i>recommendation.</i> <i>The Risk Assessment Excel spreadsheet will be updated in line with the new water services operating licence.</i> EHO 31 October 2009		
2.3	Contingency Plans Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	There are basic contingency planning and procedures outlined in the Risk Management section of the Asset Management Plan, but these are over-reliant on individual knowledge. Contingency plans need to be clear enough for someone not directly involved in the day to day operations to be able to successfully action the plan. More detailed contingency plans documenting the steps needed to deal with an unexpected failure of a system, process or procedure need to be developed. The contingency plans have	2	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; chlorinator failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.. The contingency plans	A set of <i>contingency plans will be developed to cover situations identified in the risk assessment as being a major or significant risk.</i> <i>The contingency plans will be then 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</i>	Contingency Plan is available and has been sighted. Contingency plans are dependent on available resources, especially staff and tradespeople and equipment such as a generator. Equipment is in place. Maintaining relationships with appropriate people forms the basis of contingency actions, and this is currently in place. The contingency Plan was tested in March	COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
		not been tested.		<p>should include:</p> <ul style="list-style-type: none"> Detailed procedures; Key local contact details – name, number and location; Communication protocols; Specifications, location and availability of emergency equipment; and Authorities that need to be contacted and when. <p>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.</p>	<p><i>of their responsibilities in cases of emergency.</i></p> <p><i>EHO</i></p> <p><i>31 October 2009</i></p>	2010.	
2.4	Asset Operations	A condition monitoring system has been instigated on an annual cycle for all	3	Update the assessment of assets' physical/structural	<i>The Assessment of assets' physical/structural</i>	Pumps were inspected in April 2011. Other assets have not been	PARTLY COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data	assets. The Asset Register provides the assessment of assets condition only for the access chambers. The condition assessment for other assets is outlined in the separate Asset Condition and Performance Excel spreadsheet. However, this provides condition assessment only for access chambers, waste water pumping and effluent reuse pumping.		condition for all assets recorded in the Asset Register.	<i>condition will be updated for all assets recorded in the Asset Register.</i> EHO 31 October 2009	inspected since 2007. <i>(Post Audit Implementation Plan item 2.1 and 2.3)</i>	
2.5	Asset Maintenance Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	Sighted plumber's maintenance records and a record of blockages. The plumber employed by the Shire of Goomalling is currently also contracted to maintain the Goomalling's sewer assets. Noted that the blockages book kept by the plumber contains mixed entries for Shire of Goomalling and Shire of Goomalling. These should be kept separate for each Shire.	3	Separate record of blockages should be kept by the plumber for Shire of Goomalling and Shire of Goomalling.	<i>Separate recording of blockages will be developed and kept for Shire of Goomalling and Shire of Goomalling.</i> EHO/Plumber 31 May 2009	Separate record is now kept as the Shire officers now have a high pressure hose unit to clear blockages rather than using a plumber..	COMPLETED
2.6	Review of Asset Management System	The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when	2	The Asset Management Plan should be reviewed in more frequent intervals i.e. annually and reissued when	<i>AMP is generally reviewed in April of each year in the development of the following annual</i>	The AMP is reviewed in April of each year in the development of the following annual Shire budget.	PARTLY COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	<p>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.</p>	<p>changes occur to the current system, processes and procedures. The maintenance and capital investment plans shall 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 back page of the AMP contains "Document Status" table that outlines the revision number, the author, the reviewer, and who approved the AMP for issue and when. The table notes that the AMP was approved for issue on 31/01/07, however, on the front page of the AMP is stated June 2007. This suggests that either the "Document Status" has not been updated or some confusion exists as to the latest date of issue. Moreover, the users of the AMP could benefit from a brief description of changes to</p>		<p>changes occur. Accompanying Excel spreadsheet should be updated during the year as required and revised annually.</p> <p>Keep track of all reviews of the Asset Management Plan.</p> <p>Ensure the "Document Status" table is updated every time change to the Asset Management Plan occur and the Asset Management Plan is reissued.</p> <p>Modify the "Document Status" table to include a brief description of changes to the document from the previous version is recommended.</p> <p>Update the sections of the Asset Management Plan identified by the operational audit and the asset management system review as requiring amendment.</p>	<p><i>Shire budget.</i></p> <p><i>The track of all reviews of the AMP will be kept by the Shire.</i></p> <p><i>EHO</i></p> <p><i>30 April 2009</i></p> <p><i>The 'Document Status' table will be updated every time the Asset Management Plan is reissued; and the table will be modified to include a brief description of changes from previous version.</i></p> <p><i>The sections of the Asset Management Plan identified as requiring amendment will be updated to reflect the recommendation.</i></p> <p><i>EHO</i></p> <p><i>31 August 2009</i></p>	<p>The latest entry in Table 10 "Implementation Program" of the Asset Management Plan is 30/04/2008.</p> <p>The Post Audit Action Plan identifies actions to be undertaken resulting from the 2008 audit, and identified all those that have been actioned in 2009. Table 10 does not reflect those changes.</p> <p>The "Document Status" table has not been amended since 2007.</p> <p><i>(Post Audit Implementation Plan item 2.5)</i></p>	

