

Operational Audit and Asset Management System Review

Shire of Victoria Plains

3604-70

Prepared for
Economic Regulation Authority of Western
Australia

11 May 2015



Contact Information

Cardno (QLD) Pty Ltd
 ABN 57 051 074 992

Level 11, Green Square North Tower
 515 St Paul's Terrace
 Locked Bag 4006
 Fortitude Valley Qld 4006

Telephone: 07 3369 9822
 Facsimile: 07 3369 9722
 International: +61 7 3369 9822

www.cardno.com.au

Document Information

Prepared for	Economic Regulation Authority of Western Australia
Project Name	Shire of Victoria Plains
File Reference	Audit Report - Shire of Victoria Plains.docx
Job Reference	3604-70
Date	11 May 2015

Document Control

Version	Date	Description of Revision	Prepared By	Prepared (Signature)	Reviewed By	Reviewed (Signature)
1.0	02/3/2015	Draft for ERA Review	Justin Edwards	JE	Stephen Walker	SVW
2.0	11/05/2015	Updated for ERA comments	Justin Edwards	JE	Stephen Walker	SVW

Version	Reason for Issue	Approved for Release By	Approved (Signature)	Approved Release Date
1.0	Draft for ERA Review	Stephen Walker	SVW	04/03/2015
2.0	Updated for ERA comments	Justin Edwards	JE	11/05/2015

© Cardno 2015. Copyright in the whole and every part of this document belongs to Cardno and may not be used, sold, transferred, copied or reproduced in whole or in part in any manner or form or in or on any media to any person other than by agreement with Cardno.

This document is produced by Cardno solely for the benefit and use by the client in accordance with the terms of the engagement. Cardno does not and shall not assume any responsibility or liability whatsoever to any third party arising out of any use or reliance by any third party on the content of this document.

Executive Summary

General

The Shire of Victoria Plains holds a water services operating licence (WL34) which permits it to provide sewerage services and undertake, maintain and operate associated water service works to the Shire of Victoria Plains. Although the Shire is also licensed for the provision of non-potable water supply services, it does not provide these services. The operating licence was granted by the Economic Regulation Authority (ERA) on 29 April 1996 and subsequently amended on 18 November 2013.

The Shire provides sewerage services through operating two sewerage schemes, located in the townships of Calingiri and Yerecoin. The two schemes were originally constructed during 1981 (Calingiri) and 1983 (Yerecoin). Both schemes are gravity driven septic tank effluent disposal systems. Collectively the schemes consist of approximately 2.77km of sewerage reticulation mains with 3 oxidation ponds serving approximately 175 people on 93 properties and 9 non-residential properties. The schemes collect and treat approximately 11,500 kL of residential and commercial liquid wastes each year. The ponds have a storage capacity of 960 m³ (Calingiri) and 435 m³ (Yerecoin). Treated effluent overflows into evaporation drains in Calingiri and Yerecoin.

There have been no significant changes to the assets since the last audit. The Authority issued a new licence (WL34, Version 3) on 13 November 2013 consistent with the Water Services Act 2012.

Audit and Review Objectives

Cardno was commissioned by the ERA to undertake an operational audit and asset management system review of the Shire of Victoria Plains in accordance with the requirements set out in Sections 24 and 25 of the Water Services Act 2012 (WA) and also included in Clauses 14 and 20 of its operating licence.

The operational audit has been conducted in order to assess the Shire of Victoria Plains' level of compliance with the conditions of its operating licence.

The asset management system review has been conducted in order to assess the effectiveness of the Shire of Victoria Plains' asset management system.

This report outlines the findings of the audit and review of the Shire of Victoria Plains to fulfil the above objectives, conducted on 6 February 2015. The operational audit covers the period of 1 December 2011 to 30 November 2014. The asset management system review covers the period 1 December 2011 to 30 November 2014.

The audit was carried out in accordance with the Audit and Review Guidelines: Water Licences, as published by the ERA in July 2014.

Operational Audit

Findings from the Previous Operational Audit

The previous audit identified the following non-compliances:

1. The Performance Report for the years ending 30 June 2009 and 30 June 2010 were submitted after the due date. The Compliance Reports for the year ending 30 June 2010 and 30 June 2011 should have reported this as a non-compliance.

In addition to the non-compliances that were identified, the previous audit also identified a number of outstanding and partially completed issues:

1. The Compliance Schedule that has been developed and implemented by the Shire does not include the required timeframes for the notification of the asset management system changes to the Authority. The Monitoring and Review Procedures section of the Asset Management Plan has not been updated

for the requirement to notify the Authority of any changes to the asset management system within the required timeframe. The Document history section was not included in the Asset Management Plan update in June 2011 due to an oversight.

Findings from the Current Operational Audit

Issues identified during the current audit (with reference to the summary of recommendations in Section 6):

Water Services Act 2012

1. A1/2015 – The licensee has not complied with all applicable legislation.
2. A2/2015 – The licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013.
3. A3/2015 - The licensee does not provide required notification of and requirements as to building work within 7 days of receiving the fee for dealing with the notification. As there is no evidence from the audit period that the licensee has not met the notification timeframe, this does not constitute a non-compliance but reflects is a controls issue.

Water Services Code of Conduct (Customer Service Standards) 2013

4. A4/2015 – The licensee did not have all of the written information for customers about the specified matters under Section 21, Section 21(2)(c) or (3)(c) and Section 73 of the Act.
5. A5/2015 to A7/2015 – The licensee does not have a formal written procedure for the review of a bill on the customer's request. Therefore, it does not meet the obligation to include the specified information and be publically available.
6. A8/2015- Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers (Clause 21(1)).
7. A9/2015 – The Licensee does not have a complaints procedure that meets the requirements of AS ISO 10002.
8. A10/2015 – The licensee's complaints procedure does not fully address the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.
9. A11/2015 – The licensee does not have a complaints procedure that sets out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.
10. A12/2015 - The licensee's does not have a complaints procedure that is publicly available.
11. A13/2015 - The licensee does not reference large print services being available if required by its customers.
12. A14/2015 - The licensee does not make all of the prescribed (Clause 37(1) of the Code) information publicly available.

