



Quantum
Assurance

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

Operational Audit and
Asset Management
System Review

Final Report

July 2012

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Executive Summary

The Shire of Ravensthorpe 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 is centred on the township of Ravensthorpe.

The Ravensthorpe sewerage scheme was originally constructed during 1983. The scheme is operated by the Shire of Ravensthorpe and includes a gravity reticulation system, a pump station, a rising main, a treatment plant and an effluent re-use scheme. The scheme provides sewerage services to the town's population of approximately 600 people.

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 Ravensthorpe 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 three non-compliances as follows:

- Performance and compliance reports were not always submitted by the due dates, and late reports were not included as non-compliances in the compliance reporting to the Authority; and
- Customers were not advised of the availability of Customer Service Charter on an annual basis, although the charter is available on the Shire's website and on display at the Administration customer service and NAB bank counter; and
- The three yearly review of the Customer Service Charter due by November 2008 was not submitted to the Authority until February 2009.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in October 2009 and confirmed that out of five recommendations, one has been completed and four have been partly completed. The partly completed recommendations relate to:

- The asset management system has not been fully updated with details of assets;
- Review and updating of the Asset Management Plan has not been finalised;
- A record of due dates for compliance obligations has been set up in the Shire's Lotus Organiser Charts but needs to be strengthened to ensure due dates are met; and
- The availability of the Customer Service Charter has improved, apart from customers not being notified on an annual basis of the availability of the charter.

Two new issues were identified in this audit as follows:

- Performance and compliance reports for 2009/10 and 2010/11 were submitted after the due dates and the non-compliances were omitted from the 2010/11 compliance report; and
- There is no process to ensure that the Authority is notified of any changes to the asset management system within 10 business days as per the licence.

The audit recommended that the Shire:

- Finalise the populating of assets data in the asset management system;
- Finalise the review and update of the Asset Management Plan;
- Implement a hardcopy Compliance Schedule with the dates, responsibilities and actions for the various reviews and reporting required by the licence;
- Advise customers of the availability of the Customer Service Charter on an annual basis with the rates notices;
- 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 Ravensthorpe has complied with all of its information reporting obligations for the period 1st July 2008 to 30th June 2011 apart from the exceptions noted above.

Overall, there is an adequate control environment evident 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 many areas and reliant on experienced Shire personnel. From audit inspection, the assets appear to be in good condition and well-maintained.

The review confirmed that out of 19 recommendations in the previous review report dated October 2009, nine have been implemented or closed, one has been partly implemented and nine are outstanding.

The outstanding recommendations mainly relate to the Asset Management Plan dated June 2007 being incomplete and out-of-date, and the lack of a complete Asset Management Information System, including the condition assessment of assets. The EHO is currently reviewing and updating the Asset Management Plan and populating the Asset Management Information System.

One new issue was noted as follows:

- There are no formal contingency plans and no regular review or testing of the plans.

The review recommended that the Shire:

- Complete the review of 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;
- Complete the Asset Management Information System (based on spreadsheet examples available from the Authority) and populate the data, including the asset register and performance reporting data;
- Document the annual maintenance plan and procedures; and
- Develop contingency plans and then review/test the plans on an annual basis.

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 Ravensthorpe.

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 Ravensthorpe 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 Ravensthorpe 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 Ravensthorpe 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 Ravensthorpe 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 Ravensthorpe 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;
- Performance and compliance reports were not always submitted by the due dates, and late reports were not included as non-compliances in the compliance reporting to the Authority; and
- Customers were not advised of the availability of Customer Service Charter on an annual basis, although the charter is available on the Shire's website and on display at the Administration customer service and NAB bank counter; and

- The three yearly review of the Customer Service Charter due by November 2008 was not submitted to the Authority until February 2009.

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
4 AUGUST 2012

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

Operational Audit and
Asset Management
System Review
- Introduction

Final Report

July 2012

1. Background

The Shire of Ravensthorpe 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 is centred on the township of Ravensthorpe.

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 Ravensthorpe sewerage scheme was originally constructed during 1983. The scheme is operated by the Shire of Ravensthorpe and includes a gravity reticulation system, a pump station, a rising main, a treatment plant and an effluent re-use scheme. The scheme provides sewerage services to the town's population of approximately 600 people.

The scheme collects and treats approximately 34,000m³ of residential and commercial liquid wastes and re-uses approximately 18,438m³ treated and disinfected effluent on spray irrigation of the town's ovals. The scheme consists of 10 km of gravity mains and 0.6 km of pressure main. The four primary and secondary treatment ponds have a storage capacity of 26,000m³ and the effluent re-use storage pond has a capacity of 220m³.

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 February to March 2012.

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

2.3 Licensee's Representatives Participating in the Audit

- Gregg Harwood – Contract Environmental Health Officer (EHO)
- Graeme Sutherland – Team Leader Parks & Gardens.

2.4 Key Documents Examined

- Shire of Ravensthorpe Water Services Operating Licence 26, Version OL2 dated 15 May 2009
- Audit Report - Shire of Ravensthorpe Water Licence Operational Audit and Asset Management Review dated October 2009
- Post Audit Implementation Plan - Shire of Ravensthorpe Water Licence Operational Audit and Asset Management Review dated October 2009
- Shire of Ravensthorpe Wastewater Scheme Customer Service Charter
- Shire of Ravensthorpe Annual Report for the year ending 30 June 2011
- Shire of Ravensthorpe Asset Management Plan - Sewerage and Effluent Re-use Scheme Asset June 2007
- Performance Reports to the Authority for the years ended 30 June 2009, 2010 and 2011
- Compliance Reports to the Authority for the years ended 30 June 2009, 2010 and 2011
- Shire of Ravensthorpe Sewerage & Waste Water Reuse System Complaint Log
- Correspondence between the Shire and the Authority
- Ravensthorpe Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-040/2
- Shire of Ravensthorpe Statutory Budget 2011/2012
- 2010-15 Strategic Plan
- Forward Capital Works Plan 2010 to 2015
- Shire of Ravensthorpe Waste Water Assets Management System – Asset Register
- Ravensthorpe Reuse System – Training Matrix..