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
		<p>the document from the previous version.</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>The "Document Status" table does not provide for recording details about routine reviews of the document that do not escalate into the reissue of the AMP.</p> <p>This audit identified that the AMP needs to be updated such as:</p> <ul style="list-style-type: none"> • Update the AMP for details of the current Department of Environment Licence/Registration; • Update the AMP in line with the requirements of the new operating licence issued to the Shire on 6th August 2008; etc. 					

4.3 Review Results and Recommendations

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating ³	A	Performance Rating ⁴	1
1	ASSET PLANNING				
1.1	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	The Shire of Goomalling Asset Management Plan (AMP) was sighted. The goal, objective and level of service are stated in the AMP.			
1.2	Service levels are defined.	The Shire of Goomalling AMP was sighted. The goal, objective and level of service are stated in the AMP. The goal and objectives have not changed since 2008. A Planned Works Program for 2011 was sighted. It is noted that 2 pumps and motors are required for Pump Station 1 in 2012 at a cost of \$49,218.			
1.3	Non-asset options (e.g. demand management) are considered.	The assets are considered appropriate for the current levels of demand.			
1.4	Lifecycle costs of owning and operating assets are assessed.	The Capital Investment Budget and Maintenance Budget out to 2062 sighted.			
1.5	Funding options are evaluated.	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 Goomalling Sewerage Scheme. The Shire has a specified area rating which is applied to all properties connected or capable of being connected to the sewerage scheme in the Goomalling town site. The purpose of this rate is to offset the cost of the sewerage treatment, including operation, maintenance, administration, depreciation and loan repayments.			
1.6	Costs are justified and cost drivers identified.	The analysis assumes that assets will be replaced at the end of their standard economic life. The forecast lifecycle asset replacement program is included in the Annual Capital Investment Budget Excel spreadsheet.			
1.7	Likelihood and consequences of asset failure are predicted.	The analysis assumes that assets will be replaced at the end of their standard economic life.			