Water Services Act 2012 (Licence Conditions)

13. A15/2015 - The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.

Summary Opinion of the Control Environment

With respect to the operation of the licenced services during the audit period, the Auditors conducted tests and assessed the control environment, the procedures, policies and performance of the Shire of Victoria Plains and found that it had an adequate control environment to ensure that the majority of licence obligations are met and that it generally operates in accordance with the operating licence. For the non-

compliances observed, we found that the controls were generally adequate. We did not observe any instances where we considered the controls in place to be inadequate.

Operational Audit - Overall Compliance

The overall compliance of the Shire of Victoria Plains with its licence is summarised in Section 4.2 of this report. 15 items of 171 were rated as non-compliant. All other items were assessed as compliant, not applicable or not able to be rated.

Asset Management System Review

Findings of the Previous Asset Management System Review

The asset management system review assessed the performance of the Shire of Victoria Plains against the key asset management processes and effectiveness criteria set out in the ERA Guidelines.

The previous asset management system review made the following recommendations:

1. Asset Disposal: Record in the Asset Register, the condition of each asset component of the scheme based on inspections carried out.

Resolved during audit period

2. Contingency Plans: Complete the development of detailed contingency plans to support the management strategies in the Asset Management Plan and conduct annual testing of the plans.

Resolved during audit period

Findings of the Current Asset Management System Review

The review of the Shire of Victoria Plains asset management system identified that all of the asset management processes were rated B2 or better.

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee's system meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide. Generally the gradings that we have assigned to the licensee's asset management system components reflect that there is room for improvement to achieve what would be considered 'best practice'.

Process improvement opportunities have been included in the review, Table 5.2. The following recommendations and process improvement opportunities were identified during the current review:

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R1/2015	B2 <i>Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</i>	Legal, environmental and safety obligations are documented in Section 2.3 of the Asset Management Plan. However, as the AMP has not been updated since 2012, a number of the references are out of date and will need to be revised in the next update of the document.	We recommend that the legal, environmental and safety obligations included in the Asset Management Plan are reviewed and revised in the next update of the document.
R2/2015	B2 <i>Environmental Analysis – Compliance with statutory and</i>	The licensee has identified statutory and regulatory requirements in its Section 2.3 of the AMP. However, it makes reference to the	We recommend that the asset management plan be updated to reflect the new legislative framework.

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
	<i>regulatory requirements</i>	Water Services Licensing Act 1995 which has been superseded by the Water Services Act 2012.	
R3/2015	B2 <i>Environmental Analysis – performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved / achievement of customer service levels.</i>	Outside of the compliance reporting requirements there does not appear to be further historical analysis of the licensee's performance against these measures.	We recommend that past records on the performance measures be documented in the AMP with any significant deviation from the standard justified.
R4/2015	B2 <i>Asset Operations – Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of asset's physical/structural condition and accounting data</i>	Although the Condition and Performance module of the AMS includes an inspection program and allows inspection findings to be recorded against each asset, the licensee has developed its own templates for managing the inspection program and recording the appropriate information.	We recommend that this information be transferred into the Condition and Performance module of the AMS as this system is being used as the main tool for the licensee's asset management planning.
R5/2015	B2 <i>Asset Operations – Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of asset's physical/structural condition and accounting data</i>	The AMP states that the asset register will be reviewed annually. This review process provides the opportunity to refine and keep this information up-to-date and relevant. However, we observed that the Asset Register has not been updated since 2011 and the replacement values have not been inflated to 2015 costs.	We recommend that costs in the asset register are updated for inclusion in the AMP and for the licensee's asset planning purposes.
R6/2015	B2 <i>Asset Operations – Operational policies and procedures are documented and linked to service levels required</i>	The licensee does not have any specific operational or maintenance procedures for operating or maintaining the sewerage schemes.	Although the sewerage schemes are relatively simple, we would recommend that the licensee develops a simple step-by-step operational procedure and maintenance instruction to cover Sewer Blockages, Overflows and Spills.
R7/2015	B2 <i>Risk Management – Risks are documented in a risk register and treatment plans are actioned and monitored</i>	The licensee's risk assessment does not include risk consequences associated with the water licence, financial impact, the environment and OHS.	We recommend that the licensee's risk assessment be updated to include these risks.
R8/2015	B2 <i>Contingency Planning – Contingency plans</i>	The licensee completed a desktop emergency exercise test of the Contingency Plan in December 2012 to ensure	We recommend that the licensee complete an annual review of the Plan and Document Status section be added at the end of the Plan to allow version control/document history to be

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
	<i>are documented, understood and tested to confirm their operability and to cover high risks</i>	that the details in the Plan were correct. No further testing has been undertaken. The Contingency Plan was last reviewed in 2013 at the time the actions from the Post-Review Implementation Plan were completed.	recorded. We also recommend that the annual review of the Contingency Plan be added to the licensee's Compliance Register.
R9/2015	B2 <i>Contingency Planning – Contingency plans are documented, understood and tested to confirm their operability and to cover high risks</i>	The Contingency Plan includes appendices for an Emergency Contacts List, a Spare Parts and Equipment section and a List of Suppliers. However, these sections are not included in the Plan and are additional documents.	We recommend that the appendices be included in the single document to ensure that all of the necessary information can be accessed from a single document.
R10/2015	B2 <i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i>	A five year breakdown of the scheme operating expenditure is included in the AMP. However, this information provides the breakdown for the five years between 2011/12 and 2015/16.	Update the operating expenditure information included in the Asset Management Plan to provide details of forecasted costs. Although the Asset management Plan is reviewed and updated every five years, we recommend that this review period should be for the full document, with an annual update of the financial information.
R11/2015	B2 <i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i>	The capital expenditure component of the Financial Summary included in the Asset Management Plan is based on the five year capital works forecast developed in the AMS. However, the AMP needs to be updated as the latest revision of the document shows the proposed capital expenditure between 2011/12 and 2015/16.	Update the operating expenditure information included in the Asset Management Plan to provide details of forecasted capital expenditure costs.
R12/2015	B2 <i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i>	Section 4.2.4 of the Asset Management Plan includes the asset valuations for the sewer and reuse assets. However, the values included were established as at 30 June 2011 and will need to be re-valued and updated.	We recommend that the licensee's asset valuations be updated as the AMS and Asset Management Plan currently reports them as they were valued at 30 June 2011.
R13/2015	B2 <i>Capital Expenditure – There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</i>	The AMS forecasts a capex program out to 50 years based on the asset lives assigned to each type of asset and this is also included in the AMP. This forecast currently runs out to 2062 and needs to be updated as 2012 is the starting year.	Update the capital expenditure forecast in the AMS.

