



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

Operational Audit and
Asset Management
System Review

Final Report

May 2012

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Executive Summary

The Shire of Brookton 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 Brookton.

The Brookton sewerage system was originally constructed in 1976 and a new extension of areas services and a water treatment plant were installed in 2004.

The scheme consists of 3.4 km of sewerage reticulation, a pumping station, oxidation pond and storage dam serving 183 properties. The volume of wastewater treated is approximately 40,000 kl per annum. The system has a limited effluent disposal system which uses septic tanks on each property with effluent flowing into the oxidation pond for treatment.

A water harvesting project to recycle treated water for reticulation of sporting fields is being planned.

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 Brookton has complied with all of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1st December 2008 to 30th November 2011 with one non-compliance as follows:

- Performance and compliance reports are not always submitted by the due dates, and late reports are not being included as non-compliances in the compliance reporting to the Authority.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in August 2009 and confirmed that out of 6 recommendations, 4 had been completed, 1 is no longer applicable and 1 is partly outstanding. This demonstrates that there has been an improvement in compliance with the licence conditions.

The partly completed recommendation is:

- A process to ensure the Customer Service Charter is reviewed by the due date has not yet been established.

The following issues were identified in this audit:

- The Performance Report for 2008/09 and the Compliance Reports for 2009/10 and 2010/11 were submitted after the due dates (within the following month or two) and the non-compliances were omitted from the following years' compliance reports;
- Although there is a Complaints Sheet, there is no Complaints Register or documented complaints process to ensure that all complaints are recorded; and
- There is no Compliance Schedule as a reminder for due dates and obligations for review, notifications and reporting under the licence obligations.

The audit recommended that the Shire:

- Implement a Compliance Schedule with the dates, responsibilities and actions for the various reviews and reporting required by the licence;

- Implement a Complaints Register as part of a documented complaints policy and procedure;
- Ensure that Performance and Compliance Reports are submitted to the Authority by the due dates and that Compliance Reports include all non-compliances; 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 10 business days.

The audit confirmed the Shire of Brookton has complied with all of its information reporting obligations for the period 1st July 2008 to 30th June 2011 apart from the late reports submitted.

Overall, there is an adequate 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 appear adequate although informal in some areas. From audit inspection, the assets appear to be in good condition.

The review confirmed that out of 39 recommendations in the previous review report dated August 2009, 7 have been completed, 4 have been partly completed and 28 are outstanding.

The outstanding recommendations mainly relate to the Asset Management Plan dated March 2008 having various gaps and the lack of an Asset Management Information System, including the condition assessment of assets and a detailed risk register.

The Shire has developed a Forward Capital Plan that includes replacement of some pipes and refurbishment of the pumping station over the next 5 years. The Shire has also recently engaged contractors to inspect the pipes using CCTV by early 2012 and engineers to assist with asset management systems, with the sewerage scheme being a priority.

One new issue was noted as follows:

- There is no regular review or testing of the contingency plans.

The review recommended that the Shire:

- Revise the Asset Management Plan to cover various gaps and update the risk assessment, financial plan, capital expenditure plan, etc, with annual reviews in future.
- Implement a procedure for the regular review (at least annually) of the condition of all assets;
- Implement an Asset Management Information System (based on spreadsheets available from the Authority) and populate the data, including the asset register, performance reporting data and a detailed risk register;
- Document the operating and maintenance policies and procedures, including training needs and an annual maintenance plan; and
- Review the adequacy of the contingency plans and test the contingency plans on an annual basis.

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

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 Brookton.

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

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

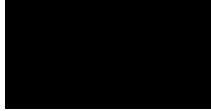
Auditor's Qualified Opinion

In our opinion, the Shire of Brookton 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 with the exception of:

- The Asset Management System does not meet the requirements of an effective asset management system being the framework of policies, plans, procedures and asset management information system; and
- Performance and compliance reports are not always submitted by the due dates, and late reports are not being included as non-compliances in the compliance reporting to the Authority.

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
DIRECTOR

PERTH, WA
29 MAY 2012

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

Operational Audit and
Asset Management
System Review
- Introduction

Final Report

May 2012

1. Background

The Shire of Brookton 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 Brookton.

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 Brookton sewerage system was originally constructed in 1976 and a new extension of areas services and a water treatment plant were installed in 2004.

The scheme consists of 3.4 km of sewerage reticulation, a pumping station, oxidation pond and storage dam serving 183 properties. The volume of wastewater treated is approximately 40,000 kl per annum. The system has a limited effluent disposal system which uses septic tanks on each property with effluent flowing into the oxidation pond for treatment.

A water harvesting project to recycle treated water for reticulation of sporting fields is being planned.

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

- Gary Clark – Chief Executive Officer (CEO)
- Allan Ramsay – Environmental Health Officer - Building Surveyor (EHO).

2.4 Key Documents Examined

- Shire of Brookton Water Services Operating Licence (Operating Licence 12 Version OL2) dated 15 May 2009
- Audit Report - Shire of Brookton Water Licence Operational Audit and Asset Management Review dated August 2009
- Post Audit Implementation Plan - Shire of Brookton Water Licence Operational Audit and Asset Management Review dated August 2009
- Shire of Brookton Sewerage Customer Service Charter
- Shire of Brookton Annual Report for the year ending 30 June 2011
- Complaint Sheet form
- Shire of Brookton Communications Plan 2011-2016
- Asset Management Plan - Brookton Town Sewerage Scheme (dated 19 March 2008)
- 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
- Brookton Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-017
- Shire of Brookton Forward Capital Works Plan 2011-2016
- Shire of Brookton Waste Water Assets Management System – Asset Register spreadsheets.
- Shire of Brookton 2011/2012 Budget.

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 and Hours

NAME AND POSITION	HOURS
Geoff White – Director	10
Andrea Stefkova – Assistant Manager	25
Steve Park – Senior Engineer (David Wills and Associates)	10
TOTAL	45

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

Operational Audit –
Detailed Report

Final Report

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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	Strong						✓		
3	Asset Management System	Cl. 17.1	2	C	Medium	Strong						✓		
4	Notify changes to Asset Management System	Cl. 17.2	1	C	Low	Strong						✓		
5	Review of Asset Management System	Cl. 17.3	1	C	Low	Moderate				✓				
6	Operational Audit	Cl. 16.1	1	C	Low	Moderate				✓				
7	Comply with Performance Standards (emergency response, complaints, continuity and overflows)	Cl. 20.1	3	B	High	Strong						✓		
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	Moderate				✓				
10	<i>N/A to local government</i>	Sch.3, Cl. 3.1	N/A	N/A	N/A	N/A							✓	
11	Customer complaints resolution	Sch.3, Cl. 3.8	2	B	Medium	Moderate								✓
12	Staff trained to respond to complaints	Sch.3 Cl.3.2(b)	N/A	N/A	N/A	N/A							✓	
13	Staff authorised to make decisions on complaints	Sch.3 Cl.3.9(b)	1	C	Low	Strong						✓		
14	Complaints system	Sch.3 Cl.3.2(d)	2	B	Medium	Moderate				✓				
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	Sch.3 Cl. 2.5	2	B	Medium	Strong						✓		