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

⁴ 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)			
1.8	Plans are regularly reviewed and updated.	The AMP is reviewed in April of each year in the development of the annual Shire budget for the following year.			
2	ASSET CREATION/ ACQUISITION	Process Rating	A	Performance Rating	1
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	No new assets are shown on the Capital Investment Budget. Only replacement of existing components as they reach the end of their life.			
2.2	Evaluations include all life-cycle costs.	No new assets are shown on the Capital Investment Budget.			
2.3	Projects reflect sound engineering and business decisions.	No new assets are shown on the Capital Investment Budget.			
2.4	Commissioning tests are documented and completed.	No new assets acquired.			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Section 2.3 of the AMP outlines the legislative requirements, although this section needs to be updated. Refer Item 4.3 for recommendation.			
3	ASSET DISPOSAL	Process Rating	A	Performance Rating	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	<p>An Asset Register and Condition Performance Spreadsheet were sighted. It is noted that pumps were inspected on 21 April 2011. Static items were last inspected on 1 May 2007. The spreadsheet does not nominate a timeframe for future inspections.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Implement a program for the inspection of all assets (not just pumps). <p><i>(Post Audit Implementation Plan item 2.1)</i></p>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	Annual asset condition appraisal and regular preventative maintenance identify assets that are underperforming. These are investigated and corrected action taken to remedy to the situation, or disposed off.			
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.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
3.4	There is a replacement strategy for assets.	The Capital Investment Plan provides a program for the replacement of assets.			
4	ENVIRONMENTAL ANALYSIS	Process Rating	B	Performance Rating	2
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.	Annual Performance Report sighted for 2008/09, 2009/10 and 2010/11. Performance standards have been met.			
4.3	Compliance with statutory and regulatory requirements.	<p>The Asset Management Plan Section 2.3 Legislative Requirements has not yet been updated for details of the current Department of Environment Licence/Registration and in line with the requirements of the current operating licence.</p> <p>The Post Audit Action Plan from the 2008 audit noted that this item was being “followed Up”. This item needs to be closed out.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Update the Asset Management Plan for details of the current Department of Environment Licence/Registration. ▪ Update the Asset Management Plan to reflect the issue of the new licence to the Shire of Goomalling on 15th May 2009 for any new requirements in the licence. <p><i>(Post Audit Implementation Plan item 2.2)</i></p>			
4.4	Achievement of customer service levels.	Compliance reports have been submitted for the past 3 years. Service levels have been achieved.			
5	ASSET OPERATIONS	Process Rating	A	Performance Rating	1
5.1	Operational policies and procedures are documented and linked to service levels required.	The Asset Management Plan only includes an overview of the operations of the system. However, the manufacturer’s operating instructions/manuals are kept and used by the plumber and maintenance staff.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		The manufacturer's work instructions/manuals provide guidance only and are reliant on the knowledge and skills of the plumber and maintenance staff to maintain sufficient levels of service.
5.2	Risk management is applied to prioritise operations tasks.	A risk assessment was completed as part of the Asset Management Plan and the results are considered in prioritising operational and maintenance tasks.
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 Shire currently operates a simple computerised system based on the standard suite of Excel spreadsheets. All the asset system components have been identified and documented in the Asset Register Excel spreadsheet.</p> <p>Physical parameters for the assets are recorded in the "As constructed" drawings. The AMP provides a summary description of each installation within the system.</p> <p>The Asset Register was sighted. The current Asset Register includes details on:</p> <ul style="list-style-type: none"> ▪ Asset Number; ▪ Description; ▪ Dimensions/ type; ▪ Construction materials/ model; ▪ Construction date; and ▪ Replacement Value <p>for access chambers, pipes, treatment plant, pump station and effluent re-use.</p> <p>The assets' location is documented on the maps.</p> <p>The Asset Register provides the assessment of asset condition only for the access chambers. The condition assessment for other assets is outlined in the separate Asset Condition and Performance Excel spreadsheet. However, this provides the condition assessment only for access chambers, waste water pumping and effluent reuse pumping.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Update the assessment of assets' physical/structural condition for all assets recorded in the Asset Register. <p><i>(Post Audit Implementation Plan item 2.3)</i></p>
5.4	Operational costs are measured and monitored.	All asset expenditure is captured in the Shire's Financial Management Information System (FMIS). The historical cost information for the assets has not been transferred to the Asset Register but is in the FMIS.
5.5	Staff receive training commensurate with their responsibilities.	<p>The AMP outlines the current human resources required to support the plan as follows:</p> <ul style="list-style-type: none"> ▪ CEO;

