

2.7 Current Audit Non-Compliances and Recommendations 2014 – Shire of Gnowangerup and Post-Audit Implementation Plan for the Gnowangerup Sewerage Scheme

Table of Current Audit Non- Compliances and Recommendations			
A. Resolved during current audit period			
Manual Reference	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Date Resolved (& management action taken)	Licensee's Response to Auditor's Findings
	Nil		

B. Unresolved at end of current audit period			POST-AUDIT IMPLEMENTATION PLAN		
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating//Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
01/2014	<p>Review of Rates Notices with Sewerage Charges</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 18(1) – 18(6)</i></p> <p><i>Non-compliant – minor impact</i></p> <p>The licensee must have a written procedure for the review of a bill on the customer's request. The Shire does not have a written procedure for review of a bill on the customer's request. The CEO advised that no request for review of the rates notices relating to sewerage charges had been received during the audit period.</p>	<ol style="list-style-type: none"> 1. The Shire should develop a written procedure for review of bills (rates notices with sewerage charges). 2. The procedure should be made publicly available on the Shire's website and in hardcopy. 3. The procedure should include: <ol style="list-style-type: none"> a) what happens if the customer has been undercharged or overcharged; b) what the customer can do if dissatisfied with the outcome of the review c) that the customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal. d) That the licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received. 	EHO to develop written procedure for the reviewing of bills by 31 August 2015.		

B. Unresolved at end of current audit period			POST-AUDIT IMPLEMENTATION PLAN		
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating//Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
02/2014	<p>Next Review of Financial Hardship Policy <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 26(6)</i> <i>Not rated (no activity)</i></p> <p>The Shire's Financial Hardship Policy was approved by the Authority on 15 May 2014 and is not due for review until 2019.</p> <p>The requirement to review the policy every 5 years is stated in the policy, however to ensure compliance with this requirement, the Shire's Compliance Schedule should be updated for the required policy review due date.</p>	<p>The Shire should update the Compliance Schedule for the financial hardship policy next review due date.</p>	<p>EHO to update Compliance Schedule for Financial Hardship Policy and to include next review date by 31 August 2015.</p>		
03/2014	<p>Complaints Procedure <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 35(3),(4) & (6)</i> <i>Non-compliant – minor impact</i></p> <p>The audit reviewed the Shire's Complaints Handling policy and noted that the policy does not cover the specific complaints procedures for sewerage charges as per the Code of Conduct. That is , the procedure does not inform the customer that they do not have to use the Shire's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</p>	<p>The Shire should update its Complaints Procedure to:</p> <ol style="list-style-type: none"> state that a customer may, but does not have to, use the complaints procedure before or instead of the procedures under the Act i.e. applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision to the State Administrative Tribunal; in addition to an option of applying to the Water Services Ombudsman, list the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint to the State Administrative Tribunal; and set out the benefits to the customer, in relation to time and costs, if the customer chooses to use the complaints procedure before or instead of the procedures under the Act i.e. Water Services Ombudsman or State Administrative Tribunal. 	<p>EHO to update Complaints Procedure as per Auditor's recommendation by 31 August 2015.</p>		
04/2014	<p>Prescribed Information to be Available in Hardcopy and on Website <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 36(1) and 37(1)</i> <i>Non-compliant – moderate impact</i></p> <p>The licensee must make the "prescribed information" publicly available. The definition of</p>	<p>The Shire should provide a brochure at the Shire office and on the website with the "prescribed information" for sewerage services as set out in Section 37 of the Code. This includes the fees and charges, bill payment options, discounts/concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.</p>	<p>EHO to develop a brochure stipulating the "prescribed information" as per Section 37 of the Code of Conduct by 31 August 2015. The brochure to be</p>		