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	
	Charter													
21	Charter reviewed every 3 years	Sch.3 Cl. 2.6	2	C	Low	Moderate				✓				
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	Moderate								✓
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	Weak		✓						
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 August 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 (item 3)	Asset Management System – Cl. 17.1 The Licensee must have an Asset Management System in respect to the licensed activity.	Some components of the required processes are in place and contained in the Asset Management Plan. The general requirements for maintaining the system are documented in the Asset Management Plan (March 2004). Routine and planned maintenance tasks are performed without documenting anything.	2	The Shire to develop an Asset Management System (AMS) containing all the processes. Schedules and registers need to be implemented by the Shire. The Shire needs to document operations, repairs and maintenance activities.	<i>EHO</i> <i>31 December 2010</i>	AMS development completed. Schedule and registers completed including life cycle costing. Operational requirements documented.	COMPLETED
1.2 (item n/a)	Technical Standards The Licensee is to comply with the technical standards for the provision of Water services; and the undertaking, maintenance and operation of Water Services works; published by the Authority in the Government Gazette.	The Shire has access to the Government Gazette online, but it is not mentioned anywhere.	3	The Shire needs to stipulate it in the AMP and demonstrate it by keeping records.	<i>EHO</i> <i>31 December 2010</i>	No longer applicable - No action required.	CLOSED
1.3	Service and performance	Emergency and after hours phone service are	4	The Shire to develop	<i>EHO</i>	One hour rule included in the Customer	COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
(item 7)	Standards – Cl. 20.1 The licensee must comply with the performance standards set out in Schedule 4.	established and published in local phone book, and Customer Charter, but no policy regarding the matter exist.		and implement a policy in order to adhere to the one hour rule.	31 December 2010	Service Charter approved by the Authority on 12 February 2009.	
1.4 (item 20)	Customer Service Charter – Sch. 3, Cl. 2.5 The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.	Copies are available on request at the Reception counter. Customers not advised of the availability and not displayed prominently. Customers not notified of the Customer Service Charter on an annual basis.	2	Shire to: <ul style="list-style-type: none"> Prominently display the Charter; and Notify customers annually of the Charter. 	EHO <i>Immediately</i>	The audit confirmed through sighting that the Charter is prominently displayed at the Shire's reception and on the Shire's website. The Shire's EHO advised that the Shire advertise the availability of the Charter in the local newspaper annually and when rate notices are sent.	COMPLETED
1.5 (item 21)	Customer Service Charter – Sch. 3, Cl. 2.6 The licensee must review its Customer Service Charter at least once in every three year period.	A review was not carried out within the stated timeframe of 36 months. Revised Charter approved by the Authority on 12 February 2009.	2	Create and implement a review policy and procedure for the Customer Service Charter.	EHO 31 December 2010	The Shire's EHO advised that the Customer Service Charter is reviewed each year as per Council's Policy Manual. This is a requirement under the Local Government Act. However, there is still no process in place to ensure that the	PARTLY COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
						timeframe for future reviews would be met. <i>(Post Audit Implementation Plan item 1.1)</i>	
1.6 (item 11)	<p>Customer Complaints – Sch. 3, Cl. 3.8</p> <p>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.</p>	The Shire is required to develop and adopt a policy and develop a procedure in this regard and implement it.	3	The Shire to create and implement A dispute resolution policy with the aim to resolve complaints within the timeframe set out in Clause 20(a).	<i>EHO 31 December 2010</i>	<p>The Shire's Customer Service Charter provides for complaints to be resolved within 5 business days or 8 business days if a further assessment is needed.</p> <p>The Shire's EHO advised that the Shire's Communications Plan 2011-2016 also addresses the comments and complaints.</p>	COMPLETED

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 years ended 30 June 2009, 2010 and 2011 and noted that the Shire complied with all performance standards.	5
3	Water Services Licensing Act Section 36(1)(a)	Clause 17.1	The Licensee must have an Asset Management System in respect to the licensed activity.	2	3	The audit confirmed that the Asset Management System in respect to the licensed activity is in place.	5
4	Water Services Licensing Act	Clause 17.2	The Licensee must notify the Authority of any changes to the Asset Management	2	5	The audit confirmed with the Shire's EHO that during the audit period, the Shire has reviewed the overall Asset Management System (AMIS) in total, installed and populated	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)(b)		System.			<p>a new AMIS and introduced a new Asset Management Plan (AMP). The Authority was notified of progress in Post Audit Implementation Plan updates.</p> <p>Apart from the new AMIS and AMP, there were no material changes made to the asset management system that would require notification to the Authority.</p>	
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	<p>The Asset Management System Review is now being undertaken and will be completed within the prescribed time.</p> <p>However, there is no process in place to ensure that the timeframes will be met in future.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> The Shire to develop and implement a Compliance Schedule with the Asset Management System Review dates included as part of the schedule of events to ensure regulatory timeframes are met. <p><i>(Post Audit Implementation Plan item 1.1)</i></p>	4
6	Water Services Licensing Act Section 37(1)	Clause 16.1	The Licensee must not less than once in every period of 24 months (or such other period determined by the Authority) provide the Authority with an operational audit conducted by an independent expert, acceptable to the Authority.	2	5	<p>The Operational Audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, there is no process in place to ensure that the timeframes would be met.</p> <p>Refer recommendation in item 5.</p>	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)
7	Water Services Licensing Act Section 38(2)	Clause 20.1	<p>The licensee must comply with the performance standards set out in Schedule 4.</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 	2	2	The audit reviewed the Shire's Performance Reports for the years ended 30 June 2009, 2010 and 2011 and noted that during the audit period the Shire has complied with all performance standards.	5
LICENCE COMPLIANCE REQUIREMENTS – WATER COORDINATION REGULATION 1996							
8	Water Services Coordination	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)
	Regulations 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	4	The Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes.	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 Brookton 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	4	The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period.	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 Brookton is a Local Government Agency so this is not applicable.	N/A
13	N/A	Schedule 3 Clause	The licensee must provide one trained staff member who is	NR	5	The Shire's CEO is authorised to make necessary decisions to settle the customer complaints or disputes. The Shire's	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)
		3.9(b)	authorised or has access to another officer who is authorised to make necessary decisions to respond to complaints.			EHO has been provided with 'dealing with difficult people' training.	
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	<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>If a complaint is received, a Complaint Sheet form is to be completed. Although, the details of customer complaints and their outcomes would be recorded on the Complaints Sheets, there is no central Complaint Register in place to ensure that the completed Complaints Sheets don't get lost and all complaints are reported to the Authority in the annual Performance Reports.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Implement a Complaints Register (as part of a documented Complaints Policy and Procedure). ▪ Each customer complaint received by the Shire and its outcome should be recorded in the Register in sufficient details in order to be able to ascertain: <ul style="list-style-type: none"> ○ Date and time the complaint was received ○ Name of the complainant ○ Who received the complaint ○ Details of the complaint ○ Date actioned 	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)
						<ul style="list-style-type: none"> o Action taken; o Name of person authorising; and o Date/ time responded. (Post Audit Implementation Plan item 1.2)	
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 Brookton 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 the process in regards to enquiries, suggestions, complaints and disputes.	N/R
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	3	The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Department of Water.	N/R
18	N/A	Schedule 3 Clause 3.7	The licensee must, on request, provide complaints details to the Department of Water.	NR	3	The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Department of Water.	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 Brookton Customer Service Charter was approved by the Authority on 12 February 2009.	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)
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	3	<p>The audit confirmed through sighting that the Customer Service 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 Charter is available to customers on the website.</p> <p>The Shire's EHO advised that the Shire advertise the notice advising availability of the Customer Service Charter in the local newspaper annually as well as when the Rate Notices are sent.</p>	5
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 revised Shire of Brookton's Customer Service Charter was approved by the Authority on 12 February 2009. Although the Authority has approved the charter, the Authority acknowledged that the timeframe within which the Shire has submitted its charter has been unduly long.</p> <p>The Authority has provided a 12 month extension to the deadline for the next review to 12 February 2013.</p> <p>The Shire's EHO advised that the Customer Service Charter is reviewed each year as per Council's Policy Manual. This is a requirement under the Local Government Act.</p> <p>However, there is no process in place to ensure that the timeframes would be met.</p> <p>Recommendation:</p>	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)
						<ul style="list-style-type: none"> Implement a Compliance Schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory timeframes are met. <p><i>(Post Audit Implementation Plan item 1.3)</i></p>	
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 meeting; publish a newsletter or run other public forums, concerning the licensed activities.	NR	4	<p>The audit confirmed with the Shire's EHO that the Shire hold regular electors meetings and articles are being placed in the local newspaper.</p> <p>The Shire also allows its customers to raise matters of concern regarding the sewerage system at public question time during the Brookton Council meetings.</p>	5
25	N/A	Schedule 3 Clause 4.2	The licensee must consult the Authority on the type and extent of consultation to be	NR	4	The Shire's Customer Service Charter states that community involvement in the Shire's service planning and decision making processes will be sought through formal requests for	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)
			adopted by the licensee.			customer feedback and through information published in the local newspaper. The Shire will notify customers of any system change that may result in significant variation in its service levels. The Shire will publish information on matters relating to its wastewater services and on complaints handling. The revised Shire of Brookton Customer Service Charter was approved by the Authority on 12 February 2009. The Shire has advised that there was an advertising period of one month, in which an advertisement was in the local newspaper the "Brookton Telegraph", published fortnightly. No public submissions were received in relation to the charter.	
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 public meetings, and the agenda must cover at least season opening and closing conditions, tariffs and scheme operation.	NR	N/A	Not applicable.	N/A
28	N/A	Schedule 3	The licensee must prior to	NR	4	The audit confirmed with the Shire's EHO that during 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)
		Clause 4.5	making a major change to the operation of a water service hold a public meeting and seek written submissions.			audit period, the Shire has made no significant changes to the operation of the water service.	
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 Brookton 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 the Authority.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such directions received from the Authority.	N/R
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	NR	4	Each year the Shire of Brookton prepares a comprehensive Annual Report for the whole of the Shire, which is	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)
			comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.			independently audited by a certified auditor. The audit sighted the Shire's Annual Report for the year ended 30 th June 2011 including an Independent Audit Report.	
42	Water Services Licensing Act Section 37	Clause 16.2	The licensee must comply and require the licensee's auditor to comply with the Authority's Standard Audit Guidelines, minimum requirements regarding appointment of the auditor, scope of audit, conduct of the audit and reporting of the audit.	NR	4	The Shire's Audit Plan –Water Services Operating Licence – Operational Audit and Asset Management System Review, dated 30 November 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 29 April 1996. The Authority was notified of the Shire's asset management system back then.	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	The audit confirmed with the Shire's EHO that during the audit period, the Shire has reviewed the overall Asset Management System in total, installed and populated new Asset Management Information System (AMIS) and introduced a new Asset Management Plan (AMP). The Authority was notified of progress in Post Audit	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)
						<p>Implementation Plan updates.</p> <p>Apart from the new AMP, there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>However, there is no process in place to ensure that the Shire would notify the Authority of any changes to its asset management system within 10 business days from the date of change.</p> <p>Moreover, although the Legislative Requirements section of the Asset Management Plan (March 2008) refers to the requirement to notify any changes to the system to the Authority, the required timeframe are not specified.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Update the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within 10 business days. ▪ Implement a Compliance Schedule and note the required timeframe of 10 business days for notification of asset management system changes to the Authority. <p><i>(Post Audit Implementation Plan item 1.4)</i></p>	
45	Water Services Licensing Act Section 36	Clause 17.4	The licensee must comply and require the licensee's expert to comply with the Authority's Standard Guidelines dealing with the asset management	NR	4	The Audit Plan - Operational Audit and Asset Management System Review dated 30 November 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)
			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. The audit reviewed the Shires Compliance and Performance	2