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R14/2015	<i>B2 Review of AMS – A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</i>	<i>We observed during the review of the asset management system that a number of items included the Asset Management Plan were out of date which indicates that the reviews of the document that have taken place have not been as thorough as they should have been.</i>	<p>We recommend that the Asset Management Plan is reviewed and updated each year so that as a minimum the financial/expenditure, improvement plan and maintenance schedule dates can be updated.</p> <p>Given the number of put-of-date items included in the latest version of the AMP, we recommend that the document is reviewed and updated by 30 June 2015.</p>

Assessment of the Effectiveness of the Asset Management System

Based on the outcomes of the audit, the Auditors found that the asset management processes and measures have been implemented and are being followed. It is the Auditor's opinion that the asset management system is generally operating satisfactorily given the size and simplicity of the sewerage scheme service.

However, there were a number opportunities for improvement identified for the majority of the licensee's asset management processes and these have been presented in the previous table.

Asset Management System Review - Overall Effectiveness

A summary of our assessment of the effectiveness of the Shire of Victoria Plains' Asset Management System is provided in Section 4.3. All elements have been rated "B" or better for policy and procedures. All elements have been graded "2" or better for performance.

Table of Contents

Executive Summary	iii
1 Introduction	1
1.1 Background	1
1.2 Purpose of this Report	1
2 Audit/Review Scope	3
2.1 Audit/Review Objectives	3
2.2 Scope of Works	3
2.3 Methodology and Approach	3
2.4 Time Period Covered by the Audit/Review	12
2.5 Time Period of the Audit/Review Process	12
2.6 Details of the Licensee Representatives Participating in the Audit/Review	12
2.7 Details of Key Documents and Other Information Sources	12
2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised	13
3 Licensee's Response to Previous Recommendations	15
4 Performance Summary	21
4.1 Assessment Rating Scales	21
4.2 Operational Audit Compliance Summary	22
4.3 Asset Management Review Effectiveness Summary	29
5 Observations and Recommendations	34
5.1 Performance Audit	34
5.2 Asset Management System Review	92
6 Recommendations	110
6.1 Performance Audit	110
6.2 Asset Management System Review	113
7 Confirmation of the Audit/Review	118

Tables

Table 2-1	Licence Audit Methodology	5
Table 2-2	Asset Management Review Methodology	8
Table 2-3	Details of Licensee Representatives	12
Table 2-4	Details of Audit / Review Team Members	14
Table 3-1	Previous Audit Non-compliances and Recommendations	15
Table 3-2	Previous Review Ineffective Components Recommendations	19
Table 4-1	Audit Compliance and Controls Rating Scales	21
Table 4-2	Asset Management Process and Policy Definition Adequacy Rating	21
Table 4-3	Asset Management Performance Ratings	22
Table 4-4	Audit Obligation Ratings	22
Table 4-5	Asset Management Review Effectiveness Summary	29
Table 5-1	Performance Audit Observations	34
Table 5-1	Asset Management System Review Observations	92
Table 6-1	Table of Current Non Audit Compliances and Recommendations	110

Table 6-2	Table of Current Review Asset System Deficiencies/Recommendations	113
-----------	---	-----

Appendices

Appendix A	Risk Management Framework
Appendix B	Asset Management Performance Rating Definitions

1 Introduction

1.1 Background

The Economic Regulation Authority (ERA) is responsible for regulating the licensing schemes for gas, electricity and water services in Western Australia. The primary objective of regulation is to ensure the provision of a fair, competitive and efficient environment for consumers and businesses, particularly where businesses operate as natural monopolies.

The Shire of Victoria Plains holds a water services operating licence (WL34) which permits it to provide sewerage services and undertake, maintain and operate associated water service works to the Shire of Victoria Plains. Although the Shire is also licensed for the provision of non-potable water supply services, it does not provide these services. The operating licence was granted by the Economic Regulation Authority (ERA) on 29 April 1996 and was last amended on 18 November 2013 to reflect the introduction of the *Water Services Act 2012*.

The Shire provides sewerage services through operating two sewerage schemes, located in the townships of Calingiri and Yerecoin. The two schemes were originally constructed during 1981 (Calingiri) and 1983 (Yerecoin). Both schemes are gravity driven septic tank effluent disposal systems. Collectively the schemes consist of approximately 2.77km of sewerage reticulation mains with 3 oxidation ponds serving approximately 175 people on 93 properties and 9 non-residential properties. The schemes collect and treat approximately 11,500 kL of residential and commercial liquid wastes each year. The ponds have a storage capacity of 960 m³ (Calingiri) and 435 m³ (Yerecoin). Treated effluent overflows into evaporation drains in Calingiri and Yerecoin.

1.2 Purpose of this Report

As a condition of its operating licence, the Shire of Victoria Plains is required to conduct a performance audit and asset management review that assesses its performance against its obligations under the licences.

Sections 24 and 25 of the *Water Services Act 2012* obligate the licensee to provide the Authority with an operational audit conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or such longer period as the Authority allows) and provide the Authority with a report by an independent expert acceptable to the Authority as to the effectiveness of the asset management system not less than once in every 24 month period (or such longer period as the Authority allows).

The purpose of the performance audit is to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations called up by the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee by considering:

- ▶ process compliance
- ▶ outcome compliance
- ▶ output compliance
- ▶ integrity of reporting
- ▶ compliance with any individual license conditions.

The asset management system review covers:

- ▶ 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.

2 Audit/Review Scope

2.1 Audit/Review Objectives

The objectives of this audit were to:

1. Provide to the Authority an independent assessment of the Shire of Victoria Plains' compliance with all of the relevant obligations under the licences
2. Provide to the Authority an independent assessment of the effectiveness the Shire of Victoria Plains' asset management system in relation to WL34
3. Provide recommendations to address non-compliances and asset management system deficiencies, if any.

2.2 Scope of Works

The audit encompassed an assessment of the following four key areas using a risk based approach (to ISO 31000:2009):

- ▶ Process compliance: assessment of the effectiveness of systems and procedures
- ▶ Outcome compliance: assessment of actual performance against the prescribed licence standards
- ▶ Output compliance: assessment of records to indicate procedures are followed and controls are maintained
- ▶ Integrity of reporting: assessment of the completeness and accuracy of the compliance and performance reports.