B. Unresolved at end of current audit period			POST-AUDIT IMPLEMENTATION PLAN		
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating//Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
	<p>"publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy.</p> <p>The "prescribed information" is set out in Section 37 of the Code and includes the fees and charges, bill payment options. Concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.</p> <p>The auditor noted that this information is not currently available to customers. This information could be partially provided by obtaining a copy of the Department of Water's Easy Reference Guide to the Water Services Code of Conduct and making this available on the Shire's website and in hardcopy at the Shire's office. However, there also needs to be specific information in respect of the Shire's fees and charges, payment options, etc.</p>		available to customers in the Shire Office and on the Shire's website.		
05/2014	<p>Performance and Compliance Reporting</p> <p><i>Licence Conditions – Specific Clauses – Provision of Information Clauses 16(1) & 16(2)</i></p> <p><i>Non-compliant – minor impact</i></p> <p>In accordance with the Water Compliance Reporting Manual April 2014, 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 auditor reviewed the Shire's correspondence with the Authority and the Compliance and Performance Reports for 2011/12, 2012/13, 2013/14 and noted the following exception:</p> <ul style="list-style-type: none"> • The Compliance Report for the year 	The Shire should ensure that all future Compliance Reports are submitted to the Authority within the timeframes required.	EHO to develop a procedure by 31 August 2015 to ensure that all future Compliance Reports are submitted to the ERA within the required timeframes.		

B. Unresolved at end of current audit period			POST-AUDIT IMPLEMENTATION PLAN		
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating//Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
	ended 30 June 2013 was submitted on 6 September 2013 rather than by the due date of 3 September 2013.				
06/2014	<p>Internal Policies and Procedures relating to the Licence</p> <p><i>Water Services Act 2012 sections 84(4)&(5), 84(2), 87(2), 90(7), 119(2), 122(2), 128(4), 142, 143(2)&(3), 144(3), 145(2), 147(3)&(4), 151(1)-(3), 153(3), 186, 187(1)-(3), 190(4)-(5), 218(2).</i></p> <p><i>Water Services Regulations 2012 – Reg. 85.</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 15.1(d), 16(2)-(5), 17(1) - (2).</i></p> <p><i>Not rated</i></p> <p>The licence includes compliance obligations in respect of water service works, notification to the Authority of general or major water service works, road works, issue of work order notices or compliance notices, under and over charges, etc.</p> <p>Although the audit confirmed these activities had not occurred in the audit period, there are no documented internal procedures that would ensure compliance with these conditions of the licence in future.</p>	The Shire should develop and/or update internal procedures with the requirements under the licence re building works, road works, issue of work order notices or compliance notices, under and over charges, notification to the Authority within 10 business days of major or general water service works, etc. The detailed compliance obligations listed in this report could be used as a reference.	The EHO to develop internal procedures in respect to water services works. Road works, issue of work order notices or compliance notices, under and over charges, etc by 30 September 2015.		

3.6 Current Review Asset System Deficiencies and Recommendations – Shire of Gnowangerup and Post-Review Implementation Plan - Gnowangerup Sewerage Scheme

Table of Current Review Asset System Deficiencies and Recommendations					
A. Resolved during current review period					
Ref.	Asset System Deficiency (Rating/AMS Component/Effectiveness Criteria/Details)	Date Resolved (& management action taken)	Licensee's Response to Auditor's Findings		
	Nil				
B. Unresolved at end of current review period				POST-REVIEW IMPLEMENTATION PLAN	
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
07/2014 B2	<p>Asset Creation and Acquisition <i>Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.</i></p> <p>The Legislative Requirements Section of the AMP still refers to the Water Services Act 1995 and the operating licence issued in 2009 and do not reflect the most recent changes to the legislation including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as changes to the operating licence (new version of the operating licence was issued on 18 November 2013).</p>	The Legislative Requirements Section of the AMP should be updated to reflect the recent changes to the legislative requirements including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as for the new version of the operating licence issued on 18 November 2013.	The EHO to update the AMP's Legislative Requirements to reflect recent changes to relevant Water Services legislation by 30 September 2015.		
08/2014 B2	<p>Asset Disposal and Maintenance <i>Under-utilised and under-performing assets are identified as part of a regular systematic review process.</i></p> <p>The revised AMP includes annual physical inspections. A CCTV inspection and jet washing of access chambers and pipes was completed in July 2014. The assets are generally in good condition. There are some minor repairs and maintenance that need to be carried out.</p>	<p>a) The Shire should review the July 2014 CCTV report on the condition of the access chambers and pipes and complete any further action required, whether immediate repairs or as part of the planned maintenance program over the next 12 months.</p> <p>b) The Asset Register should be</p>	<p>The EHO to ensure that the 2014 CCTV report is reviewed by appropriate staff and any required works are carried out by 30 October 2015.</p> <p>The EHO to</p>		