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)
						<p>Reports for the years ending 30 June 2009, 2010 and 2011 and relevant correspondence between the Shire and the Authority and noted the following exceptions:</p> <ul style="list-style-type: none"> • Compliance Report for 2008/09 could not be located at the time of the audit; • Performance Report for the year ended 30 June 2009 was submitted after the due date (in August 2009). The Authority acknowledged this non-compliance but this was omitted from the Compliance Report for 2010; • Compliance Report for the year ended 30 June 2010 did not include the above non-compliance and was submitted after the due date (in September 2010); • Compliance Report for the year ended 30 June 2011 did not include the late 2010 Compliance Report as a non-compliance; and • Compliance Report for the year ended 30 June 2011 was submitted after the due date (in September 2011). The Authority acknowledged this non-compliance and it needs to be recorded in the Compliance Report for the year ending 30 June 2012. <p>There is no procedure in place to ensure the timely submission of reports. The submission of reports is purely</p>	

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)
						<p>reactionary to the reminders received from the Authority.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Implement a Compliance Schedule with timeframes for annual Performance and Compliance Reports submission as part of the schedule of events. The Compliance Schedule will also assist replacement staff to meet regulatory timeframes if the EHO is on leave. ▪ Ensure that all future Performance Reports are submitted to the Authority within the timeframes required. ▪ Keep track of all non-compliances with the licence obligations so that future Compliance Reports are complete. <p><i>(Post Audit Implementation Plan item 1.5)</i></p>	
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	The licensee must ensure that	NR	4	The audit confirmed with the Shire's EHO that the services	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 2.2	its services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.			<p>are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.</p> <p>The audit confirmed that the Shire provide its services consistent with its Customer Service Charter.</p> <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>	
-	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 Brookton has complied with all of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1st December 2008 to 30th November 2011 with one non-compliance as follows:

- Performance and compliance reports are not always submitted by the due dates, and late reports are not being included as non-compliances in the compliance reporting to the Authority.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in August 2009 and confirmed that out of 6 recommendations, 4 had been completed, 1 is no longer applicable and 1 is partly outstanding. This demonstrates that there has been an improvement in compliance with the licence conditions.

The partly completed recommendation is:

- A process to ensure the Customer Service Charter is reviewed by the due date has not yet been established.

The following issues were identified in this audit:

- The Performance Report for 2008/09 and the Compliance Reports for 2009/10 and 2010/11 were submitted after the due dates (within the following month or two) and the non-compliances were omitted from the following years' compliance reports;
- Although there is a Complaints Sheet, there is no Complaints Register or documented complaints process to ensure that all complaints are recorded; and
- There is no Compliance Schedule as a reminder for due dates and obligations for review, notifications and reporting under the licence obligations.

The audit recommended that the Shire:

- Implement a Compliance Schedule with the dates, responsibilities and actions for the various reviews and reporting required by the licence;
- Implement a Complaints Register as part of a documented complaints policy and procedure;
- Ensure that Performance and Compliance Reports are submitted to the Authority by the due dates and that Compliance Reports include all non-compliances; 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 10 business days.

The audit confirmed the Shire of Brookton has complied with all of its information reporting obligations for the period 1st July 2008 to 30th June 2011 apart from the late reports submitted.