The scope of works of this audit included:

- ▶ Interviews with key staff members from the Shire of Victoria Plains to:
 - Assess findings from the last audit and review the actions taken to address the recommendations from the previous audit / review
 - Assess performance against licence conditions for WL34
 - Assess performance against each asset management process for WL34.
- ▶ Reviews of documents, procedures and policy manuals
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit and review report in accordance with the format outlined in the ERA Audit and Review Guidelines: Water Licences (July 2014).

2.3 Methodology and Approach

The audit was undertaken in accordance with ASAE3000. Our approach to the reporting work was to work closely with the licensee so that comments and challenges could be responded to and addressed before the audit report was finalised. The key areas of our approach included:

- ▶ A start-up discussion (by telephone) with the Shire to:
 - Discuss the main issues to be addressed at audit
 - Identify any issues from the previous audit

- Identify any new issues arising from changes to the Licence or operating environment requirements
 - Discuss the audit plan.
- ▶ Preparation of a draft audit plan for comment by the licensee. The audit plan identified the number and location of audits, the information to be addressed and the auditor responsible.
- ▶ Submission of the draft audit plan to the ERA for approval
- ▶ A start-up meeting on-site at the beginning of our audit work
- ▶ On-site audit work comprising:
 - Face-to-face interviews with business staff responsible for the audit area
 - Demonstration of key systems
 - Sample testing for outcome compliance (assessing sample of documents to confirm procedures / policies are followed and implemented)
 - Review of any non-compliances and assess if any corrective action was undertaken and its effectiveness
 - Controls assessment on obligations that are found to be non-compliant or assessed as audit priorities 1, 2 or 3, as per the Audit Guidelines, in the Audit Plan.
- ▶ Preliminary audit feedback at the audit close-out meeting
- ▶ Preparation of a draft report for the Shire's review and comment
- ▶ Preparation of a final report for submission to the ERA

Our methodology for completing this audit assignment was based on:

- ▶ A risk assessment that determined the priority of each audit area, using the risk management framework in Appendix A
- ▶ Our understanding of the licensee's business
- ▶ The experience of our audit team in undertaking regulatory audits which has been gained in several jurisdictions in Australia and in the United Kingdom
- ▶ The outcome of the previous audit completed of the licensee

Our audit methodology, including the key documents required to be reviewed and the supporting systems that we requested to see demonstrated, is detailed in Table 2-1 and Table 2-2.

Table 2-1 Licence Audit Methodology

Audit Area	Priority	Approach	Systems	Key Documents
Licence Audit				
Clause 4 Fees	5	<ul style="list-style-type: none"> Review invoices from Authority and receipts of payment 		<ul style="list-style-type: none"> Invoices and receipts
Clause 5 Compliance	Various	<ul style="list-style-type: none"> Review legislative requirements and confirm compliance Identify any corrective action applied to correct / prevent breaches of compliance 	<ul style="list-style-type: none"> Work scheduling system 	<ul style="list-style-type: none"> Performance standards Compliance Summary Reports (record of breaches)
Clause 12 Accounting Records	4	<ul style="list-style-type: none"> Check that 2011/12, 2012/13 and 2013/14 financial statements are signed off as being to appropriate standards 		<ul style="list-style-type: none"> 2011/12 Financial statement 2012/13 Financial Statement 2013/14 Financial Statement
Clause 13 Individual Performance Standards	NA	<ul style="list-style-type: none"> Confirm that not applicable 		
Clause 14 Operational Audit	4	<ul style="list-style-type: none"> Confirm Authority's requirement for an operational audit every 24 months Check if any requests have been submitted to the Authority to review requirements 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Previous operational audit reports Correspondence with the ERA
Clause 15 Reporting change in circumstances	5	<ul style="list-style-type: none"> Review any correspondence with the Authority 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Clause 16 Provision of Information	4	<ul style="list-style-type: none"> Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Annual compliance reports Annual performance reports Correspondence register
Clause 17 Publishing Information	4	<ul style="list-style-type: none"> Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Letters of notification / requests from the Authority Response to the Authority
Clause 18 Notices	4	<ul style="list-style-type: none"> Confirm all notices are issued in writing 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Issued notices Licensee communication/correspondence to the Authority
Clause 19	4	<ul style="list-style-type: none"> Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response 		<ul style="list-style-type: none"> Requests for review of decision (Correspondence)

Audit Area	Priority	Approach	Systems	Key Documents
Review of the Authority's Decisions				
Clause 20 Asset Management System	4	<ul style="list-style-type: none"> Confirm that the asset management policies and procedures meet legislative requirements. Note for compliance with this clause the auditor simply needs to assure themselves that an asset management system is in place (i.e. AMP, staff, IT system etc.). For the level of effectiveness the auditor should refer to the Asset Management System Review undertaken concurrently. 	<ul style="list-style-type: none"> Enterprise Asset Management System Computerised Maintenance Management System 	<ul style="list-style-type: none"> Asset Management Policies Asset Management Plans Asset Management Systems and Procedures Manual Asset Register
Clause 21 Water Services Ombudsman Scheme	4	<ul style="list-style-type: none"> Confirm whether the licensee is a member of a scheme and assess compliance 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Correspondence with Ombudsman
Clause 22 Standard Terms & Conditions	NA	<ul style="list-style-type: none"> Confirm that not applicable 		
Clause 23 Customer Contract	4	<ul style="list-style-type: none"> Check whether the Authority has asked for and approved a customer contract during the audit period. Confirm that the contracts comply with the Customer Contract Guidelines Check whether there have been any amendments to the customer contracts during the audit period. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Examples of customer contracts
Clause 24 Non Standard Terms & Conditions of Service	4	<ul style="list-style-type: none"> Assess whether the licensee has agreements with customers that include non-standard terms and conditions If applicable, confirm that the non-standard terms and conditions have been approved by the Authority If applicable, confirm annual reports of agreements containing non-standard terms and conditions have been published and comply with the operating licence requirements. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Examples of agreements with non-standard terms & conditions (if applicable) Annual reports of non-standard terms & conditions agreements
Clause 25 Supplier of Last Resort	4	<ul style="list-style-type: none"> Confirm whether the licensee is a supplier of last resort and, if applicable, assess compliance with the functions required under the operating licence. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA/Minister Last Resort Supply Plan
Clause 26 Duties of the Licensee	4	<ul style="list-style-type: none"> Assess compliance with the duties of the licensee under the Water Act 		<ul style="list-style-type: none"> Correspondence with ERA Compliance Summary Reports (record of breaches)

