

Shire of Kent – 2014 Operational Audit and Asset Management System Review

Post-Audit Implementation Plan

Reference (no./year)	Asset System Deficiency	Auditor's recommendation	Management action	Person Responsible	Target Date for Completion
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.</p> <p>The Shire does not have a written procedure for review of a bill on the customer's request.</p> <p>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 	<p>The Shire of Kent has a comprehensive procedure in place for the review of Rate charges and sewerage charges as they form part of the rate notice. Because the sewerage charges are a rate, should there be a variation to the land rates, there would also be a review of the sewerage rate by default as any change that is made to the property values will automatically trigger a review of the sewerage charge on the rate notice.</p> <p>The two types of charge (rate) automatically trigger a review of the other should there be an overcharge or undercharge that the Council wishes to address.</p> <p>The fees and charges of the Council are checked 3 or 4 times prior to the Council adoption process and it would be highly unusual for there to be a significant error following this process.</p> <p>The trigger between these charges is always closely monitored and will continue to be into the future and will continue to be pursued as part of the Councils standard procedure for dealing with material errors in the charges to its customers.</p>	CEO	Will continue to monitor closely as has been the case in the past.

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		<p>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.</p>	<p>Council is a regulatory authority and a service provider not a commercial entity with profit in mind.</p>		
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> The Shire's Financial Hardship Policy was approved by the Authority on 3 July 2014 and is not due for review until 2019. 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>Council will review the Financial Hardship Policy prior to the next audit, in fact it will be reviewed annually to ensure relevance and compliance.</p> <p>The idea of a compliance schedule for this particular issue, we believe, is far and away overly prescriptive for the some 50 customers that the Shire of Kent services. There has never been, in my 5 years here an instance of financial hardship.</p>	CEO	By 31 December each year.
03/2014	<p>Complaints Procedure <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 35(2),(3),(4) & (6)</i> <i>Non-compliant – minor impact</i> The Shire's Complaints</p>	<p>1. The Shire should update its complaints handling policy to:</p> <p>a) state how the complaints are to be lodged and recorded and time limits for</p>	<p>The Council has a complaints procedure which will be reviewed prior to the next audit and it will be tailored to comply with the complaints handling requirements of the Water Services Act and the other legislated responsibilities that</p>	CEO	30 June 2016

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	<p>Handling policy is not fully compliant with the relevant provisions of the AS ISO 10002-2006 and the Authority's Customer Complaints Guidelines dated October 2008 as it:</p> <ul style="list-style-type: none"> • does not state how the complaints are to be lodged and recorded and time limits for acknowledging and responding to complaints; and • the policy is not publicly available. The auditor was unable to locate the Shire's Policy – Complaints Handling on the Shire's website or in the Shire's office. <p>The audit reviewed the policy and noted that the policy is silent on how complaints are to be lodged and recorded and on time limits for responding to complaints in accordance with the Water Services Code of Conduct (Customer Service Standards) 2013.</p> <p>Also, the policy does not inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act,</p>	<p>acknowledging and responding to complaints.</p> <p>b) 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;</p> <p>c) 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</p> <p>d) 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</p>	<p>the Shire of Kent will need to adhere to.</p> <p>Not being a commercial service provider, I believe that these recommendations are somewhat over the top. I note that this policy was approved by the ERA, and the various advocacy groups prior to adoption.</p> <p>The key issue with the policy is for staff to undertake the procedures relating to complaints and to then advise the customer of the process, the customer only needs to enquire, not necessarily make a complaint to trigger a review of their issue. Once again there has not been a complaint in the 5 years that I have worked for the shire and I find no evidence of one in past years either.</p>		

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	and set out the costs and benefits to the customer if they use the Shire's complaint resolution procedure instead of the procedures under the Act.	<p>Services Ombudsman or State Administrative Tribunal.</p> <p>2. The Shire should publish its complaint handling policy on its website as well as display the hardcopy of the policy in the reception area of the Shire's office.</p>			
04/2014	<p>Prescribed Information to be Available in Hardcopy and on Website</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 37(1)</i></p> <p><i>Non-compliant – minor impact</i></p> <p>The licensee must make the prescribed information publicly available. The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy.</p> <p>The auditor noted that this information is partially provided in the hardcopy annual Rates Newsletter and Budget Information leaflet that is being forwarded to each customer together with the annual Rate Notice. These provide information about fees and</p>	<p>a) The Shire should make available in hardcopy at the Shire office and on the website, the Department of Water's Easy Reference Guide to the Water Services Code of Conduct</p> <p>b) The Shire should publish the annual Rates Newsletter and Budget Information leaflet on the Shire's website.</p>	<p>The budget information is sent to every household within the shire even though there are less than 50 actual residential connections to the two systems in total and it contains the relevant information.</p> <p>We will move to posting this document on the website over the course of the following year.</p>	CEO	30 September 2015