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	Serious 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	28
Steve Park – Senior Engineer (David Wills and Associates)	10
TOTAL	48

Shire of Ravensthorpe
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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	Moderate			✓					
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	Strong						✓		
10	<i>N/A to local government</i>	Sch.3, Cl. 3.1	N/A	N/A	N/A	N/A							✓	
11	Customer complaints resolution	Sch.3, Cl. 3.8	2	B	Medium	Strong								✓
12	Staff trained to respond to complaints	Sch.3 Cl.3.2(b)	N/A	N/A	N/A	N/A							✓	
13	Staff authorised to make decisions on complaints	Sch.3 Cl.3.9(b)	1	C	Low	Strong						✓		
14	Complaints system	Sch.3 Cl.3.2(d)	2	B	Medium	Strong						✓		
15	<i>N/A to local government</i>	Sch.3 Cl.3.4	N/A	N/A	N/A	N/A							✓	
16	Option to refer complaint to Dept. of Water	Sch.3 Cl.3.10	2	B	Medium	Strong								✓
17	Must co-operate with Dept. of Water	Sch.3	2	C	Medium	Strong								✓

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

No. ¹	Operating Licence Compliance Element	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant, N/A = not applicable, N/R = not rated)							
							1	2	3	4	5	N/A	N/R	
		Cl.3.6												
18	Provide details to Dept. of Water	Sch.3 Cl.3.7	2	C	Medium	Strong								✓
19	Customer Service Charter	Cl.7.1	1	C	Medium	Strong						✓		
20	Availability of Customer Service Charter	Sch.3 Cl. 2.5	2	B	Medium	Weak		✓						
21	Charter reviewed every 3 years	Sch.3 Cl. 2.6	2	C	Low	Weak		✓						
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	Moderate						✓		
48	Information reporting requirements	Cl. 21.2	2	B	Medium	Weak		✓						

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		
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 October 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 The Licensee must have an Asset Management System in respect to the licensed activity.	The Asset Management Plan and asset register system are current. The system does not include capture of historical activities and tasks.	3	Implement an AMIS to capture historical asset performance and cost information, and completed tasks and activities.	<i>EHO</i> <i>30 June 2010</i>	The Shire's Asset Management Plan is currently under full review and update. The Shire currently operates a simple computerised system based on the standard suite of spreadsheets. However these are incomplete and need significant updating. <i>(Post Audit Implementation Plan item 1.1)</i>	PARTLY COMPLETED
1.2 (items 4 & 44)	Asset Management System	The revised AMP has not been forwarded to the Authority.	1	Forward a copy of the revised AMP to the Authority.	<i>EHO</i> <i>30 June 2010</i>	The Shire's Asset Management Plan is currently under full review and update. <i>(Post Audit Implementation Plan item 1.1)</i>	PARTLY COMPLETED
1.3 (item 48)	Provision of Information – The licensee must comply with the information reporting requirements as	The Shire did not have a record of submitting the reports. (The Authority advised that the reports	1	Develop and implement a data collecting procedure for information required by Schedule 5	<i>EHO</i> <i>30 June 2010</i>	Although, any dates that require action are now being entered in to the Shire's Lotus Organiser Chart,	PARTLY COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	set out in Schedule 5.	had been submitted).		of the new licence and ensure information is submitted to Authority by the required date.		Performance and Compliance Reports over this audit period were often submitted late. <i>(Post Audit Implementation Plan item 1.7)</i>	
1.4 (item 7)	Service and Performance Standards The licensee must comply with the service and performance standards as set out in Schedule 4.	Service have been provided in accordance with the performance and quality KPIs. Need documentation to verify compliance.	3	Shire to complete Schedule 5 of the new Licence annually by the due date.	<i>EHO 30 June 2010</i>	Adequate information is being maintained to confirm compliance with the standards.	COMPLETED
1.5 (item 20)	Customer Service Charter The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.	Copies are not available on request at the Reception counter. The Charter is not displayed in the reception area. Customers are not advised of the availability of the Charter.	1	Ensure copies of the Customer Service Charter are available to customers upon request at Reception, display the charter on the Shire's notice board and advise customers annually of the charter's availability.	<i>CEO 30 June 2010</i>	The audit confirmed through sighting that the Wastewater Scheme 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. In addition, the audit confirmed that the charter is available to	PARTLY COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
						<p>customers on the website.</p> <p>However, the Shire's EHO advised that the customers are not being advised of the availability of the Wastewater Scheme Customer Service Charter on annual basis.</p> <p><i>(Post Audit Implementation Plan item 1.4)</i></p>	

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	4	The audit confirmed that the Asset Management System in respect to the licensed activity is in place. The Shire's Asset Management Plan is currently under full review and update. The Shire operates a simple computerised system based on a standard suite of spreadsheets. However, these are incomplete and need significant updating.	3

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)
						<p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Finalise the review and updating of the Asset Management Plan. ▪ Finalise populating the standard spreadsheets and make use of the spreadsheets as part of the asset management system. <p><i>(Post Audit Implementation Plan item 1.1)</i></p>	
4	Water Services Licensing Act Section 36(1)(b)	Clause 17.2	The Licensee must notify the Authority of any changes to the Asset Management System.	2	5	<p>The Authority was notified of progress in implementing the previous operational audit and asset management system review recommendations in the Post Audit Implementation Plan updates.</p> <p>There were no material changes made to the asset management system that would require notification to the Authority.</p>	5
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. Although, any dates that require action are now being entered in to the Shire's Lotus Organiser Chart, the Shire should also develop and implement a Compliance Schedule to ensure regulatory timeframes are met.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Implement a Compliance Schedule that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority (hardcopy on the Shire's Water Licence file). 	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)
						<i>(Post Audit Implementation Plan item 1.2)</i>	
6	Water Services Licensing Act Section 37(1)	Clause 16.1	The Licensee must not less than once in every period of 24 months (or such other period determined by the Authority) provide the Authority with an operational audit conducted by an independent expert, acceptable to the Authority.	2	5	The Operational Audit is now being undertaken and will be completed within the prescribed time. However, there is no process in place to ensure that the timeframes would be met. Refer recommendation in item 5.	4
7	Water Services Licensing Act Section 38(2)	Clause 20.1	The licensee must comply with the performance standards set out in Schedule 4. <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 	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