Audit Area	Priority	Approach	Systems	Key Documents
Clause 27 Provision of Water Services	4	<ul style="list-style-type: none"> Confirm the provision of services complies with those set out in Schedule 1 of the operating licence 		<ul style="list-style-type: none"> Current plan of operating area Customer contracts in place for the provision of water services
Clause 28 Provision of Water Services Outside Operating Areas	4	<ul style="list-style-type: none"> Check whether the licensee provides water services outside its designated operating area. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Current plans of operating area and map of licenced operating area
Clause 29 Works Holding Arrangements	4	<ul style="list-style-type: none"> Check whether any water service works that are not held by or for the licensee are covered by a Works Holding Arrangement agreement 		<ul style="list-style-type: none"> Works Holding Arrangements
Clause 30 Hardship Policy	4	<ul style="list-style-type: none"> Confirm that the licensee has a Hardship Policy and complies with any of the Authority's Financial Hardship Policy Guidelines that apply. 		<ul style="list-style-type: none"> Correspondence between licensee and ERA Hardship Policy
Clause 31 Memorandum of Understanding	NA	<ul style="list-style-type: none"> Confirm that not applicable 		

Table 2-2 Asset Management Review Methodology

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Asset Management Review				
Asset planning	<ul style="list-style-type: none"> Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning Service levels are defined Non-asset options (e.g., demand management) are considered Lifecycle costs of owning and operating assets are assessed Funding options are evaluated Costs are justified and cost drivers identified Likelihood and consequences of asset failure are predicted Plans are regularly reviewed and updated 	<ul style="list-style-type: none"> Review and assess the adequacy of asset planning processes Review and assess adequacy of asset management plans Assess if asset management plans are up to date Assess implementation of asset management plans (status) Assess whether the asset management plan clearly assigns responsibilities and if these have been applied in practice 	<ul style="list-style-type: none"> GIS Asset database / information system 	<ul style="list-style-type: none"> Overview of planning approach Population projections Infrastructure Planning Reports Example planning reports Review of asset management plans Service level agreements
Asset creation and acquisition	<ul style="list-style-type: none"> Full project evaluations are undertaken for new assets Evaluations include all life-cycle costs Projects reflect sound engineering and business decisions Commissioning tests are documented and completed Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood 	<ul style="list-style-type: none"> Review adequacy of policies and procedures in relation to asset creation and acquisition Review examples of creations / acquisitions to check if policies and procedures were followed and check costs against estimates 	<ul style="list-style-type: none"> Asset database / information system 	<ul style="list-style-type: none"> Policies and procedures for asset creating and acquisition. Accounting and engineering
Asset disposal	<ul style="list-style-type: none"> Under-utilised and under-performing assets are identified as part of a regular systematic review process The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken Disposal alternatives are evaluated There is a replacement strategy for assets 	<ul style="list-style-type: none"> Review adequacy of policies and procedures in relation to asset disposal, asset replacement, identification of under-performing assets Determine if a review on the usefulness of assets are undertaken Review examples to check that policies and procedures are being followed 	<ul style="list-style-type: none"> Asset database / information system 	<ul style="list-style-type: none"> Policies and procedures for asset disposal. Accounting and engineering

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Environmental analysis	<ul style="list-style-type: none"> Opportunities and threats in the system environment are assessed Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved Compliance with statutory and regulatory requirements Achievement of customer service levels 	<ul style="list-style-type: none"> Review performance and service standards over audit period Review performance / identify any breaches and non-compliances and corrective action taken Review adequacy of reporting and monitoring tools 		<ul style="list-style-type: none"> Policies and procedures Planning reports Customer service Compliance reports Strategic plans (if appropriate)
Asset operations	<ul style="list-style-type: none"> Operational policies and procedures are documented and linked to service levels required Risk management is applied to prioritise operations tasks Assets are documented in an Asset Register, including asset assessment of assets' physical, structural condition and accounting data Operational costs are measured and monitored Staff receive training commensurate with their responsibilities 	<ul style="list-style-type: none"> Review adequacy of policies and procedures in relation to asset operations Review staff skills / training and resources available Check that operations procedures are being followed including testing of the asset register, observation of operational procedures and analysis of costs Identify any operational events and corrective actions 	<ul style="list-style-type: none"> Asset information system SCADA 	<ul style="list-style-type: none"> Asset register Operations procedures Operational costs Daily / weekly / monthly checksheets Staff skills / resourcing structure
Asset maintenance	<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required Regular inspections are undertaken of asset performance and condition Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule Failures are analysed and operational / maintenance plans adjusted where necessary Risk management is applied to prioritise maintenance tasks Maintenance costs are measured and monitored 	<ul style="list-style-type: none"> Review adequacy of policies and procedures in relation to asset maintenance / maintenance functions Check that policies and procedures have been followed including testing of maintenance schedules, analysis of costs, Review maintenance schedules / plans Identify any maintenance events and corrective actions 	<ul style="list-style-type: none"> Asset information system 	<ul style="list-style-type: none"> Maintenance procedures and schedules Record of maintenance Maintenance costs
Asset Management	<ul style="list-style-type: none"> Adequate system documentation for users and IT operators 	<ul style="list-style-type: none"> Review adequacy of asset information system: <ul style="list-style-type: none"> Asset coverage 	<ul style="list-style-type: none"> Asset Management Information system 	<ul style="list-style-type: none"> AMIS manual AMIS data coverage and quality report