Overall, there is an adequate 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 Brookton
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Asset Management
System Review –
Detailed Report

Final Report

May 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			B			3			
2. Asset creation/ acquisition				A					N/R
3. Asset disposal			B			3			
4. Environmental analysis			B			3			
5. Asset operations		C				3			
6. Asset maintenance			B			3			
7. Asset management information system	D				4				
8. Risk management		C				3			
9. Contingency planning			B			3			
10. Financial planning				A			2		
11. Capital expenditure planning				A			2		
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 August 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	Asset Planning Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	Informally performed. Asset planning not addressed in the AMP.	1	Create and implement planning process that reflects the needs of the licence stakeholders. Include planning process in AMP.	<i>EHO</i> <i>31 December 2010</i>	Asset Planning in place for all Shire assets.	COMPLETED
2.2	Asset Planning Non-asset options (e.g. demand management) are considered.	Non-asset options like demand management not addressed in the AMP. To be addressed by the Shire.	1	Identify non-asset options to manage demand and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	Asset Planning in place for all Shire assets.	COMPLETED
2.3	Asset Planning Lifecycle costs of owning and operating assets are assessed	Lifecycle costing not in AMP.	1	Identify and document asset objectives and lifecycle costs for all assets and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	Lifecycle costs in the AMP have not been included in the AMP. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.4	Asset Planning Costs are justified and cost drivers identified.	Costs to be analysed and addressed in AMP by the Shire.	2	Critically analyse costs, identify drivers and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	Lifecycle costs in the AMP have not been included in the AMP. <i>(Post Audit Implementation Plan</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
						<i>item 2.1)</i>	
2.5	Asset Planning Plans are regularly reviewed and updated.	The AMP needs to be updated by the Shire to contain the required information	2	Create and document a review procedure for the AMP.	<i>EHO</i> <i>31 December 2010</i>	The Asset Management Plan has not been updated since March 2008. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.6	Asset Creation/ Acquisition Evaluations include all lifecycle costs.	The Shire to perform an analysis as part of the process to provide life-cycle costs of various infrastructure components.	1	Identify and document asset objectives and lifecycle costs for all assets and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.7	Asset Creation/ Acquisition Projects reflect sound engineering and business decisions.	Consultants would be used. Suppliers approached for equivalent replacement.	1	Create and document a project review process to ensure projects are reviewed by an appropriate employee or professional before initiating.	<i>EHO</i> <i>31 December 2010</i>	Covered by the Shire's infrastructure projects approach.	COMPLETED
2.8	Asset Creation/ Acquisition Commissioning tests are documented And complete	Will be, when required, to be documented as strategy/requirement.	1	Create and implement commissioning process for assets and include in the AMP.	<i>EHO</i> <i>31 December 2010</i>	Covered by the Shire's infrastructure projects approach.	COMPLETED
2.9	Asset Creation/ Acquisition Ongoing	Part of Shire's requirements, policies, strategies.	1	Identify and document the legal/ environmental/ safety obligations that	<i>EHO</i> <i>31 December 2010</i>	The Asset Management Plan (March 2008) needs to	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	legal/environmental/safety obligations of the asset owner are assigned and understood.			apply to the licence and assign processes for each obligation. Include in AMP.		be revised for the 2009 licence and any other regulatory requirements. <i>(Post Audit Implementation Plan item 2.3)</i>	
2.10	Asset Disposal Under-utilised and under-performing assets are identified as part of a regular systematic review process.	As observed during maintenance or repeated repairs – hardly any at this stage. The Shire to develop and implement a process (recording info) towards optimisation.	1	Create and implement a process for identifying capacity of assets and recording past performance. Include in AMP.	<i>EHO</i> <i>31 December 2010</i>	An inspection of the assets was in progress in December 2011. However, there is no Asset Management Information System (AMIS) to record the information. <i>(Post Audit Implementation Plan item 2.2)</i>	PARTLY COMPLETED
2.11	Asset Disposal The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	As and when required – very few assets.	1	Create and implement a review process for when under or poor performing assets are identified and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	An inspection of the assets was in progress in December 2011. However, there is no Asset Management Information System (AMIS) to record the information. <i>(Post Audit Implementation Plan item 2.2)</i>	PARTLY COMPLETED
2.12	Asset Disposal Disposal	Normally old pumps taken by supplier.	1	Create and implement asset disposal	<i>EHO</i>	To be included in revised Asset	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	alternatives are evaluated.			procedure based on performance of assets.	31 December 2010	Management Plan. <i>(Post Audit Implementation Plan item 2.2)</i>	
2.13	Asset Disposal There is a replacement strategy for assets.	Shire replace as and when required. Shire to develop and stipulate its strategy, with special reference to mechanical and electrical equipment.	1	Create and implement replacement strategy for assets and include in AMP.	EHO 31 December 2010	An inspection of the assets was in progress in December 2011. However, there is no Asset Management Information System (AMIS) to record the information. <i>(Post Audit Implementation Plan item 2.2)</i>	PARTLY COMPLETED
2.14	Environmental Analysis Opportunities and threats in the system environment are assessed.	A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is included in the AMP. Shire to review and update.	4	Create and document a review procedure for the SWOT in the AMP.	EHO 31 December 2010	SWOT is not documented in a revised AMP. <i>(Post Audit Implementation Plan item 2.3)</i>	OUTSTANDING
2.15	Environmental Analysis Performance standards (availability of service, capacity, continuity, emergency	All properties are provided with connections, the pump station and WWTP handles the volumes, overflows during power failures provided for by contacting a tanker service, storage volume adequate, etc. Shire to indicate in the process or plan the required capacity	4	Identify and document performance requirements for all assets including availability of service and capacity. Include in AMP.	EHO 31 December 2010	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.2)</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	response, etc) are measured and achieved	vs. the provided capacity.					
2.16	Asset Operations Operational policies and procedures are documented and linked to service levels required.	Not documented. Shire to document links between operational policies and procedures and levels of service.	0	Create, document and implement operational policies and procedures and link to service levels required. Include in AMP.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.4)</i>	OUTSTANDING
2.17	Asset Operations 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.	Good. The Shire can expand and improve on the asset register and provide updated data and to provide information on the condition of assets and accounting data.	4	Expand asset register to include asset's condition and accounting data. Create and implement an update process for the assets register and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	An inspection of the assets was in progress in December 2011. However, there is no Asset Management Information System (AMIS) to record the information. <i>(Post Audit Implementation Plan item 2.5)</i>	PARTLY COMPLETED
2.18	Asset Operations Staff receive training commensurate	Mainly regarding safety – chlorine, hygiene, etc. It could be advantageous to provide training to staff to expand on their knowledge	4	Identify training required by Shire staff and implement training program.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	with their responsibilities.	and skills, e.g. optimisation management.				<i>item 2.6)</i>	
2.19	Asset Maintenance Maintenance policies and procedures are documented and linked to service levels required.	No policies, but procedures are documented in the AMP. Shire to develop and implement policies linked to the procedures regarding maintenance and to be linked to the defined levels of service.	3	Create and document policies linked to maintenance procedures and service levels for assets.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.x)</i>	OUTSTANDING
2.20	Asset Maintenance Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	Maintained as required, schedule created, to be implemented.	1	Identify and document maintenance requirements (emergency, corrective and preventative) for assets and create and implement maintenance plans. Include in AMP.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.7)</i>	OUTSTANDING
2.21	Asset Maintenance Failures are analysed and operation/maintenance plans adjusted where necessary.	Informally analysed. Perform required corrective work.	1	Create, document and regularly review a maintenance plan for assets including emergency, corrective and preventative measures.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.7)</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
2.22	Asset Maintenance Risk management is applied to prioritise maintenance tasks.	Good. To be implemented.	2	Undertake risk analysis of maintenance tasks and prioritise maintenance plan based on risk assessment.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.7)</i>	OUTSTANDING
2.23	Asset Management information System Adequate system documentation for users and system operators.	No AMIS in place, but processes performed informally.	1	Purchase/ develop Asset Management software and roll over all asset data to one system.	<i>EHO</i> <i>31 December 2010</i>	There is no Asset Management Information System (AMIS) to record the asset information. <i>(Post Audit Implementation Plan item 2.5)</i>	OUTSTANDING
2.24	Asset Management information System Input controls include appropriate verification and validation of data entered into the system.	No AMIS in place, but processes performed informally.	1	Create data verification procedure for updating asset data in Asset Management software.	<i>EHO</i> <i>31 December 2010</i>	There is no Asset Management Information System (AMIS) to record the asset information. <i>(Post Audit Implementation Plan item 2.5)</i>	OUTSTANDING
2.25	Asset Management	No AMIS in place.	0	Ensure Asset management	<i>EHO</i>	Password controls in place for Shire	COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	information System Logical security access controls appear adequate, such as passwords.			Information System can only be accessed by authorised persons.	31 December 2010	systems.	
2.26	Asset Management information System Physical security access controls appear <i>EHO</i> 31 December 2010adequate.	No AMIS in place.	0	Ensure adequate physical security access controls such as swipe cards are implemented.	<i>EHO</i> 31 December 2010	Office security is in place.	COMPLETED
2.27	Asset Management information System Data backup procedures appear adequate.	No AMIS in place.	0	Create and implement backup procedure for asset data.	<i>EHO</i> 31 December 2010	Backup procedure in place for Shire systems.	COMPLETED
2.28	Asset Management information System Key	No AMIS in place.	0	Create and implement procedures for producing regular reports to monitor assets and link to licence	<i>EHO</i> 31 December 2010	There is no Asset Management Information System (AMIS) to record the asset information.	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	computations related to licensee performance reporting are materially accurate.			obligations.		<i>(Post Audit Implementation Plan item 2.8)</i>	
2.29	Asset Management information System Management reports appear adequate for the licensee to monitor licence obligations.	Only annual Schedule 3 reporting. Shire to develop and implement reports to ensure licence obligations are monitored.	0	Create and implement procedures for producing regular reports to monitor assets and link to licence obligations.	<i>EHO 31 December 2010</i>	There is no Asset Management Information System (AMIS) to record or report on the asset information. <i>(Post Audit Implementation Plan item 2.8)</i>	OUTSTANDING
2.30	Risk Management Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	Risk evaluated – No specific policies or procedures regarding the sewerage system.	3	Identify risks and create risk management procedures and policies. Include in AMP.	<i>EHO 31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
2.31	Risk Management The probability and consequences of asset failure are regularly assessed.	Informally, performed. Shire to document the probability and consequence of asset failures.	3	Create and document risk register including the treatment and consequences of asset failure. Include in AMP.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.32	Contingency Planning Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	Good. Emergency Procedures documented in AMP.	4	Create and implement a review for the Contingency Plan and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	There has been no review/testing of the contingency plans. <i>(Post Audit Implementation Plan item 2.9)</i>	OUTSTANDING
2.33	Financial Planning Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Indicated in budget and variances accounted for.	4	Create and implement a review procedure for the Financial Plan and include in AMP.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
2.34	Capital Expenditure Planning There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	Good. Documented in the AMP. Shire to revise and expand to provide actions, responsibilities and dates.	4	Expand Capital Expenditure Plan to include actions, responsibilities and dates.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.35	Capital Expenditure Planning The plan provides reasons for capital expenditure and timing of expenditure.	Good. Documented in the AMP. To be updated annually as new information becomes available.	4	Create and implement a review procedure for the Capital Expenditure Plan.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.36	Capital Expenditure Planning The capital expenditure plan is consistent with the asset life	Good. Documented in the AMP. Shire to expand and update providing asset life and condition.	4	Modify Capital Expenditure Plan to account for asset life and condition.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	and condition identified in the asset management plan.						
2.37	<p>Capital Expenditure Planning</p> <p>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.</p>	Good. Documented in the AMP. Shire to ensure a procedure is in place for regular updating and actioned.	4	Create and implement a review procedure for the Capital Expenditure Plan.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.38	<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</p>	AMP updated regularly in the past. AMP forms part of the AMS. Some components in the AMP are also processes of the AMS. Shire to develop all other processes of an AMS and the Shire to implement a review process/procedure to ensure the AMP and AMS are kept current.	2	Create asset management review procedure to ensure system is reviewed regularly.	<i>EHO</i> <i>31 December 2010</i>	To be included in revised Asset Management Plan. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	current.						
2.39	<p>Review of Asset Management System</p> <p>Independent reviews (e.g. internal audit) are performed of the asset management system.</p>	Asset management System not independently reviewed. Some components of an AMS are in place. Shire to develop and implement all processes of an AMS. Shire to provide for an independent review of the system, once in place.	0	Create and implement independent review policy for Asset Management Plan and System.	<p><i>EHO</i></p> <p><i>31 December 2010</i></p>	<p>To be included in revised Asset Management Plan.</p> <p><i>(Post Audit Implementation Plan item 2.1)</i></p>	OUTSTANDING