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<ul style="list-style-type: none"> ▪ Licensed Plumber; ▪ Works Supervisor; ▪ Gardener; ▪ Environmental Health Officer/Building Surveyor; and ▪ Administration Officer. <p>Current licensed plumber is Mr Chris Hazell.</p>			
6	ASSET MAINTENANCE	Process Rating	A	Performance Rating	1
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>The Asset Management Plan includes a section on Maintenance Planning. This is effectively an overview of the maintenance.</p> <p>The Goomalling wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition. The system is also relatively young and the assets are in good condition. The assets seem appropriate for the current levels of demand.</p> <p>The maintenance tasks specified in the Maintenance Schedule relate to the levels of service required of the system.</p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>A condition monitoring system has been instigated for all assets although as noted in item 3.1 it is irregular. The general condition of assets has been assessed as good. Maintenance is regularly performed on assets as per maintenance schedule.</p> <p>Maintenance is carried out by qualified maintenance staff on a regular basis. A licenced plumber is engaged by the Shire as necessary to maintain the sewer assets. A Works Supervisor provides the machinery and man power to assist the plumber in any major repairs when required. The Gardener assists in the monitoring and maintenance of the reticulation system in conjunction with the plumber. Health requirements for the sewer are instigated and maintained to ensure protection of health of the town population.</p> <p>The unforeseen maintenance tasking is instigated by a telephone call-out system to the Works Supervisor, who attends the site, assesses the requirements and arranges the immediate and follow-up actions and activities.</p> <p>It was noted at the inspection that there are minor weeps in the side of the concrete Imhoff tank. Given the tank is an integral part of the treatment plant, a monitoring program should be instigated.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ A monitoring program of the fine weeping cracks in the Imhoff tank walls should be instigated. <p><i>(Post Audit Implementation Plan item 2.4)</i></p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>A comprehensive Routine Maintenance Plan has been prepared and included in the Maintenance Management Plan Excel spreadsheet. The maintenance schedule specifies maintenance tasks to be carried out daily, weekly, monthly, two monthly, six monthly, yearly and five yearly. It provides a checklist of maintenance tasks but is reliant on the knowledge and ability of the person performing the maintenance to carry them out satisfactorily.</p> <p>The Shire now uses a high pressure hose unit on a trailer to clear any blockages and a record is maintained by the EHO.</p>			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	The AMP is reviewed annually as part of the Shire's annual budget preparation and any failures considered in the budgets and operational/maintenance plans.			
6.5	Risk management is applied to prioritise maintenance tasks.	A risk assessment was completed as part of the Asset Management Plan and the results are considered in prioritising operational and maintenance tasks.			
6.6	Maintenance costs are measured and monitored.	Maintenance costs are tracked through the FMIS and actual/budget reporting each month.			
7	ASSET MANAGEMENT INFORMATION SYSTEM	Process Rating	A	Performance Rating	1
7.1	Adequate system documentation for users and IT operators.	The Asset Management Plan and associated financial, asset management and risk management documented sighted.			
7.2	Input controls include appropriate verification and validation of data entered into the system.	Excel spreadsheets are used and data is checked when input.			
7.3	Logical security access controls appear adequate, such as passwords.	The AMP and the accompanying Excel spreadsheets are saved on the server. There is a password access to the Shire's system and the EHO's PC which restricts access to authorised Shire officers.			
7.4	Physical security access controls appear adequate.	The Shire offices are locked and alarmed outside of 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. The back up tape goes to the bank for safekeeping.			
7.6	Key computations related to licensee performance reporting are materially	<p>Some Excel spreadsheets contains formulas such as, for example:</p> <ul style="list-style-type: none"> - In the Risk Assessment spreadsheet, inherent risk is automatically assigned from the likelihood and overall 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	accurate.	<p>consequence scores;</p> <p>- In the Annual Capital Investment Budget spreadsheet and in the Annual Operations & Maintenance Budget spreadsheet, the light blue cells are automatically calculated.</p> <p>Apart from viewing the computations in the formula bar, no documentation of key computations has been provided to the Shires.</p> <p>Audit tested the accuracy of computations on a sample basis and confirmed the computations tested were accurate.</p>			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	<p>Apart from printing the Excel spreadsheets out, there is no ability to create management reports.</p> <p>However, the functionality of the suite of Excel spreadsheets provided by the Authority to Shires for asset management planning purposes appears to be adequate for the Shire's needs.</p>			
8	RISK MANAGEMENT	Process Rating	A	Performance Rating	1
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>The Risk Assessment policy and procedures are outlined in the Asset Management Plan and have been implemented through the development of a detailed risk register.</p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	<p>A detailed risk register has been prepared listing the water service operating licence risks and the main assets of the scheme. The level of risk has been assessed and mitigation strategies, such as regular inspections, have been noted for higher risks.</p> <p>A Contingency Plan and staff are available to deal rapidly with identified risks.</p> <p>Control measures are in place to deal with identified risks.</p>			
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The risk register records the risks of asset failure and is reviewed annually.</p>			
9	CONTINGENCY PLANNING	Process Rating	A	Performance Rating	1
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>A Contingency Plan is available and has been sighted. The plan covers flooding, electrical supply breakdown and control or switchboard breakdown. The contingency plan has been tested in March 2010.</p> <p>Contingency plans are dependent on available resources, especially staff and tradespeople and equipment such as</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>a generator. Equipment is in place. Maintaining relationships with appropriate people forms the basis of contingency actions, and this is currently in place.</p> <p>The plan and testing are considered adequate based on the risk assessment for the scheme.</p>			
10	FINANCIAL PLANNING	Process Rating	A	Performance Rating	1
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	<p>The Annual Capital Investment Budget Excel spreadsheet and the Annual Operations and Maintenance Budget Excel spreadsheet outline the financial objectives. The Annual budget process takes this and allocates resources to each activity.</p> <p>Sighted the Shire of Goomalling Capital Investment and Maintenance Budgets.</p>			
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	<p>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 Goomalling Sewerage Scheme.</p> <p>The Shire has a specified area rating which is applied to all properties connected or capable of being connected to the sewerage scheme in the Goomalling town site. The purpose of this rate is to offset the cost of the sewerage treatment, including operation, maintenance, administration, depreciation and loan repayments.</p>			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	<p>The Annual Budget document is completed for each coming financial year for the Shire which includes the Sewerage System. Actual/budget income and expenditure is monitored.</p> <p>Sighted the Shire of Goomalling Capital Investment and Maintenance Budgets.</p>			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	<p>The Shire of Goomalling Capital Investment and Maintenance Budgets have forward projects budgeted up until 2062.</p> <p>The annual 2010-2011 budget provides for sewerage collection, depreciation and administration.</p>			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	<p>Annual budget for 2010-2011 sighted. It provides for sewerage collection, depreciation and administration</p>			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	<p>Variations in actual and budget income and expenses are identified in monthly reports.</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating		Performance Rating	
11	CAPITAL EXPENDITURE PLANNING		A		1
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 Annual Capital Investment Budget Excel spreadsheet.			
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 has been instigated on an annual cycle for all assets. The general condition of assets has been assessed as good.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	A process of review is in place for the yearly update of the capital investment plans.			
12	REVIEW OF ASSET MANAGEMENT SYSTEM		B		2
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 latest entry in Table 10 "Implementation Program" of the Asset Management Plan is 30/04/2008.</p> <p>The Post Audit Action Plan identifies actions to be undertaken resulting from the 2008 audit, and identified all those that have been actioned in 2009. Table 10 does not reflect those changes.</p> <p>The "Document Status" table has not been amended since 2007.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Ensure that the Document Status and Implementation Program tables of the AMP are kept up to date. <p><i>(Post Audit Implementation Plan item 2.5)</i></p>			
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	An independent review is performed every 3 years as required by the licence.			