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)
			per year <ul style="list-style-type: none"> 90% of connected properties experience no sewerage overflows per year 				
LICENCE COMPLIANCE REQUIREMENTS – WATER COORDINATION REGULATION 1996							
8	Water Services Coordination Regulations Section 2	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
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 Shire's Wastewater Scheme 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 Ravensthorpe 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	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

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)
			considered by a Local Government Council within 5 business days after the first ordinary Council meeting following the 15 business day period.				
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 Ravensthorpe is a Local Government Agency so this is not applicable.	N/A
13	N/A	Schedule 3 Clause 3.9(b)	The licensee must provide one trained staff member who is authorised or has access to another officer who is authorised to make necessary decisions to respond to complaints.	NR	5	The Shire's CEO is authorised to make necessary decisions to settle the customer complaints or disputes. The Shire's staff have been provided with complaints resolution training through the OHS courses. In addition, the Administration/Reception staff have prior banking training and experience in complaints handling.	5
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	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. The Complaints Register exists and is located at the front counter.	5
15	N/A	Schedule 3 Clause 3.4	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	NR	N/A	Shire of Ravensthorpe is a Local Government Agency so this is not applicable.	N/A

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
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	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. 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	4	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	4	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 Ravensthorpe Wastewater Scheme Customer Service Charter was approved by the Authority on 20 April 2009.	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	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. In addition, the audit confirmed that the Charter is available to customers on the website.	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>However, the Shire's EHO advised that customers are not advised of the availability of the Wastewater Scheme Customer Service Charter on an annual basis.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Advise customers of the availability of the Wastewater Scheme Customer Service Charter annually as part of the mail out of annual rates notices. ▪ Note the required dates in the Lotus Organiser Chart and the Compliance Schedule. <p><i>(Post Audit Implementation Plan item 1.3)</i></p>	
21	N/A	Schedule 3 Clause 2.6	The licensee must review its Customer Service Charter at least once in every three year period.	2	5	<p>The previous charter was approved by the Authority on 17 October 2005. The Authority granted a request by the Shire for an extension of the submission due date until 30 November 2008. The Shire submitted the first draft of its charter to the Authority for approval on 3 February 2009. The Authority provided feedback to the Shire regarding the charter. The Shire submitted the final version of its charter on 8 April 2009. The revised Customer Service Charter was approved by the Authority on 20 April 2009.</p> <p>Although the Authority approved the charter, the timeframes within which the Shire has submitted its charter have been unduly long. Future reviews of the charter should be undertaken within the required timeframes.</p> <p>The Authority has provided a 12 month extension to the deadline for the next review date to 20 April 2013.</p>	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>Although, any dates that require action are now being entered into the Shire's Lotus Organiser Chart, the Shire should implement a Compliance Schedule to ensure regulatory timeframes are met.</p> <p>Recommendations:</p> <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. ▪ Ensure that future Customer Service Charter reviews will be undertaken within the required timeframes. <p><i>(Post Audit Implementation Plan item 1.4)</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	NR	4	The audit confirmed with the Shire's EHO that the Shire hold regular electors meetings and articles are being placed in the local newspaper.	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.			The Shire also allows its customers to raise matters of concern regarding the sewerage system at public question time during the Ravensthorpe Council meetings.	
25	N/A	Schedule 3 Clause 4.2	The licensee must consult the Authority on the type and extent of consultation to be adopted by the licensee.	NR	4	<p>The Shire's Wastewater Scheme Customer Service Charter states that community comment will be solicited via the bi-annual customer satisfaction survey and through the local media. The Shire will also provide direct advice to customers of any system change that may result in a significant variation in its service levels.</p> <p>The revised Shire of Ravensthorpe Wastewater Scheme Customer Service Charter was approved by the Authority on 20 April 2009. The Shire has advised that the charter was advertised for public comment in November 2008. No public submissions were received in relation to the charter.</p>	5
26	N/A	Schedule 3 Clause 4.3	The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Authority.	N/R
27	N/A	Schedule 3 Clause 4.4	The licensee must hold season opening and closing public meetings, and the agenda must cover at least	NR	N/A	Not applicable.	N/A

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1=Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			season opening and closing conditions, tariffs and scheme operation.				
28	N/A	Schedule 3 Clause 4.5	The licensee must prior to making a major change to the operation of a water service hold a public meeting and seek written submissions.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, the Shire has made no significant changes to the operation of the water service.	N/R
29	N/A	Schedule 3 Clause 4.6	The licensee must allow customers to raise matters of concern regarding Council public question time in accordance with the <i>Local Government Act 1995</i> .	NR	4	The audit confirmed with the Shire's EHO that the Shire allows its customers to raise matters of concern regarding the sewerage system at public question time during the Ravensthorpe 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

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)
33 to 40	N/A	Clause 9	Memorandum of Understanding	2	N/A	Clause 9 is not applicable.	N/A
41	N/A	Clause 15.1	The licensee must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	NR	4	Each year the Shire of Ravensthorpe prepares a comprehensive Annual Report for the whole of the Shire, which is independently audited by a certified auditor. The audit sighted the Shire's Annual Report for the year ended 30 th June 2011 including an Independent Audit Report.	5
42	Water Services Licensing Act Section 37	Clause 16.2	The licensee must comply and require the licensee's auditor to comply with the Authority's Standard Audit Guidelines, minimum requirements regarding appointment of the auditor, scope of audit, conduct of the audit and reporting of the audit.	NR	4	The Shire's Audit Plan –Water Services Operating Licence – Operational Audit and Asset Management System Review, dated 1 February 2012, stipulates compliance requirements on auditors.	5
43	Water Services Licensing Act Section 36	Clause 17.1	The licensee must provide for and notify the Authority of its asset management system within 2 business days from the licence commencement date unless notified in writing by the Authority.	2	5	The licence commencement date was 21 May 1997. The Authority was notified of the Shire's asset management system back then.	5