4.3 Review Results and Recommendations

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating ³	B	Performance Rating ⁴	3
1	ASSET PLANNING				
1.1	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	The Shire of Brookton Asset Management Plan (AMP) dated March 2008 was sighted. The goal, objective and level of service are stated in the AMP as: <i>“to provide cost effective wastewater collection, treatment and disposal services for the town of Brookton, which meets community expectations for health and environmental management”.</i>			
1.2	Service levels are defined.	The Levels of Service requirements for customers are detailed in the Customer Service Charter. Additionally, the levels of service and performance parameters have been defined in the AMP. Performance is measured in performance reports to the Authority.			
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 Life Cycle costs have not been included in the Asset Management Plan. Recommendation: <ul style="list-style-type: none"> Revise the Asset Management Plan, including life cycle costs of all assets. <i>(Post Audit Implementation Plan item 2.1)</i>			
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 Brookton Sewerage Scheme.			
1.6	Costs are justified and cost drivers identified.	The costs included in the AMP need to be reviewed and updated. Refer recommendation in section 1.4.			
1.7	Likelihood and consequences of asset failure are predicted.	Risks are not addressed in detail the AMP. Refer recommendation in section 8.3.			

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.	<p>The AMP has not been reviewed since 2008.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Revise the AMP and implement a procedure to review/update the Plan on an annual basis or if major changes occur, and full revision and re-issue every 5 years. <p><i>(Post Audit Implementation Plan item 2.1)</i></p>			
2	ASSET CREATION/ ACQUISITION	Process Rating	A	Performance Rating	N/R
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	No new assets acquired or created in the audit period for the scheme, only ongoing repairs and maintenance, and replacements of existing infrastructure as required.			
2.2	Evaluations include all life-cycle costs.	Lifecycle costs not included in the Asset Management Plan. Refer recommendation in section 1.4.			
2.3	Projects reflect sound engineering and business decisions.	Projects are undertaken using the Shire's normal project planning and management processes.			
2.4	Commissioning tests are documented and completed.	No new assets acquired. Commissioning tests are part of any major asset creation by contractors, such as the new wastewater dam being planned.			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	<p>Section 2.3 of the AMP outlines the legislative requirements, although this section needs to be updated for the 2009 operating licence form the Authority and any other regulatory changes.</p> <p>Refer recommendation in section 4.3.</p>			
3	ASSET DISPOSAL	Process Rating	B	Performance Rating	3
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	<p>This is a small system with only the essential assets to enable it to function. No disposals are anticipated.</p> <p>An inspection of assets (including CCTV inspection) was underway in December 2011. However, there is no process for regular reviews of asset condition and no system to record the condition assessment.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Implement a procedure for regular review (such as annually) of the condition of all assets for the scheme and to record this information in an Asset Management Information System (such as the spreadsheets) 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p style="color: red;">available from the Authority).</p> <p style="color: red;"><i>(Post Audit Implementation Plan item 2.2)</i></p>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	Asset condition is not regularly reviewed. Refer recommendation in section 3.1.			
3.3	Disposal alternatives are evaluated.	This is a small system with only the essential assets to enable it to function. No disposals are anticipated.			
3.4	There is a replacement strategy for assets.	The Capital Investment Plan in the AMP needs to be reviewed and updated.			
4	ENVIRONMENTAL ANALYSIS	Process Rating	B	Performance Rating	3
4.1	Opportunities and threats in the system environment are assessed.	<p>Opportunities and threats for the system are not documented in the AMP.</p> <p style="color: red;">Recommendation:</p> <ul style="list-style-type: none"> • Update the AMP to include a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the assets and operation of the scheme, including meeting the service and performance standards per the operating licence from the Authority. <p style="color: red;"><i>(Post Audit Implementation Plan item 2.3)</i></p>			
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 are being met.			
4.3	Compliance with statutory and regulatory requirements.	<p>Section 2.3 of the AMP outlines the legislative requirements, although this section needs to be updated for the 2009 operating licence form the Authority and any other regulatory changes.</p> <p style="color: red;">Recommendation:</p> <ul style="list-style-type: none"> • Revise the Legislative Requirements section of the AMP for the 2009 operating licence from the Authority and any other regulatory changes since 2008. 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<i>(Post Audit Implementation Plan item 2.3)</i>			
4.4	Achievement of customer service levels.	The levels of service and performance parameters are defined in the AMP. They include availability, capacity, continuity, odour control, and emergency response. Performance standards are being met. There were no customer complaints noted during the audit period.			
5	ASSET OPERATIONS	Process Rating	C	Performance Rating	3
5.1	Operational policies and procedures are documented and linked to service levels required.	The Asset Management Plan includes an overview of the operations of the system. There are no detailed operating procedures for the scheme that are linked to the service levels required. Recommendation; <ul style="list-style-type: none"> ▪ Document the operating policies and procedures for the Scheme's assets. <i>(Post Audit Implementation Plan item 2.4)</i>			
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.	Assets are documented in groups in the financial asset register. There is no detailed Asset Register, with planned replacement dates and a current condition assessment. Recommendation; <ul style="list-style-type: none"> ▪ Implement an Asset Management Information System (such as the Asset spreadsheets available from the Authority) to record the location, age, replacement cost, inspection date, condition assessment, etc. <i>(Post Audit Implementation Plan item 2.5)</i>			
5.4	Operational costs are measured and monitored.	All asset expenditure is captured in the Shire's Financial Management Information System (FMIS). The historical capital, operating and maintenance costs of the assets are in the FMIS.			
5.5	Staff receive training commensurate with their responsibilities.	The Brookton wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition. The AMP outlines the current human resources required to support the plan as follows: <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"> ▪ Works Manager; ▪ Environmental Health Officer/Building Surveyor. <p>Contractors include a licenced plumber and a pump supplier that checks the pumps every 6 months.</p> <p>Training needs are not documented in the AMP.</p> <p>Recommendation;</p> <ul style="list-style-type: none"> ▪ Update the Resources section of the AMP to include training needs for each position relevant to the scheme and how training records will be kept. <p><i>(Post Audit Implementation Plan item 2.6)</i></p>			
6	ASSET MAINTENANCE	Process Rating	B	Performance Rating	3
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>The Brookton 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.</p> <p>The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance.</p> <p>There are no detailed maintenance plans and procedures and evidence that the planned maintenance has been performed.</p> <p>Recommendation;</p> <ul style="list-style-type: none"> ▪ Document the maintenance procedures and Annual Maintenance Plan for the scheme, such that the maintenance work is recorded in the Shire's work program and the Plan is updated as maintenance is completed. <p><i>(Post Audit Implementation Plan item 2.7)</i></p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>This is a small system with only the essential assets to enable it to function. No disposals are anticipated.</p> <p>An inspection of assets (including CCTV inspection) was underway in December 2011. However, there is no process for regular reviews of asset condition and no system to record the condition assessment.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Implement a procedure for regular review (such as annually) of the condition of all assets for the scheme 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>and to record this information in an Asset Management Information System (such as the spreadsheets available from the Authority).</p> <p><i>(Post Audit Implementation Plan item 2.2)</i></p>			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance. There are no detailed maintenance plans and procedures and evidence that the planned maintenance has been performed. Refer recommendation in section 6.1.</p> <p>Repairs are instigated by a telephone call-out system to the Shire Work's Manager, who attends the site or contacts the plumber, assesses the requirements and arranges the immediate and follow-up actions and activities.</p>			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	Any asset failures would be considered in the Shire's annual budget preparation.			