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	<p>charges, bill payment methods and the fees and charges associated with each option, and the exemptions, discounts, rebates and concessions that are available to customers.</p> <p>However, the auditor was unable to locate the Rates Newsletter and Budget Information leaflet on the licensee's website.</p> <p>The remaining information could be 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.</p>				
05/2014	<p>Performance and Compliance Reporting</p> <p><i>Licence Conditions – Specific Clauses – Provision of Information Clauses 16.1 and 16.2</i></p> <p>Non-compliant – minor impact</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 	<p>The Shire should ensure that all future Compliance Reports are submitted to the Authority within the timeframes required.</p>	<p>Agreed</p>	<p>CEO</p>	<p>Immediately</p>

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	<p>31 July for the reporting year ending 30 June; and</p> <ul style="list-style-type: none"> • 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 exceptions:</p> <ul style="list-style-type: none"> • Although the Compliance Report for the year ended 30 June 2012 was submitted on time, the report omitted a non-compliance regarding the Customer Service Charter and contained unnecessary inclusion of non-compliances that occurred during previous reporting years. As requested by the Authority, the 2012 Compliance Report was subsequently amended and re-submitted by the 				

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	<p>Shire.</p> <ul style="list-style-type: none"> The Compliance Report for the year ended 30 June 2013 was submitted on 9 September 2013 due to staff illness and therefore after the due date. This was not reported in the 2014 Compliance Report. <p>The Compliance Report for the year ended 30 June 2014 was submitted after the due date due to an oversight. This should be included in the 2014/15 Compliance Report.</p>				
06/2014	<p>Compliance Register <i>Licence Conditions – Specific Clauses – Provision of Information Clause 16.2</i> <i>Non-compliant – minor impact</i></p> <p>Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that Authority expects licensees to maintain a compliance (or breach) register in respect of their licence conditions. The Shire's CEO advised that they don't keep a compliance breach register.</p>	<p>The Shire should maintain a Compliance Breach register in respect of their licence conditions to ensure that all contraventions of the licence conditions for each financial year are reported to the Authority in the annual compliance report.</p>	<p>Council reports its compliance breaches annually through the relevant reporting process.</p> <p>There have been no material breaches of compliance over the past 5 years and therefore there is no breach to report beyond the reporting breaches.</p> <p>A register will be initiated.</p>	CEO	Immediately
07/2014	Internal Policies and	The Shire should develop	Council has other legislated		

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	<p>Procedures relating to the Licence</p> <p><i>Water Services Act 2012 sections 82(4)&(5), 84(2), 87(2), 90(7), 119(2), 122(2), 128(4), 129(5), 139(3), 142, 143(2)&(3), 144(3), 145(2), 147(3)&(4), 151(1)-(3), 153(3), 165(5)&(6), 170, 173(4), 174(1)&(3), 175(2)&(5), 176(1),(3)&(4), 181, 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 16(2)-(5), 17(1)-(2).</i></p> <p>Licence – Clause 15.1(d)</p> <p><i>Not rated</i></p> <p>The licence includes compliance obligations in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, lodgement of memorial, acquiring interest in land, proposal for major works, minimising damage when undertaking works, issuance of compliance notices,</p>	<p>and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works.</p> <p>The detailed compliance obligations listed in this report could be used as a reference.</p>	<p>obligations as a regulatory body with regard to property and access and while it will endeavour to comply on each occasion to the requirements of each legislated obligation it may occur from time to time that this matter will cause some differences in method.</p> <p>A matrix will be created to outline these responsibilities and management will tackle each piece of legislation as an individual case.</p>	CEO	30 June 2016

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	<p>under and over charges, and informing the Authority within 10 days of major and general works.</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>				

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Post-Review Implementation Plan

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(For 01/2015 to 07/2015, refer Operational Audit recommendations) 08/2014 B2	Asset Creation and Acquisition <i>Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.</i> 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).	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.	Agreed, references will be updated immediately	CEO	Immediate
09/2014 A2	Financial Planning <i>The financial plan provides for the operations and maintenance, administration and capital expenditure</i>	As noted in the Asset Management Plan, a long term funding strategy should be developed for the replacement of the sewerage scheme assets at the end of	Council has been reviewing other options to the complete replacement of the system. There are new injection style technologies that may well be a cost effective alternative to	CEO	30 June 2016

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	<p><i>requirements of the services.</i></p> <p>The AMP includes a projection of income each year until 2016/17. The income is close to covering the operating costs of the scheme but does not provide adequate funding for future replacement of the assets based on an annuity of \$102,525 being required. The existing sewerage reserve has a balance of approximately \$128,000.</p> <p>Longer term asset replacement strategy is under review with a view to completion by June 2015. There is more work to do in relation to condition reporting relating to optimum replacement timing. The system is currently in good condition and is functioning without issue.</p> <p>Council staff are to determine an optimum replacement strategy based around the likely life of the system given the current condition. Council has made financial provision within the Asset Management Plan to replace the system in stages from 2017. However final modelling of the replacement strategy will determine the ideal timing of commencement of the</p>	<p>their economic life.</p>	<p>wholesale replacement of the mains assets.</p> <p>Further investigation will take place during the following year to ensure that the most cost effective middle to long term management of the asset replacement takes place.</p>		

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	works.				