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
44	Water Services Licensing Act Section 36	Clause 17.2	The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.	2	5	<p>There were no material changes made to the asset management system that would require notification to the Authority in the audit period.</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>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 1.5)</i></p>	N/R
45	Water Services Licensing Act Section 36	Clause 17.4	The licensee must comply and require the licensee's expert to comply with the Authority's Standard Guidelines dealing with the asset management system review including, minimum requirements, regarding appointment of the expert reviewer, scope of review, conduct of the review	NR	4	The Audit Plan - Operational Audit and Asset Management System Review dated 1 February 2012 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)
			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	<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 Shire's 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"> • The Shire did not retain any evidence that the 	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>Performance Report for the year ended 30 June 2009 was submitted by the due date;</p> <ul style="list-style-type: none"> The Compliance Report and Performance Report for the year ended 30 June 2010 were submitted after the due dates; The Compliance Report for the year ended 30 June 2011 did not include the late 2010 reports as a non-compliance; and The Compliance Report and Performance Report for the year ended 30 June 2011 were submitted after the due dates. This needs to be recorded as a non-compliance in the Compliance Report for the year ending 30 June 2012. <p>Although, any dates that require action are now being entered into the Shire's Lotus Organiser Chart, it is not effective to ensure that reports are submitted to the Authority by the due dates.</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 	

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>and copies of correspondence are retained.</p> <ul style="list-style-type: none"> Keep track of all non-compliances with the licence obligations so that future Compliance Reports are complete. <p>(Post Audit Implementation Plan item 1.6)</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	<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
-	N/A	Schedule 6 Clause 2.2	The licensee must ensure that its services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.	NR	4	<p>The audit confirmed with the Shire's EHO that the services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.</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>	5
-	N/A	Schedule 6	The licensee may with the written agreement of the	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	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 2.3	property owner discontinue a service where it is not commercially viable.			service not being commercially viable.	

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 Ravensthorpe 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 three non-compliances as follows:

- Performance and compliance reports were not always submitted by the due dates, and late reports were not included as non-compliances in the compliance reporting to the Authority; and
- Customers were not advised of the availability of Customer Service Charter on an annual basis, although the charter is available on the Shire's website and on display at the Administration customer service and NAB bank counter; and
- The three yearly review of the Customer Service Charter due by November 2008 was not submitted to the Authority until February 2009.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in October 2009 and confirmed that out of five recommendations, one has been completed and four have been partly completed. The partly completed recommendations relate to:

- The asset management system has not been fully updated with details of assets;
- Review and updating of the Asset Management Plan has not been finalised;
- A record of due dates for compliance obligations has been set up in the Shire's Lotus Organiser Charts but needs to be strengthened to ensure due dates are met; and
- The availability of the Customer Service Charter has improved, apart from customers not being notified on an annual basis of the availability of the charter.

Two new issues were identified in this audit as follows:

- Performance and compliance reports for 2009/10 and 2010/11 were submitted after the due dates and the non-compliances were omitted from the 2010/11 compliance report; and
- There is no process to ensure that the Authority is notified of any changes to the asset management system within 10 business days as per the licence.

The audit recommended that the Shire:

- Finalise the populating of assets data in the asset management system;
- Finalise the review and update of the Asset Management Plan;
- Implement a hardcopy Compliance Schedule with the dates, responsibilities and actions for the various reviews and reporting required by the licence;
- Advise customers of the availability of the Customer Service Charter on an annual basis with the rates notices;

- 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 Ravensthorpe has complied with all of its information reporting obligations for the period 1st July 2008 to 30th June 2011 apart from the exceptions noted above.

Overall, there is an adequate control environment evident 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 Ravensthorpe
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Asset Management
System Review –
Detailed Report

Final Report

July 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			B			3			
6. Asset maintenance			B			3			
7. Asset management information system			B			3			
8. Risk management		C				3			
9. Contingency planning		C				3			
10. Financial planning		C				3			
11. Capital expenditure planning		C				3			
12. Review of asset management system			B			3			

