



Notice

5 June 2015

Shire of Kent

2014 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (ERA) has published the 2014 operational audit (**audit**) and asset management system review (**review**) report, and the post-audit and post-review implementation plan, for the Shire of Kent's (**Shire**) water services licence WL20.

- [2014 Audit and Review Report](#)
- [2014 Post-Audit and Post-Review Implementation Plan](#)

Action by the ERA

The ERA is satisfied the Shire has demonstrated an adequate level of compliance with its licence conditions and has decided to maintain the period of time until the next audit at 36 months.

The ERA is satisfied that the Shire has an effective asset management system, and has decided to increase the period of time until the next review from 13 months to 36 months.

The next audit and review will cover the period from 1 December 2014 to 30 November 2017, with the report on the audit and review to be provided to the ERA by 28 February 2018.

BACKGROUND

Audit

The audit report disclosed a total of 15 non-compliances.

The auditor has made seven recommendations with respect to the audit. Five recommendations address 11 of the 15 non-compliances, one recommendation addresses a process improvement, and one recommendation addresses 45 licence conditions that were not rated for compliance (because no relevant activity occurred during the audit period), but were found to have ineffective controls, resulting from a lack of written policies and procedures.¹

The ERA is satisfied that the audit recommendations address non-compliances that relate to minor administrative matters, or licence conditions with inadequate controls that have not adversely impacted customers.

The post-audit implementation plan provided by the Shire shows that the actions to address the

¹ Of the remaining four non-compliances, three were consequential to other non-compliances and did not require a separate recommendation, and one non-compliance was rectified by the Shire during the audit period.



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recommendations are due for completion by 30 June 2016.

The ERA is not satisfied with the Shire's actions in its post-audit implementation plan that address two recommendations; the Shire to have a written procedure for the review of a bill on the customer's request, and have the information prescribed by the *Water Services Code of Conduct (Customer Service Standards) 2013*, available from the Shire's office and on its website.² The ERA has requested that the Shire fully address both recommendations in an updated post-audit implementation plan to be provided to the ERA by 29 June 2015.

Review

Of the 12 asset management components assessed by the review, eight components were rated A1 (highest rating), two components were rated A2 (opportunity for improvement), and two components (were rated B2 (requires some improvement)).

The auditor made two recommendations in the review, both of which address process improvements.

The post-review implementation plan prepared by the Shire shows the actions to address the auditor's recommendations are due for completion by 30 June 2016.

For further information contact:

General Enquiries

Paul Reid
Economic Regulation Authority
Phone: 08 6557 7900
Email: records@erawa.com.au

Media Enquiries

Richard Taylor
Riley Mathewson Public Relations
Phone: 08 9381 2144
Email: admin@rmpr.com.au

² Under clause 37(1) of the *Water services Code of Conduct (Customer Service Standards) 2013*, the Shire must make the 'prescribed' information relating to enquiry/translator services; powers of access to premises; and interruptions to supply available at its office and on its website.