



# Notice

22 June 2015

## Shire of East Pilbara

### 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 East Pilbara's (**Shire**) water services licence WL17.

- [2014 Audit and Review report](#)
- [2014 Post-Audit and Post-Review implementation plan](#)

### Action by the ERA

The ERA is satisfied that the Shire has demonstrated an adequate level of compliance with its licence conditions, and the majority of its asset management system is effective; however, there is scope to improve asset planning, asset operations, contingency planning and capital expenditure planning.

The ERA has decided to retain the period of time until the next Audit and Review at 36 months. The next Audit and Review will cover the period 1 December 2014 to 30 November 2017, with the reports on the Audit and Review to be provided to the ERA by 28 February 2018.

### BACKGROUND

#### Audit

The Audit report disclosed seven non-compliances, which relate to three issues: providing a non-potable water service outside the Shire's licence operating area; not having a formal works holding arrangement with the owner of the non-potable water reticulation system; and submitting annual reporting to the ERA after the due date. Two consequential non-compliances resulted from the above non-compliances.<sup>1</sup>

The auditor made three recommendations to address seven identified non-compliances. The recommendations are due to be completed by 30 June 2015.

The ERA's assessment is that the non-compliances relate to administrative matters that have not had a significant adverse impact on customers or third parties. Accordingly, the ERA has decided to retain the 36 month Audit period.

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<sup>1</sup> Two of the seven non-compliances relate to licence obligations requiring the Shire to comply with applicable legislation.



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## Review

The auditor made 10 recommendations in the Review, which require the Shire to either update existing asset management documentation (six recommendations); develop new operational procedures (one recommendation); update a risk assessment of the non-potable water reticulation assets (one recommendation); update the contingency plans and test them semi-annually (two recommendations). Four of the recommendations relate to the non-potable water reticulation assets, which have only recently been transferred to the Shire by BHP.

Eight of the 10 recommendations are due to be addressed by the Shire by 31 October 2015, and one recommendation (contingency planning) is scheduled to be completed by 31 December 2015. The remaining recommendation, concerning financial planning, is due to be completed by 31 May 2016, to coincide with the Shire's annual budget preparation.

The ERA requires the Shire to bring forward, to 31 October 2015, the recommendation to update its contingency plans to include the non-potable water assets.

For further information contact:

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