4.2 Previous Review Recommendations

The status of the key recommendations in the previous audit report issued in October 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 Lifecycle costs of owning and operating assets are assessed	Lifecycle costs are covered at summary level in the AMP. Costs of individual assets have not been assessed.	2	Complete lifecycle costs for all assets and include in the AMP.	<i>EHO by 30 June 2010</i>	To be included in revised Asset Management Plan (AMP). <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.2	Asset Planning Plans are regularly reviewed and updated.	Only recently updated but irregularly reviewed in the past.	2	Create and implement review procedure for asset plans. Incorporate a reminding mechanism in procedure.	<i>EHO by 30 June 2010</i>	To be included in revised AMP. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.3	Asset creation and Acquisition Evaluations include all lifecycle costs.	The AMP does not adequately address the process of asset lifecycle cost evaluation.		Identify and document asset objectives and lifecycle costs for all assets and include in AMP.	<i>EHO by 30 June 2010</i>	To be included in revised AMP. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.4	Environmental Analysis Opportunities and threats in the system environment are assessed.	AMP does not include SWOT analysis, but understood and informally evaluated by staff.		Identify, document and assess opportunities and threats. Include in AMP.	<i>EHO by 30 June 2010</i>	To be included in AMP. <i>(Post Audit Implementation Plan item 2.3)</i>	OUTSTANDING
2.5	Environmental Analysis	Detailed in the Levels of Service		Establish a system for measuring and recording	<i>EHO by 30 June</i>	Levels of service are stated in the AMP and	CLOSED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	section of the AMP. Performance is not measured or evaluated.		performance standards.	2010	reported upon in the annual Performance Reports to the Authority.	
2.6	Asset Operations Operational policies and procedures are documented and linked to service levels required.	Safety policies and procedures prescribed in AMP. Operational policies and procedures have not been documented or linked to the service levels.	2	Document operational policies and procedures with linkages to the Service Levels.	<i>EHO by 30 June 2010</i>	The Asset Management Plan includes an overview of the operations of the system as required to maintain the service levels. The manufacturers' operating instructions/manuals are kept and used by maintenance staff.	COMPLETED
2.7	Asset Maintenance Maintenance policies and procedures are documented and linked to service levels required.	Maintenance policies and procedures have not been developed.		Create and document policies linked to maintenance procedures and service levels for assets.	<i>EHO by 30 June 2010</i>	The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance.	COMPLETED
2.8	Asset Maintenance Regular inspections are undertaken of asset performance and condition.	Regular inspections are conducted, but records are not kept to verify tasks have been completed.		Expand the maintenance schedule to include procedures for recording maintenance tasks, performance and	<i>EHO by 30 June 2010</i>	Annual inspection to be implemented. <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
				condition. Include in AMP.			
2.9	Asset Maintenance Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	Maintenance schedule has been created but not implemented.	3	Identify and document maintenance requirements (emergency, corrective and preventative) for assets and create and implement maintenance plans. Include in AMP.	<i>EHO by 30 June 2010</i>	Maintenance plan and evidence of completion still need to be documented. <i>(Post Audit Implementation Plan item 2.5)</i>	OUTSTANDING
2.10	Asset Management information System Adequate system documentation for users and system operators.	The Shire does not have an AMIS.	0	Create and implement a review procedure for AMIS and include in AMP.	<i>EHO by 30 June 2010</i>	AMIS is being populated. <i>(Post Audit Implementation Plan item 2.4)</i>	PARTLY COMPLETED
2.11	Asset Management information System Input controls include appropriate verification and validation of data entered into the system.	The Shire does not have an AMIS.	0	Create and implement a review procedure for data verification procedure and include in AMP.	<i>EHO by 30 June 2010</i>	Checking of data entry by person inputting data is considered adequate.	CLOSED
2.12	Asset Management information System Logical security access controls appear adequate, such as passwords.	The Shire does not have an AMIS.	0	Ensure Asset Management Information System can only be accessed by authorised persons.	<i>CEO</i>	Covered by Shire's and EHO's password security.	CLOSED
2.13	Asset Management information System	The Shire does not have an AMIS.	0	Ensure adequate physical security access controls such as swipe	<i>CEO</i>	Shire office is locked and has an alarm.	CLOSED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	Physical security access controls appear adequate.			cards are implemented.			
2.14	Asset Management information System Data backup procedures appear adequate.	The Shire does not have an AMIS.	0	Create and implement backup procedure for asset data.	CEO	Shire backup procedures and EHO backups data to Shire server every month.	CLOSED
2.15	Asset Management information System Key computations related to licensee performance reporting are materially accurate.	The Shire does not have an AMIS.	0	Create and implement procedures for checking computations.	EHO by 30 June 2010	AMIS has basic computations built in.	CLOSED
2.16	Asset Management information System Management reports appear adequate for the licensee to monitor licence obligations.	The Shire does not have an AMIS.	0	Create and implement procedures for producing regular reports to monitor assets and link to licence obligations.	EHO by 30 June 2010	Reports from AMIS are available once data is populated.	CLOSED
2.17	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 and documented in the AMP. Specific policies or procedures for the sewerage system have not been developed.	1	Create risk management procedures and policies to be included in AMP. Ensure policy includes risk reviewing procedure.	EHO by 30 June 2010	To be included in revised AMP. <i>(Post Audit Implementation Plan item 2.1)</i>	OUTSTANDING
2.18	Risk Management Risks are documented	Risks are documented in the AMP. The action	1	Action current risks identified in AMP and create procedures for	EHO by 30 June 2010	To be developed after AMP updated.	OUTSTANDING

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	in a risk register and treatment plans are actioned and monitored.	plan has not been actioned or monitored.		monitoring.		<i>(Post Audit Implementation Plan item 2.6)</i>	
2.19	<p>Review of Asset Management System</p> <p>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.</p>	<p>Manuals, policies and procedures for sewer system are not included in existing AMP.</p> <p>The Shire needs to implement an annual review process/procedure to ensure the AMP and AMS are kept current.</p>	2	Create asset management review procedure to ensure system is reviewed regularly. Expand and implement existing AMP to include manuals, policies and procedures for sewer system.	<i>EHO by 30 June 2010</i>	<p>To be included in revised AMP.</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 Ravensthorpe Asset Management Plan 2007 (AMP) 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 Ravensthorpe, 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 and have excess capacity.			
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 Waste and Sewerage Reserve. The funds in the reserve can be used for the purposes of replacing and upgrading of capital facilities for the Ravensthorpe 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.	The risk management methodology is not completed in the AMP. Recommendation:			

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)			
		<ul style="list-style-type: none"> • Include a risk management methodology in the AMP. <p><i>(Post Audit Implementation Plan item 2.1)</i></p>			
1.8	Plans are regularly reviewed and updated.	<p>The AMP has not been reviewed since 2007 (although this is currently underway).</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 are planned for the scheme, only ongoing repairs and maintenance, and replacements of existing infrastructure, such as pumps, as required.			
2.2	Evaluations include all life-cycle costs.	Lifecycle costs are 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 or planned apart from pumps which are tested upon installation.			
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 from the Authority and any other regulatory changes. Responsibilities are assigned in the AMP.</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 adequate assets to enable it to function. No disposals are anticipated.</p> <p>Asset condition is monitored on an ad hoc basis by the Parks and Gardens team. However, there is no process for annual review and assessment 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 annual review of the condition of all assets for the scheme and to record this 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>information in an Asset Management Information System (spreadsheet). <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 formally reviewed. Refer recommendation in section 3.1.			
3.3	Disposal alternatives are evaluated.	This is a small system with adequate assets to enable it to function. No disposals are anticipated.			
3.4	There is a replacement strategy for assets.	There are 3 pumps that are installed and maintained on a rotational basis. Replacement of other assets is part of the capital expenditure plan.			
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>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><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 from the Authority and any other regulatory changes.</p> <p>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 2007. 			