B. Unresolved at end of current review period			POST-REVIEW IMPLEMENTATION PLAN		
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
		<p>updated for the condition assessment and date inspected for future reference.</p> <p>c) If planned maintenance is required, it needs to be included in the Shire's planned work programme and marked off as it is completed.</p>	<p>update the Asset Register by 30 October 2015.</p> <p>The EHO/MOWs to ensure that maintenance works are included in the Shire's planned work program and marked off as it is completed annually.</p>		
09/2014 A3	<p>Asset Maintenance – Treatment Ponds <i>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</i></p> <p>As noted in the previous review in April 2014, remedial work is needed on the wastewater treatment ponds. This was due for completion in December 2014 but has not yet been completed. \$50,000 is included in the 2014/15 budget</p> <p>From physical inspection of the treatment ponds during this review and the previous review, it was noted that the ponds require desludging to remove the build-up of nutrients. The ponds do not appear to be progressively cleaning the water due to the build-up. Also, the levy bank between treatment ponds 3 and 4 has been breached which whilst not impacting the continued operation of the scheme, will affect the progressive cleaning of the incoming water once the ponds are cleaned. There is also overgrown vegetation around the ponds that is reducing the capacity of the ponds. The security fencing around the ponds also needs to be repaired.</p>	<p>As planned, the Shire should complete the planned major maintenance to clean and refurbish the treatment ponds. The system used to convey the flows between the ponds can be reviewed when it is cleaned. The breach wall should be rebuilt and a "tee" collection pipe rebuilt between the ponds 3 and 4. There may be a need to ensure there are better baffles between the ponds to help prevent the sludge flowing through. The treatment ponds should have adequate security fencing around the perimeter to prevent unauthorised or accidental entry to the ponds.</p>	<p>Works to refurbish the treatment ponds commenced on 11 March 2015.</p> <p>The EHO to assess works carried out April 2015.</p>		

B. Unresolved at end of current review period			POST-REVIEW IMPLEMENTATION PLAN		
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	PAIP	Corrective Action	Status
10/2014 A3	<p>Financial Planning – Source of Funding</p> <p><i>The financial plan identifies the source of funds for capital expenditure and recurrent costs.</i></p> <p><i>The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i></p> <p>The Shire has a specified area rating which is applied to all properties connected or capable of being connected to the sewerage scheme in the Ongerup town site. The purpose of this rate is to offset the cost of the sewerage treatment, including operation, maintenance, administration, depreciation and loan repayments.</p> <p>The Shire also maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and upgrading of capital facilities for the Ongerup Sewerage Scheme.</p> <p>The AMP has been updated for capital expenditure and operating/maintenance costs for the 20 years to 2033. The AMP notes that additional funding sources may be needed and that the Shire should consider this in its long term financial planning.</p> <p>The specified area rate income for the scheme in 2013/14 was \$4,055 in 2013/14 increasing to \$10,000 in the 2014/15 budget. The annual operating, maintenance and renewal costs range from \$15,610 in 2015/16 to \$25,310 in 2033.</p> <p>The capital and operating costs for the next 5 years are covered by the sewerage reserve of \$100,188 at 30 June 2014 and the \$10,000 per annum being set aside plus the \$50,000 operating budget for the refurbishment of the treatment ponds in 2014/15. However, over the next 20 years, there is an annual funding gap of \$5,610 in 2015/16 rising to \$15,310 in 2033/4.</p>	The Shire should determine, as part of its long term financial planning, the source of funds for the increasing funding gap between the rates collected for the Ongerup sewerage scheme and the long term operating, maintenance and capital renewal costs.	The EHO to submit a report to Council in April 2015 outlining the deficiency in the Ongerup Sewerage Scheme Reserve Fund and the need to increase the rates for sewerage services.		