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Information System	<ul style="list-style-type: none"> Input controls include appropriate verification and validation of data entered into the system Logical security access controls appear adequate, such as passwords and that appropriate system access and functionality is provided to users Physical security access controls appear adequate Data backup procedures appear adequate Key computations related to licensee performance reporting are materially accurate Management reports appear adequate for the licensee to monitor licence obligations 	<ul style="list-style-type: none"> Functionality Data coverage Security User functionality granted is appropriate Review outputs / reports generated by systems and assess suitability for reporting against performance standards / licence obligations 		<ul style="list-style-type: none"> Asset reports
Risk management	<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system Risks are documented in a risk register and treatment plans are actioned and monitored The probability and consequence of risk failure are regularly assessed 	<ul style="list-style-type: none"> Review risk assessment coverage Review sample of risk mitigation to check policies and procedures are followed Assess staff understanding of risk management and adequacy of risk management training for staff 		<ul style="list-style-type: none"> Corporate Risk management framework Risk assessment
Contingency planning	<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	<ul style="list-style-type: none"> Review adequacy / relevance and currency of contingency plans Review if plans have been tested and report on findings Identify any improvements that have been actioned as a result of testing of the contingency plans 		<ul style="list-style-type: none"> Contingency plans
Financial planning	<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives The financial plan identifies the source of funds for capital expenditure and recurrent costs The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) 	<ul style="list-style-type: none"> Review adequacy and effectiveness of financial planning and reporting processes Review current financial plan and assess whether the process is being followed 		<ul style="list-style-type: none"> Financial Plan

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
	<ul style="list-style-type: none"> The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary 			
Capital expenditure planning	<ul style="list-style-type: none"> There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates The plan provides reasons for capital expenditure and timing of expenditure The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned 	<ul style="list-style-type: none"> Review adequacy and effectiveness of capital planning processes through examination of application of process and example documents 	<ul style="list-style-type: none"> Spreadsheets for capital planning and prioritisation 	<ul style="list-style-type: none"> Capital expenditure planning process outline Value engineering documents Risk management applied to investment planning Program management documents Review of capex estimate v outturn
Review of AMS	<ul style="list-style-type: none"> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current Independent reviews (e.g., internal audit) are performed of the asset management system 	<ul style="list-style-type: none"> Determine when the asset management plan was last updated and assess whether any significant changes have occurred Determine whether any independent reviews have been performed. If so, review results and action taken Consider the need to update the asset management plan based on the results of this review Determine when the AMS was last reviewed. 		<ul style="list-style-type: none"> Asset management plans

2.4 Time Period Covered by the Audit/Review

The operational licence audit covers the period from 1 December 2011 to 30 November 2014. The asset management system review covers the period from 1 December 2011 to 30 November 2014.

The previous operational licence audit covered the period from 1 December 2008 to 30 November 2011 and was undertaken by Quantum Management Consulting and Assurance (Quantum Assurance). The previous asset management system review covered the period from 1 December 2008 to 30 November 2011 and was undertaken by Quantum Management Consulting and Assurance (Quantum Assurance).

2.5 Time Period of the Audit/Review Process

The audit/review commenced in October 2014 with preparation of the draft Audit Plan. Interviews with the Shire of Victoria Plains' staff were carried out on 6 February 2015 at the Shire's office in Cavell Street Calingiri, WA.

2.6 Details of the Licensee Representatives Participating in the Audit/Review

Details of representatives from the Shire of Victoria Plains who participated in the audit and review process are provided in Table 2-3 below.

Table 2-3 Details of Licensee Representatives

Name	Organisation	Role
Ian Graham	Shire of Victoria Plains	Deputy CEO/Finance and Administration Manager
Linton Thomas	Shire of Victoria Plains	Environmental Health Officer

2.7 Details of Key Documents and Other Information Sources

- ▶ Shire of Victoria Plains Water Services Operating Licence – WL34, Version 2, 15 May 2009
- ▶ Shire of Victoria Plains Water Services Operating Licence – WL18, Version 3, 18 November 2013
- ▶ Quantum Assurance, Shire of Goomalling Operational Audit and Asset Management System Review, Final Report, February 2012
- ▶ Updated Post Audit Implementation Plan Shire of Victoria Plains Water Licence Operational Audit and Asset Management Review dated 6 February 2013
- ▶ Shire of Victoria Plains Customer Charter Wastewater Services (reviewed July 2014)
- ▶ Sample of Shire of Victoria Plains Newsletters
- ▶ Sample of monthly Council meeting minutes
- ▶ Shire of Victoria Plains website (<http://www.victoriaplains.wa.gov.au/>)
- ▶ Shire of Victoria Plains - Financial Hardship Policy for Water Services, April 2014
- ▶ Shire of Victoria Plains Disability Access and Inclusion Plan
- ▶ Shire of Victoria Plains Annual Report 2011/12
- ▶ Shire of Victoria Plains Annual Report 2012/13
- ▶ Shire of Victoria Plains Annual Report 2013/14
- ▶ Shire of Victoria Plains Waste Water Services – Compliance Schedule
- ▶ Shire of Victoria Plains Sewerage System Defect and Complaint Report template

- ▶ Shire of Victoria Plains Complaints and Investigation Procedures
- ▶ Performance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014
- ▶ Compliance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014
- ▶ Hard copy file of Correspondence between the Shire and the Authority
- ▶ Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011
- ▶ Shire of Victoria Plains Waste Water Assets Management System – Asset Register Excel spreadsheet
- ▶ Shire of Victoria Plains Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet
- ▶ Shire of Victoria Plains Waste Water Assets Management System – Risk Assessment Excel spreadsheet
- ▶ Shire of Victoria Plains Waste Water Assets Management System – Financial Planning Excel spreadsheets
- ▶ Shire of Victoria Plains Waste Water Assets Management System – Maintenance Management Excel spreadsheets
- ▶ Shire of Victoria Plains Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets
- ▶ Shire of Victoria Plains Contingency Plans, 2013
- ▶ Calingiri and Yerecoin Effluent Disposal Scheme – Report on Emergency Scenario “Big Crack”, 11 December 2012
- ▶ Shire of Victoria Plains Local Planning Scheme No. 5, gazetted 15/03/2012
- ▶ Western Australia Tomorrow - Forecast Profile for the Victoria Plains (S) Local Government Area, Western Australian Planning Commission, February 2012
- ▶ Shire of Victoria Plains Fees and Charges 2014/15
- ▶ Shire of Victoria Plains Long Term Financial Plan 2013/14 to 2022/23
- ▶ Shire of Victoria Plains Annual Budget for the year ended 30th June 2014
- ▶ Shire of Victoria Plains Annual Budget for the year ended 30th June 2015
- ▶ Shire of Victoria Plains Asset Management Plan (Core), June 2013
- ▶ Shire of Victoria Plains Community Strategic Plan 2013/14 to 2022/23
- ▶ Shire of Victoria Plains Corporate Business Plan 2013/14 – 2016/17
- ▶ Shire of Victoria Plains Policy Manual, July 2014
- ▶ Shire of Victoria Plains Register of Delegations, June 2014

2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised

The audit/review team comprised two staff members from Cardno.