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	B	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 as required to maintain the service levels. The manufacturers' operating instructions/manuals are kept and used by maintenance staff.			
5.2	Risk management is applied to prioritise operations tasks.	A risk assessment has not yet been completed as part of the Asset Management Plan. Refer section 8.1.			
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 (although this is currently being developed). Recommendation; <ul style="list-style-type: none"> ▪ Implement an Asset Management Information System (spreadsheets) to record the location, age, replacement cost, inspection date, condition assessment, etc. <i>(Post Audit Implementation Plan item 2.4)</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 Ravensthorpe 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/Deputy CEO ▪ Team Leader, Parks and Gardens ▪ Environmental Health Officer (Contract). A Staff Competency Matrix has been developed and is used to identify training needs.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	B	Performance Rating	3
6	ASSET MAINTENANCE				
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>The Ravensthorpe 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 2.5)</i></p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>This is a small system with adequate assets to enable it to function. No disposals are anticipated.</p> <p>Asset condition is monitored on an ad hoc basis by the Parks and Gardens team. However, there is no process for annual review and assessment 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 annual review of the condition of all assets for the scheme and to record this information in the Asset Management Information System (spreadsheet). <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's Team Leader Parks and Gardens, 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	Any asset failures would be considered in the Shire's annual budget preparation.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	operational/maintenance plans adjusted where necessary.				
6.5	Risk management is applied to prioritise maintenance tasks.	A risk assessment has not been formally completed. Refer section 8.1.			
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	B	Performance Rating	3
7.1	Adequate system documentation for users and IT operators.	<p>There is a basic AMIS being set up and the overall process will be documented in the AMP (as part of maintenance procedures).</p> <p>Recommendation;</p> <ul style="list-style-type: none"> ▪ Implement an Asset Management Information System (spreadsheets) to record the location, age, replacement cost, inspection date, condition assessment, etc. <p><i>(Post Audit Implementation Plan item 2.4)</i></p>			
7.2	Input controls include appropriate verification and validation of data entered into the system.	The AMIS data will be checked by the person inputting the data – considered adequate.			
7.3	Logical security access controls appear adequate, such as passwords.	The AMP and AMIS are 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 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 Shire's system is regularly backed up as part of the standard IT maintenance procedures on a daily basis. The backup copy goes offsite for safekeeping. The EHO downloads files each month to the Shire server.			
7.6	Key computations related to licensee performance reporting are materially accurate.	There is a basic AMIS being set up and the overall process will be documented in the AMP.			
7.7	Management reports appear adequate	There is no ability to create management reports. Reporting to the Authority on performance is based on manual			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	for the licensee to monitor licence obligations.	spreadsheets kept. Considered adequate for a simple system.			
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>Existing staff appear to manage risks well but no formal policies or procedures are documented. The Risk Management Methodology is not completed in the AMP. The system's risk profile is significantly lowered by the fact that the system's lagoons have the capacity to store several months of effluent and there are only two pump stations that are relatively easy to maintain on the receiving side of the system.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Document the risk assessment following the risk management methodology outlined in the AMP, and in the Risk Assessment spreadsheet, and consolidate the risks identified; and ▪ Update the Risk Assessment spreadsheet in line with the operating licence for the sewerage services issued to the Shire of Ravensthorpe. <p><i>(Post Audit Implementation Plan item 2.6)</i></p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	No formal risk assessment has been completed.			
8.3	The probability and consequences of asset failure are regularly assessed.	No formal risk assessment has been completed.			
9	CONTINGENCY PLANNING	Process Rating	C	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.</p> <p>However, a formal Contingency Plan has not been developed either as part of the AMP or as a separate document.</p> <ul style="list-style-type: none"> • Based on the risk assessment in the AMP, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc. <p>The contingency plans should include:</p> <ul style="list-style-type: none"> ○ Detailed procedures 			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<ul style="list-style-type: none"> ○ Key local contact details – name, number and location ○ Communication protocols ○ Specifications, location and availability of emergency equipment ○ Authorities that need to be contacted and when. <ul style="list-style-type: none"> ● Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency. <p><i>(Post Audit Implementation Plan item 2.7)</i></p>			
10	FINANCIAL PLANNING	Process Rating	C	Performance Rating	3
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	<p>The financial plan section of the AMP has not been fully completed or reviewed since 2007.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Review and complete the Financial Plan section of 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 Waste and Sewerage Reserve. The funds in the reserve can be used for the purposes of replacing and upgrading of capital facilities for the Ravensthorpe Sewerage Scheme.</p> <p>Annual rates cover the ongoing cost of the sewerage treatment, including operation, maintenance, administration, and depreciation.</p>			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	<p>The Annual Budget document is completed for each coming financial year and includes the Sewerage System. Actual/budget income and expenditure is monitored.</p> <p>The financial plan with projections for the next 5 years has not been completed. Refer section 10.1.</p>			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	<p>The financial plan with projections for the next 5 years has not been completed. Refer section 10.1.</p> <p>The annual 2011/12 budget provides for sewerage collection, depreciation and administration.</p>			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure	<p>The Waste and Sewerage reserve had a balance of \$195,673 at 30 June 2011 with approximately \$10,000 transferred in each year. The audit was unable to determine whether this is adequate for future replacement of the scheme's assets as the financial plan and capital expenditure plans have not been completed or updated.</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	requirements of the services.				
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	C	Performance Rating	3
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	<p>The capital expenditure plan in the AMP has not been updated since 2007 with current replacement costs. However, the Shire has developed a Forward Capital; Works Plan 2010-2015 to determine funding needs and any gaps for all infrastructure including the sewerage scheme. This information also needs to be considered in updating the AMP.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Review and complete the Capital Expenditure section of the AMP. <p><i>(Post Audit Implementation Plan item 2.1)</i></p>			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The capital expenditure plan in the AMP has not been updated since 2007 with current replacement costs.			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The capital expenditure plan in the AMP has not been updated since 2007 with current replacement costs. Also, a condition monitoring system has not yet been implemented. Refer section 6.2.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	<p>No process for review.</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>			
12	REVIEW OF ASSET MANAGEMENT	Process Rating	B	Performance Rating	3