4.4 Conclusion

The review of the Asset Management System has shown that the processes are well defined and that Shire staff are familiar with the requirements of the system and apply it in the planning of future requirements, financial planning and the day to day operational running of the system.

The review confirmed that out of 6 previous review recommendations in the review report in January 2009, 3 have been completed, 2 have been partially completed and 1 is outstanding.

The outstanding and partially completed issues concerned:

- Asset Management Plan not being updated for details of the current legislative requirements and in line with the current operating licence;
- Assessment of assets' physical/structural condition not being updated for all assets recorded in the Asset Register; and
- Not recording amendments to the Asset Management Plan in the Document Status Table of the Asset Management Plan.

These issues are covered by the following recommendations from this review:

- A program to be put in place for formal inspection and reporting on the condition of all assets on a regular basis; and
- Recording the date of the most recent amendment to the Asset Management Plan, including keeping the Document Status Table and Implementation Program within the document up to date.

The key components of the infrastructure including the Imhoff treatment tank, primary treatment lake, and pump stations were inspected and appeared to be in reasonable condition. No performance assessment was undertaken. It is suggested that, in relation to the infrastructure that:

- A monitoring program of the fine weeping cracks in the Imhoff tank walls be instigated.

Overall, the asset management system is appropriate and adequate for the Shire's operations.