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 informally 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	D	Performance Rating	4
7.1	Adequate system documentation for users and IT operators.	There is no AMIS. Refer recommendation in section 5.3.			
7.2	Input controls include appropriate verification and validation of data entered into the system.	There is no AMIS.			
7.3	Logical security access controls appear adequate, such as passwords.	The AMP and any AMIS would be saved on the Shire's 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 daily basis. The back up copy goes offsite for safekeeping.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
7.6	Key computations related to licensee performance reporting are materially accurate.	There is no AMIS.			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	<p>There is no ability to create management reports. Reporting to the Authority on performance is based on manual records kept.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ As part of implementing a new AMIS, document the management reports to be provided, recipient and purpose; including reporting on performance standards to the Authority (eg blockages). <p><i>(Post Audit Implementation Plan item 2.8)</i></p>			
8	RISK MANAGEMENT	Process Rating	C	Performance Rating	3
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 is outlined in the AMP but there is no detailed risk register covering asset failures or other risks of non-compliance with the licence obligations.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ As part of implementing a new AMIS, document in a risk register, the risks of failure of individual asset components and other events that may result in non-compliance with the licence obligations, including treatment plans for higher risks. <p><i>(Post Audit Implementation Plan item 2.9)</i></p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	<p>The AMP Risk Assessment has been sighted.</p> <p>Emergency procedures are in place to deal with some identified risks but treatment plans are lacking for other risks due to the lack of a comprehensive risk register.</p>			
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The risk assessment has not been reviewed or updated since 2008 and is not sufficiently detailed.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Review and update the risk assessment in the AMP <i>(Post Audit Implementation Plan item 2.1)</i> ▪ As part of implementing a new AMIS, document in a risk register, the risks of failure of individual asset components and other events that may result in non-compliance with the licence obligations, including treatment plans for higher risks. <i>(Post Audit Implementation Plan item 2.9)</i> 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
9	CONTINGENCY PLANNING	Process Rating	B	Performance Rating	3
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Key staff have an understanding of unwritten procedures, such as the calling of a plumber in the case of a pipe blockage, or an electrician in the case of a pump failure. Emergency procedures are documented in the AMP but there are some contingency plans that are not documented.</p> <p>Also, the contingency plans have not been reviewed or tested since 2008.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Review and fully document the contingency plans. • Review and test the contingency plans on 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. This could be a desktop review of the plans by the main participants, unless there are significant residual risks that require more extensive testing. <p><i>(Post Audit Implementation Plan item 2.10)</i></p>			
10	FINANCIAL PLANNING	Process Rating	A	Performance Rating	2
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	<p>The AMP outlines the financial objectives. The Shire has also considered the sewerage scheme in its Forward Capital Works Plan 2011-2016. The Annual Budget process uses this information and allocates resources required.</p> <p>The AMP has a Financial Plan but it has not been reviewed/updated since 2008.</p> <p>Recommendation;</p> <ul style="list-style-type: none"> ▪ Review and update the Financial Plan in the AMP. <p><i>(Post Audit Implementation Plan item 2.1)</i></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 Brookton Sewerage Scheme.</p>			
10.3	The financial plan provides projections of operating statements (profit and	<p>The Annual Budget document is completed for each coming financial year for the Shire which includes the Sewerage</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	loss) and statement of financial position (balance sheets).	System. Actual/budget income and expenditure is monitored. Sighted the Shire of Brookton Annual Budget 2011/12.			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The operating costs of the Scheme are covered by general rates income.			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The sewerage reserve had a balance of \$336,004 at 30 June 2011 with \$38,105 transferred in per the 2010/11 financial statements. The Forward Capital Works Plan 2011-2016 identifies capital costs of pipe replacements and the pump station refurbishment of \$495,800 which would be covered by the sewerage reserve.			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Variations in actual and budget income and expenses are identified in monthly reports.			
11	CAPITAL EXPENDITURE PLANNING	Process Rating	A	Performance Rating	2
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	The Forward Capital Works Plan 2011-2016 identifies capital costs of pipe replacements and the pump station refurbishment of \$495,800 which would be covered by the sewerage reserve. The AMP has a Capital Expenditure Plan but it has not been reviewed/updated since 2008.			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The AMP has a Capital Expenditure Plan but it has not been reviewed/updated since 2008.			
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. The condition of the assets appears good from audit inspection but there is no regular condition assessment (although this was being undertaken in December 2011)..			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The AMP has a Capital Expenditure Plan but it has not been reviewed/updated since 2008. Recommendation; <ul style="list-style-type: none"> ▪ Review and update the Capital Expenditure Plan in the AMP. 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<i>(Post Audit Implementation Plan item 2.1)</i>			
12	REVIEW OF ASSET MANAGEMENT SYSTEM	Process Rating	B	Performance Rating	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>During the audit period, the Shire has introduced a new Asset Management Plan (AMP). The Authority was notified of progress in Post Audit Implementation Plan updates.</p> <p>The audit confirmed with the Shire's EHO that apart from the new AMP, there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>The Shire does not have a Compliance Schedule that includes the required timeframes for notification of any asset management system changes to the Authority.</p> <p>Also, the Monitoring and Review Procedures section of the AMP has not been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p> <p>Also, users of the AMP would benefit from a brief description of changes to the document from the previous version.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Update the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within 10 business days. • Implement a Compliance Schedule and note the required timeframe of 10 business days for notification of asset management system changes to the Authority. . <i>(Post Audit Implementation Plan item 1.4)</i> • Modify the "Document Status" table to include a brief description of changes to the document from the previous version. <i>(Post Audit Implementation Plan item 2.1)</i> 			
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 appear adequate although informal in some areas. From audit inspection, the assets appear to be in good condition.