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
SYSTEM					
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	<p>The audit confirmed with the Shire's EHO that there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>The Shire has developed and implemented the Compliance Schedule. However the Schedule does not include the required timeframes for the notification of the asset management system changes to the Authority.</p> <p>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>The 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 (<i>Post Audit Implementation Plan item 1.5</i>) ▪ 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 1.5</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 many areas and reliant on experienced Shire personnel. From audit inspection, the assets appear to be in good condition and well-maintained.

The review confirmed that out of 19 recommendations in the previous review report dated October 2009, nine have been implemented or closed, one has been partly implemented and nine are outstanding.

The outstanding recommendations mainly relate to the Asset Management Plan dated June 2007 being incomplete and out-of-date, and the lack of a complete Asset Management Information System, including the condition assessment of assets. The EHO is currently reviewing and updating the Asset Management Plan and populating the Asset Management Information System.

One new issue was noted as follows:

- There are no formal contingency plans and no regular review or testing of the plans.

The review recommended that the Shire:

- Complete the review of 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;
- Complete the Asset Management Information System (based on spreadsheet examples available from the Authority) and populate the data, including the asset register and performance reporting data;
- Document the annual maintenance plan and procedures; and
- Develop contingency plans and then review/test the plans on an annual basis.

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

Appendix A: Post Audit Implementation Plan

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
1	Operational Audit				
1.1 (item 3)	<p>Asset Management System</p> <p>The audit confirmed that the Asset Management System in respect to the licensed activity is in place.</p> <p>The Shire's Asset Management Plan is currently under full review and update. The Shire operates a simple computerised system based on a standard suite of spreadsheets. However, these are incomplete and need significant updating.</p>	High	<p>a) Finalise the review and updating of the Asset Management Plan.</p> <p>b) Finalise populating the standard spreadsheets and make use of the spreadsheets as part of the asset management system.</p>	<p>Plan will be finalised by CEO, EHO & Gardens Supervisor.</p> <p>Spreadsheet will be populated by Gardens Supervisor in conjunction with the EHO.</p>	<p>EHO to organise by 30 June 2013</p> <p>EHO to organise by 30 June 2013</p>
1.2 (items 5 & 6)	<p>Operational Audit and Asset Management System Review</p> <p>The Operational Audit and Asset Management System Review are now being undertaken. Although, any dates that require action are now being entered in to the Shire's Lotus Organiser Chart, the Shire should also develop and implement a Compliance Schedule to ensure regulatory timeframes are met.</p>	Low	Implement a Compliance Schedule that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority (hardcopy on the Shire's Water Licence file).	Ongoing implementation by the CEO	EHO to prepare by 30 June 2013
1.3 (item 20)	<p>Availability of Customer Service Charter</p> <p>The audit confirmed through sighting that the Customer Service Charter is prominently displayed</p>	High	a) Advise customers of the availability of the Wastewater Scheme Customer Service Charter annually as part of	a) Customers will be advised through a note placed in the annual rate notice or	EHO to organise by Dec 2012

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>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>However, the Shire's EHO advised that customers are not advised of the availability of the Wastewater Scheme Customer Service Charter on an annual basis.</p>		<p>the mail out of annual rates notices.</p> <p>b) Note the required dates in the Lotus Organiser Chart and the Compliance Schedule.</p>	<p>an advert. in the local paper on an annual basis.</p> <p>b) Dates will be noted in Compliance Schedule by the CEO</p>	<p>EHO 30 June 2013</p>
<p>1.4 (item 21)</p>	<p>Review of Customer Service Charter</p> <p>The previous charter was approved by the Authority on 17 October 2005. The Authority granted a request by the Shire for an extension of the submission due date until 30 November 2008. The Shire submitted the first draft of its charter to the Authority for approval on 3 February 2009. The Authority provided feedback to the Shire regarding the charter. The Shire submitted the final version of its charter on 8 April 2009. The revised Customer Service Charter was approved by the Authority on 20 April 2009.</p> <p>Although the Authority approved the charter, the timeframes within which the Shire has submitted its charter have been unduly long. Future reviews of the charter should be undertaken within the required timeframes.</p> <p>The Authority has provided a 12 month extension to the deadline for the next review date to 20 April</p>	<p>Medium</p>	<p>a) 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> <p>b) Ensure that future Customer Service Charter reviews will be undertaken within the required timeframes.</p>	<p>a) Dates will be noted in Compliance Schedule by the CEO.</p> <p>b) Charter review will be completed by 30 Dec. 2012.</p>	<p>EHO to organise by 30 June 2013</p> <p>EHO 30 Dec. 2012</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>2013.</p> <p>Although, any dates that require action are now being entered into the Shire's Lotus Organiser Chart, the Shire should implement a Compliance Schedule to ensure regulatory timeframes are met.</p>				
<p>1.5 (item 44)</p>	<p>Notification of Changes to Asset Management System</p> <p>There were no material changes made to the asset management system that would require notification to the Authority in the audit period.</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>Low</p>	<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 system changes to the Authority.</p>	<p>Asset management of the supply at an operational level is simple and straight forward and significant changes to the asset management arrangements once they have been fully documented are not likely but any changes will be reported within 10 days.</p>	<p>EHO as required</p>
<p>1.6 (item 48)</p>	<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 Shire's Compliance and</p>	<p>Medium</p>	<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</p>	<p>Dates will be noted in Compliance Schedule by the CEO.</p> <p>Dates will be noted in Compliance Schedule by</p>	<p>EHO to organise by 30 June 2013</p> <p>EHO to organise</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>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"> • The Shire did not retain any evidence that the Performance Report for the year ended 30 June 2009 was submitted by the due date; • The Compliance Report and Performance Report for the year ended 30 June 2010 were submitted after the due dates; • The Compliance Report for the year ended 30 June 2011 did not include the late 2010 reports as a non-compliance; and • The Compliance Report and Performance Report for the year ended 30 June 2011 were submitted after the due dates. This needs to be recorded as a non-compliance in the Compliance Report for the year ending 30 June 2012. <p>Although, any dates that require action are now being entered into the Shire's Lotus Organiser Chart, it is not effective to ensure that reports are submitted to the Authority by the due dates.</p>		<p>Authority within the timeframes required and copies of correspondence are retained.</p> <p>c) Keep track of all non-compliances with the licence obligations so that future Compliance Reports are complete.</p>	<p>the CEO. EHO to keep ongoing records.</p>	<p>by 30 June 2013</p> <p>EHO ongoing</p>
2	Asset Management System Review				