Details of their roles and hours utilised in the audit/review process are provided in the table below.

Table 2-4 Details of Audit / Review Team Members

Name	Organisation	Role	Summary of Task	Hours Utilised
Justin Edwards	Cardno	Auditor	<ul style="list-style-type: none">▪ Prepare audit plan▪ Undertake audit▪ Prepare audit report	100
Stephen Walker	Cardno	Reviewer	<ul style="list-style-type: none">▪ Review Audit Plan▪ Review Audit Report	20

3 Licensee's Response to Previous Recommendations

In the previous operating licence audit and asset management review, a series of actions were recommended or suggested to improve the existing controls.

Details of the actions completed by the Shire of Victoria Plains against each of the previous operational licence audit non-compliance and recommendations are presented in Table 3-1 below.

Table 3-1 Previous Audit Non-compliances and Recommendations

A. Resolved before end of previous Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
1.1/2012	Notify Changes to Asset Management System The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.	The previous audit recommended the following: 1. Update the Asset Management Plan - Monitoring and Review Procedures section for the requirement to notify the Authority of any	30/03/2012 (AMP update)	No further action required

B. Resolved during current Audit period

	<p>The previous audit confirmed with the Shire's EHO that apart from the new Asset Management Plan, there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>It was noted that 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>A further issue was noted in relation to the new AMP issued in June 2011. 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>Additionally, the Document history section was not included in the AMP update June 2011 due to an oversight.</p>	<p>changes to the asset management system within 10 business days.</p> <ol style="list-style-type: none"> Note the required timeframes for the notification of the asset management system changes to the Authority in the Compliance Schedule. Update the AMP for a document history section which will detail in a tabular form the date of the review or update of the document, person who performed it and brief description of the changes to the document from the previous version. <p>The Shire noted this recommendation and stated that the AMP would be updated accordingly and the Authority notified within 10 business days of any changes made to the asset management system.</p> <p>The Shire further noted that the Compliance Schedule would be amended to detail the notification requirement and required timeframes.</p> <p>The actions were the responsibility of the Principal Environmental Health Officer (PEHO).</p>	28/02/2012 (Compliance Schedule amendment)	
1.2/2012	<p>Information Reporting to the Authority</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 previous audit reviewed the Shire's Compliance and Performance Reports for the years ending 30 June 2009, 2010 and 2011 and the Authority and noted the following exceptions:</p> <ul style="list-style-type: none"> The Performance Report for the year ended 30 June 2009 was submitted after the due date. The Authority acknowledged this non-compliance. The Compliance 	<p>The previous audit recommended the following:</p> <ol style="list-style-type: none"> Ensure that all future Performance and Compliance Reports are submitted to the Authority within the timeframes required. Keep track of any non-compliances with the licence obligations to include in future Compliance Reports. <p>The Shire noted this recommendation and stated that the Compliance Schedule will assist with meeting timeframes for reporting.</p> <p>The actions were the responsibility of the PEHO.</p>	Ongoing	No further action required

B. Resolved during current Audit period

Report for the year ending 30 June 2010 should have reported this as a non-compliance; and

- The Compliance Report for the year ended 30 June 2010 was submitted after the due date. The Authority acknowledged this non-compliance. The Compliance Report for the year ending 30 June 2011 should have reported this as a non-compliance.

The previous audit further noted that the Shire has developed and implemented the Compliance Schedule with the annual performance and compliance reporting due dates included which should ensure future due dates are met.

C. Unresolved at end of current Audit period

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
-------------------------	---	---	---------------	--

Table 3-2 Previous Review Ineffective Components Recommendations

A. Resolved before end of previous review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.1	Asset Disposal Under-utilised and under-performing assets should be identified as part of a regular systematic review process. The previous audit noted that an Asset Register and Condition Performance Spreadsheet were sighted. The gravity system is inspected bi-annually wherein lids are inspected and re-greased. Reporting is by exception only. However, the Asset Register is not updated to accurately reflect the condition of individual components of the system.	The previous audit recommended the following: <ul style="list-style-type: none"> Record in the Asset Register, the condition of each asset component of the scheme based on inspections carried out. The Shire noted the following: <ul style="list-style-type: none"> Building Maintenance Officer to undertake inspections and record information in Asset Register. The action was the responsibility of the Building Maintenance Officer (BMO).	The Shire's works crew undertook inspections of all assets in June 2012. The information was recorded on the Assets Register in October 2012.	No further action required
2.2	Contingency Plans	The previous audit recommended the following:	A contingency plan was been	No further action required

B. Resolved during current review period

Contingency plans should be documented, understood and tested to confirm their operability and to cover higher risks.

The previous audit noted that management strategies have been included in the Asset Management Plan. The Shire's Building Maintenance Officer has been nominated to attend emergencies. Detailed contingency plans are due to be developed by June 2012. No testing has been conducted.

- Complete the development of detailed contingency plans to support the management strategies in the Asset Management Plan.
- Conduct testing of the contingency plans, such as annually.

The Shire noted the following:

- Advice will be sought from the Authority as to what is exactly required in relation to this requirement given that the Shire's sewerage system is quite simplistic.
- As above, clarification will be sought from the Authority as to what level of testing of contingency plans is required in order to develop appropriate testing.

developed to support the management strategies of the AMP on 19/09/2012

A table-top exercise based on a realistic system failure scenario was conducted on 11 December 2012.

The actions were the responsibility of the BMO and PEHO.

C. Unresolved at end of current review period

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
-------------------------	---	---	---------------	---

4 Performance Summary

The performance audit is summarised in a table with adequacy of control and compliance rating. The table includes all applicable compliance reporting items and are numbered according to the ERA's Water Compliance Reporting Manual, April 2014. Description of the rating scale and outcomes of the performance audit is provided in the following sections.

4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of the performance of the Shire of Victoria Plains was completed using the rating scale in Table 4-1 and asset management system effectiveness using the rating scales in Table 4-2 and Table 4-3.