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	Management Response	Person Responsible & Completion Date
1	Operational Audit				
1.1 (item 2 & 7)	<p>Performance Standards</p> <p>The licensee must comply with the performance standards set out in Schedule 4.</p> <p>The audit reviewed the Shire's Performance Reports for the year ended 30 June 2009, 2010 and 2011 and noticed that the Shire complied with all performance standards.</p> <p>However, due to the 12 months extension to the deadline for the Shire's Customer Service Charter review provided by the Authority, the Emergency Assistance section of the Charter has not yet been updated for the requirement to provide a response within one hour of receiving an emergency call. The next review is due in July 2012.</p> <p>The Shire's Customer Service Charter now provides two hour response time to emergency calls for messages left on the answering machine. This is not in compliance with the Water Licence requirement to provide a response within one hour of receiving an emergency call.</p>	Medium	At the next review of the Shire's Customer Service Charter, update the Emergency Assistance section of the Charter in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call.	To be part of next update of the Charter.	EHO July 2012
1.2	Notify Changes to Asset Management System	Medium	a) Update the Monitoring and Review	Will be completed by June	(a) EHO by

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
(item 44)	<p>The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.</p> <p>The audit confirmed with the Shire's EHO that there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>The Shire has developed and implemented the Compliance Schedule, however the Schedule does not include the required timeframes for the notification of the asset management system changes to the Authority.</p> <p>Also, the Monitoring and Review Procedures section of the Asset Management Plan has not yet been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p>		<p>Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p> <p>b) Note the required timeframes for the notification of the asset management system changes to the Authority in the Compliance Schedule to ensure regulatory timeframes are met in case of changes occurring in the asset management system.</p> <p>c) Update the Asset Management Plan for any changes since the previous audit and from this audit.</p>	2013.	<p>30/06/2013 or before</p> <p>(b) EHO by 31/03/2012</p> <p>(c) EHO by 30/06/2013 of before</p>
2	Asset Management System Review				
2.1	<p>Asset Disposal</p> <p>Under-utilised and under-performing assets are identified as part of a regular systematic review process.</p> <p>An Asset Register and Condition Performance Spreadsheet were sighted. It is noted that pumps were inspected on 21 April 2011. Static items were</p>	Medium	<ul style="list-style-type: none"> Implement a program for the inspection of all assets. 	Will be completed by March 2013	EHO by 31/03/2013 or before

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	last inspected on 1 May 2007. The spreadsheet does not nominate a timeframe for future inspections.				
2.2	<p>Environmental Analysis</p> <p>The Asset Management Plan Section 2.3 Legislative Requirements has not yet been updated for details of the current Department of Environment Licence/Registration and in line with the requirements of the current operating licence.</p> <p>The Post Audit Action Plan from the 2008 audit noted that this item was being “followed Up”. This item needs to be closed out.</p>	Low	<ul style="list-style-type: none"> Update the Asset Management Plan for details of the current Department of Environment Licence/Registration. Update the Asset Management Plan to reflect the issue of the new licence to the Shire of Goomalling on 15th May 2009 for any new requirements in the licence. 	Will be completed by June 2013	EHO by 30/06/2013 or before
2.3	<p>Asset Operations</p> <p>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> <p>The Asset Register provides the assessment of assets condition only for the access chambers. The condition assessment for other assets is outlined in the separate Asset Condition and Performance Excel spreadsheet. However, this provides condition assessment only for access chambers, waste water pumping and effluent reuse pumping.</p>	Medium	<ul style="list-style-type: none"> Update the assessment of assets’ physical/structural condition for all assets recorded in the Asset Register. 	Will be completed by March 2013	EHO by 31/03/2013 or before
2.4	<p>Asset Maintenance</p>	Medium	<ul style="list-style-type: none"> A monitoring program of the fine weeping cracks in the Imhoff tank 	Will be completed by March 2013 and thereafter	EHO by 31/03/2013 or

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>Regular inspections are undertaken of asset performance and condition.</p> <p>It was noted at the inspection that there are minor weeps in the side of the concrete Imhoff tank. Given the tank is an integral part of the treatment plant, a monitoring program should be instigated.</p>		walls should be instigated.	at least annually.	before
2.5	<p>Review of Asset Management System</p> <p>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.</p> <p>The latest entry in Table 10 “Implementation Program” of the Asset Management Plan is 30/04/2008.</p> <p>The Post Audit Action Plan identifies actions to be undertaken resulting from the 2008 audit, and identified all those that have been actioned in 2009. Table 10 does not reflect those changes.</p> <p>The “Document Status” table has not been amended since 2007.</p>	Low	<ul style="list-style-type: none"> Ensure that the Document Status and Implementation Program tables of the AMP are kept up to date. 	Will be completed by June 2013	EHO by 30/06/2013 or before

END OF REPORT