The review confirmed that out of 39 recommendations in the previous review report dated August 2009, 7 have been completed, 4 have been partly completed and 28 are outstanding.

The outstanding recommendations mainly relate to the Asset Management Plan dated March 2008 having various gaps and the lack of an Asset Management Information System, including the condition assessment of assets and a detailed risk register.

The Shire has developed a Forward Capital Plan that includes replacement of some pipes and refurbishment of the pumping station over the next 5 years. The Shire has also recently engaged contractors to inspect the pipes using CCTV by early 2012 and engineers to assist with asset management systems, with the sewerage scheme being a priority.

One new issue was noted as follows:

- There is no regular review or testing of the contingency plans.

The review recommended that the Shire:

- Revise the Asset Management Plan to cover various gaps and update the risk assessment, financial plan, capital expenditure plan, etc, with annual reviews in future.
- Implement a procedure for the regular review (at least annually) of the condition of all assets;
- Implement an Asset Management Information System (based on spreadsheets available from the Authority) and populate the data, including the asset register, performance reporting data and a detailed risk register;
- Document the operating and maintenance policies and procedures, including training needs and an annual maintenance plan; and
- Review the adequacy of the contingency plans and test the contingency plans on an annual basis.

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

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 (items 5 & 6)	<p>Operational Audit and Asset Management System Review</p> <p>The Operational Audit and Asset Management System Review is now being undertaken.</p> <p>However, there is no Compliance Schedule to ensure that reviews are undertaken by the prescribed time.</p>	Low	Implement a Compliance Schedule (reminder system) that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority.	A bring-up system (Admin. Manager) is now on the computer diary. Compliance schedule is on the front page of the Admin File 0241.	EHO Completed
1.2 (item 14)	<p>Customer Complaints System</p> <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>If a complaint is received, a Complaint Sheet form is to be completed. Although, the details of customer complaints and their outcomes would be recorded on the Complaints Sheets, there is no central Complaint Register in place to ensure that the completed Complaints Sheets don't get lost and all complaints are reported to the Authority in the annual Performance Reports.</p>	Medium	<p>Implement a Complaints Register (as part of a documented Complaints Policy and Procedure).</p> <p>Each customer complaint received by the Shire and its outcome should be recorded in the 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 • Details of the complaint • Date actioned • Action taken; • Name of person authorising; 	Complaint Register now kept on Administration File 0241.	EHO Completed

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
			and <ul style="list-style-type: none"> Date/ time responded. 		
1.3 (item 21)	<p>Review of Customer Service Charter</p> <p>The revised Shire of Brookton's Customer Service Charter was approved by the Authority on 12 February 2009. Although the Authority has approved the charter, the Authority acknowledged that the timeframe within which the Shire has submitted its charter has been unduly long.</p> <p>The Authority has provided a 12 month extension to the deadline for the next review to 12 February 2013.</p> <p>The Shire's EHO advised that the Customer Service Charter is reviewed each year as per Council's Policy Manual. This is a requirement under the Local Government Act.</p> <p>However, there is no process in place to ensure that the timeframes would be met.</p>	Low	Implement a Compliance Schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory timeframes are met.	In progress.	EHO 30/06/2012
1.4 (item 44)	<p>Notify Changes to Asset Management System</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>Apart from the new AMP, there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>However, there is no process in place to ensure that the Shire would notify the Authority of any</p>	Low	<p>a) Update the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within 10 business days.</p> <p>b) Implement a Compliance Schedule and note the required timeframe of 10 business days for notification of asset management</p>	In progress.	EHO 1/11/2012