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
2.1	<p>Asset Planning</p> <p>The Asset Management Plan has not been reviewed or updated since it was issued in June 2007 (although this is currently in progress).</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 are incomplete and have not been reviewed or updated since 2007.</p>	High	<ul style="list-style-type: none"> a) Finalise the current review of 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. b) Revise the Asset Management Plan to include life cycle costs of all assets. c) Include a risk management methodology in the AMP. d) Review and complete the Financial Plan in the AMP. e) Review and complete the Capital Expenditure Plan in the AMP. f) Modify the "Document Status" table to include a brief description of changes to the document from the previous version. 	<p>EHO to complete the Asset Management Plan in consultation with the Gardening Supervisor.</p> <p>EHO is to conduct annual reviews and a major review every 5 years.</p> <p>Dates will be noted in Compliance Schedule by the CEO.</p>	<p>EHO 30 June 2013</p> <p>EHO 30 June 2018</p> <p>EHO to organise by 30 June 2013</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>	Medium	<p>Implement a procedure for annual review of the condition of all assets for the scheme and to record this information in an Asset Management Information System (such as the spreadsheet examples available from the Authority).</p>	<p>Process is not worthwhile as there are very few salvageable assets in the system other than the pumps which themselves are a special size item. Hence are largely valueless to other parties other than as scrap. The</p>	<p>EHO to organise by 30 June 2013</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	Asset condition is monitored on an ad hoc basis by the Works team. However, there is no process for annual review and assessment of asset condition and no system to record the condition assessment.			highest and best value for these items is as spare parts. EHO to complete the implementation of a procedure for the annual review of the condition of all assets in consultation with the Gardening Supervisor and is to implement that system on an annual basis,	
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 2007.</p>	EHO to complete SWOT	EHO 30 June 2013
2.4	Asset Operations – Asset Register	Medium	Update the Asset Management Information System (spreadsheets) to	EHO to complete the Asset Register in	EHO 30 June

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>Assets should be documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.</p> <p>Assets are currently 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 (although this is currently being developed using spreadsheets).</p>		<p>record the location, age, replacement cost, inspection date, condition assessment, etc.</p>	<p>consultation with the Gardening Supervisor.</p>	<p>2013</p>
2.5	<p>Asset Maintenance</p> <p>Maintenance policies and procedures should be documented and linked to service levels required</p> <p>The Ravensthorpe 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>However, there are no detailed maintenance plans and procedures and evidence that the planned maintenance has been performed.</p>	Medium	<p>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>	<p>EHO to prepare maintenance procedures and annual plan in consultation with the Gardening Supervisor.</p> <p>Maintenance plan will be reviewed annually by the EHO in consultation with the Gardening Supervisor.</p>	<p>EHO to organise by 30 June 2013</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
2.6	<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. Risks should be documented in a risk register with applicable treatment plans.</p> <p>The Risk Management Methodology is not completed in the AMP. There is no documented risk register or treatment plans for higher risks.</p>	Medium	<p>a) Document the risk assessment following the risk management methodology outlined in the AMP, and in the Risk Assessment spreadsheet, and consolidate the risks identified; and</p> <p>b) Update the Risk Assessment spreadsheet in line with the operating licence for the sewerage services issued to the Shire of Ravensthorpe.</p>	<p>EHO to prepare and complete risk assessment and response/contingency and emergency procedures in consultation with the Gardening Supervisor that addresses all of these points.</p> <p>Risk arrangements will be reviewed annually by the EHO in consultation with the Gardening Supervisor.</p>	<p>EHO to organise by 30 June 2013</p> <p>EHO to organise by 30 June 2013</p>
2.7	<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.</p> <p>However, a formal Contingency Plan has not been developed either as part of the AMP or as a separate document.</p>	Medium	<p>a) Based on the risk assessment in the AMP, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.</p>	<p>EHO to prepare and complete risk assessment and response/contingency and emergency procedures in consultation with the Gardening Supervisor that addresses all of these points.</p>	<p>EHO to organise by 30 June 2013</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
			<p>The contingency plans should include:</p> <ul style="list-style-type: none"> o Detailed procedures o Key local contact details – name, number and location o Communication protocols o Specifications, location and availability of emergency equipment o Authorities that need to be contacted and when. <p>b) Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</p>	<p>Risk arrangements will be reviewed annually by the EHO in consultation with the Gardening Supervisor.</p> <p>Dates will be noted in Compliance Schedule by the CEO.</p>	<p>EHO to organise by 30 June 2013</p> <p>EHO to organise by 30 June 2013</p>

END OF REPORT