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>changes to its asset management system within 10 business days from the date of change.</p> <p>Although the Legislative Requirements section of the AMP refers to the requirement to notify any changes to the system to the Authority, the required timeframe is not specified.</p>		system changes to the Authority.		
1.5 (item 48)	<p>Performance and Compliance Reporting</p> <p>In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority:</p> <ul style="list-style-type: none"> • 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. <p>The audit reviewed the Shires Compliance and Performance Reports for the years ending 30 June 2009, 2010 and 2011 and relevant correspondence between the Shire and the Authority and noted the following exceptions:</p> <ul style="list-style-type: none"> • Compliance Report for 2008/09 could not be located at the time of the audit; • Performance Report for the year ended 30 June 2009 was submitted after the due date (in August 2009). The Authority acknowledged this non-compliance but 	Medium	<p>a) Implement a Compliance Schedule with timeframes for annual Performance and Compliance Reports submission as part of the schedule of events. The Compliance Schedule will also assist replacement staff to meet regulatory timeframes if the EHO is on leave.</p> <p>b) Ensure that all future Performance Reports are submitted to the Authority within the timeframes required.</p> <p>c) Keep track of all non-compliances with the licence obligations so that future Compliance Reports are complete.</p>	<p>As per item 1.1 above. In progress.</p>	<p>EHO 1/11/2012</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>this was omitted from the Compliance Report for 2010;</p> <ul style="list-style-type: none"> • Compliance Report for the year ended 30 June 2010 did not include the above non-compliance and was submitted after the due date (in September 2010); • Compliance Report for the year ended 30 June 2011 did not include the late 2010 Compliance Report as a non-compliance; and • Compliance Report for the year ended 30 June 2011 was submitted after the due date (in September 2011). The Authority acknowledged this non-compliance and it needs to be recorded in the Compliance Report for the year ending 30 June 2012. <p>There is no procedure in place to ensure the timely submission of reports. The submission of reports is purely reactionary to the reminders received from the Authority.</p>				
2	Asset Management System Review				
2.1	<p>Asset Planning</p> <p>The Asset Management Plan has not been</p>	High	a) Revise the AMP and implement a procedure to review/update the	The AMP will be revised upon completion of the	EHO

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>reviewed or updated since it was issued in March 2008.</p> <p>Also, asset Life Cycle costs have not been included in the Asset Management Plan.</p> <p>Other parts of the Plan such as the risk assessment, financial plan and capital expenditure plan have not been reviewed or updated since 2008.</p>		<p>Plan on an annual basis or if major changes occur, and full revision and re-issue every 5 years.</p> <p>b) Revise the Asset Management Plan to include life cycle costs of all assets.</p> <p>c) Review and update the risk assessment in the AMP.</p> <p>d) Review and update the Financial Plan in the AMP.</p> <p>e) Review and update the Capital Expenditure Plan in the AMP.</p> <p>f) Modify the "Document Status" table to include a brief description of changes to the document from the previous version.</p>	<p>Asset Management System (AMS) (refer 2.5 below).</p>	<p>1/11/2012</p>
2.2	<p>Asset Disposal and Maintenance</p> <p>Under-utilised and under-performing assets should be identified as part of a regular systematic review process.</p> <p>This is a small system with only the essential assets to enable it to function. No disposals are anticipated.</p> <p>An inspection of assets (including CCTV inspection) was underway in December 2011. However, there is no process for regular reviews of</p>	Medium	<p>Implement a procedure for regular review (such as annually) of the condition of all assets for the scheme and to record this information in an Asset Management Information System (such as the spreadsheets available from the Authority).</p>	<p>Will be implemented as part of a new AMS.</p>	<p>EHO 1/11/2012</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	asset condition and no system to record the condition assessment.				
2.3	<p>Environmental Analysis</p> <p>Opportunities and threats for the system are not documented in the AMP.</p> <p>Section 2.3 of the AMP outlines the legislative requirements, although this section needs to be updated for the 2009 operating licence from the Authority and any other regulatory changes.</p>	Medium	<p>a) Update the AMP to include a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the assets and operation of the scheme, including meeting the service and performance standards per the operating licence from the Authority.</p> <p>b) Revise the Legislative Requirements section of the AMP for the 2009 operating licence from the Authority and any other regulatory changes since 2008.</p>	The AMP will be revised upon completion of the AMS.	EHO 1/11/2012
2.4	<p>Asset Operations – Policies and Procedures</p> <p>Operational policies and procedures should be documented and linked to service levels required.</p> <p>The Asset Management Plan includes an overview of the operations of the system. There are no detailed operating procedures for the scheme that are linked to the service levels required.</p>	Medium	Document the operating policies and procedures for the Scheme's assets.	Will be implemented as part of a new AMS.	EHO 1/11/2012
2.5	<p>Asset Operations – Asset Register</p> <p>Assets are documented in an Asset Register including asset type, location, material, plans of</p>	Medium	Implement an Asset Management Information System (such as the Asset spreadsheets available from the	Agreed – will be implemented.	EHO 1/11/2012

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>components, and an assessment of assets' physical/structural condition and accounting data.</p> <p>Assets are documented in groups in the financial asset register.</p> <p>There is no detailed Asset Register, with planned replacement dates and a current condition assessment.</p>		<p>Authority) to record the location, age, replacement cost, inspection date, condition assessment, etc.</p> <p>(Also refer recommendation 2.8)</p>		
2.6	<p>Asset Operations – Training</p> <p>Staff should receive training commensurate with their responsibilities</p> <p>The Brookton wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition.</p> <p>The AMP outlines the current human resources required to support the plan as follows:</p> <ul style="list-style-type: none"> ▪ CEO ▪ Works Manager; ▪ Environmental Health Officer/Building Surveyor. <p>Training needs are not documented in the AMP.</p>	Low	<p>Update the Resources section of the AMP to include training needs for each position relevant to the scheme and how training records will be kept.</p>	<p>The AMP will be revised upon completion of the AMIS.</p>	<p>EHO 1/11/2012</p>
2.7	<p>Asset Maintenance</p> <p>Maintenance policies and procedures should be documented and linked to service levels required</p>	Medium	<p>Document the maintenance procedures and Annual Maintenance Plan for the scheme, such that the</p>	<p>Will be implemented with the new AMIS</p>	<p>EHO 1/11/2012</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance.</p> <p>There are no detailed maintenance plans and procedures and evidence that the planned maintenance has been performed.</p>		<p>maintenance work is recorded in the Shire's work program and the Plan is updated as maintenance is completed.</p>		
2.8	<p>Asset Management Information System</p> <p>There is no ability to create management reports. Reporting to the Authority on performance is based on manual records kept.</p>	Medium	<p>As part of implementing a new AMIS (refer recommendation 2.5), document the management reports to be provided, recipient and purpose; including reporting on performance standards to the Authority (eg blockages).</p>	<p>Will be implemented with the new AMIS</p>	<p>EHO 1/11/2012</p>
2.9	<p>Risk Management</p> <p>Risk management policies and procedures should exist and be applied to minimise internal and external risks associated with the asset management system.</p> <p>The Risk Assessment is outlined in the AMP but there is no detailed risk register covering asset failures or other risks of non-compliance with the licence obligations.</p> <p>Emergency procedures are in place to deal with some identified risks but treatment plans are lacking for other risks due to the lack of a comprehensive risk register.</p>	Medium	<p>As part of implementing a new AMIS, document in a risk register, the risks of failure of individual asset components and other events that may result in non-compliance with the licence obligations, including the treatment plans for higher risks.</p>	<p>Will be implemented with the new AMIS</p>	<p>EHO 1/11/2012</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
2.10	<p>Contingency Planning</p> <p>Contingency plans should be documented, understood and tested to confirm their operability and to cover higher risks.</p> <p>Key staff have an understanding of unwritten procedures, such as the calling of a plumber in the case of a pipe blockage, or an electrician in the case of a pump failure. Emergency procedures are documented in the AMP but there are some contingency plans that are not documented.</p> <p>Also, the Contingency Plans have not been reviewed or tested since 2008.</p>	Medium	<p>a) Review and fully document the contingency plans.</p> <p>b) Review and test the contingency plans on 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. This could be a desktop review of the plans by the main participants, unless there are significant residual risks that require more extensive testing.</p>	<p>Will be implemented with the new AMIS and revised AMP.</p>	<p>EHO 1/11/2012</p>

END OF REPORT