Table 4-1 Audit Compliance and Controls Rating Scales

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
NP	Not Performed		

Table 4-2 Asset Management Process and Policy Definition Adequacy Rating

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).

Rating	Description	Criteria
D	Inadequate	<ul style="list-style-type: none"> Processes and policies are not documented. The asset management information system(s) is not fit for purpose (taking into consideration the assets that are being managed).

Table 4-3 Asset Management 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.

4.2 Operational Audit Compliance Summary

Table 4-4 provides a summary of the Shire of Victoria Plains' compliance rating against each licence obligation, and an adequacy of controls rating where the item has been found to be non-compliant or were assessed as audit priorities 1, 2 or 3, as per the Audit Guidelines, in the Audit Plan.

Na = Not applicable - Determined during the audit that the compliance obligation does not apply to the Licensee's business operations

Nr = Not rated - No relevant activity took place during the audit period, therefore it is not possible to assess compliance.

Table 4-4 Audit Obligation Ratings

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
Water Services Licensing Act 1995													
2012/7	Clause 20.1	2					✓	✓					
2012/9	Clause 6.1	4					✓	✓					
2012/11	Schedule 3 Clause 3.8	4					✓						✓
2012/13	Schedule 3 Clause 3.9 (b)	5					✓	✓					
2012/14	Schedule 3 Clause 3.2 (d)	4					N/A					✓	

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
2012/16	Schedule 3 Clause 3.10	4						✓	✓					
2012/17	Schedule 3 Clause 3.6	4						✓						✓
2012/18	Schedule 3 Clause 3.7	4						✓						✓
2012/19	Clause 7.1	4						✓	✓					
2012/20	Schedule 3 Clause 2.5	4						✓	✓					
2012/21	Schedule 3 Clause 2.6 or 2.7	5						✓	✓					
2012/22	Schedule 3 Clause 2.7 or 2.8	4						✓	✓					
2012/23	Clause 8	4						✓	✓					
2012/24	Schedule 3 Clause 4.1	4						✓	✓					
2012/25	Schedule 3 Clause 4.2	4						✓	✓					
2012/26	Schedule 3 Clause 4.3	4						✓						✓
2012/28	Schedule 3 Clause 4.5 Sewerage licensee	N/a						✓						✓
2012/29	Schedule 3 Clause 4.6 LGA sewerage providers	4						✓	✓					
2012/32	Schedule 3 Clause 6	4						✓						✓
2012-	Schedule 6 Clause 2.1	4						✓	✓					
2012-	Schedule 6 Clause 2.2	4						✓	✓					
2012-	Schedule 6 Clause 2.3	4						✓						✓
Fees (Clause 4)														
155	Clause 4	5						✓						✓
Compliance (Clause 5)														
156	Clause 5.1	4		✓						✓				
Water Services Act 2012														
10	Clause 5.2	4						N/A					✓	
11	Clause 5.3	4		✓						✓				
159	Clause 5.4	4						✓						✓
13	Section 36	4						✓						✓
16	Section 77(3)	4						✓	✓					
17	Sections 82(4) & (5)	4						✓						✓
18	Section 84(2)	4						✓						✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
19	Section 87(2)	4					✓							✓
20	Section 90(7)	5					✓							✓
21	Section 95(3)	2					N/A						✓	
22	Section 96(1)	4					N/A						✓	
23	Section 96(5)	5					N/A						✓	
24	Section 98(3)	4					✓							✓
25	Section 106(2)	4					✓							✓
28	Section 119(2)	4					✓							✓
29	Section 122(2)	4					✓							✓
30	Section 125(2)	4					N/A						✓	
31	Section 128(4)	4					✓							✓
32	Section 129(5)	4		✓					✓					
33	Section 139(3)	4					✓							✓
34	Section 141(1)	4					✓							✓
35	Sections 142	4					✓							✓
36	Sections 143 (2)	4					✓							✓
37	Sections 143 (3)	5					✓							✓
38	Sections 144(3)	4					✓							✓
39	Section 145(2)	5					✓							✓
40	Section 147(3)	4					✓							✓
41	Section 147(4)	4					✓							✓
42	Section 151(1)	4					✓							✓
43	Section 151(2)	4					✓							✓
44	Section 152(3)	4					✓							✓
45	Section 153(3)	4					✓							✓
46	Section 166(5)	4					✓							✓
47	Section 166(6)	4					✓							✓
48	Section 170	4					✓							✓
49	Section 173(4)	4					✓							✓
50	Section 174(1)	4					✓							✓
51	Section 174(3)	4					✓							✓
52	Section 175(2)	4					✓							✓
53	Section 175(5)	4					✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
54	Section 176(1)	4					✓							✓
55	Section 176(3)	4					✓							✓
56	Section 176(4)	4					✓							✓
57	Section 181	5					✓							✓
58	Section 186	4					✓							✓
59	Section 187(1) – (3)	4					✓							✓
60	Section 190(4)	4					✓							✓
61	Section 190(5)	4					✓							✓
62	Section 210(5)	4					✓							✓
63	Section 218(2)	5					✓							✓
64	Section 218(3)	4					✓							✓
157	Clause 5.2	4					N/A						✓	
158	Clause 5.3	4		✓					✓					
Water Services Regulations 2013														
74	Regulation 60(2)	4					✓							✓
75	Regulation 63	4					✓							✓
89	Regulation 85	4					✓							✓
Water Services Code of Conduct (Customer Service Standards) 2013														
92	Clause 7	4		✓					✓					
93	Clause 8	4					N/A						✓	
94	Clause 9	4					✓	✓						
95	Clauses 10(2)	4					N/A						✓	
96	Clauses 10(3)	4					N/A						✓	
97	Clause10(4)	4					N/A						✓	
98	Clause 10(5)	4					N/A						✓	
99	Clause 11	4					✓	✓						
103	Clause 13(1)	4					N/A						✓	
104	Clause 13(2)	4					N/A						✓	
105	Clause 14(1)	4					N/A						✓	
106	Clause 15	4					N/A						✓	
107	Clause 16(2)	4					✓							✓
108	Clause 16(3)	4					✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
109	Clause 16(4)	4					✓							✓
110	Clause 16(5)	4					✓							✓
111	Clause 17(1)	4					✓							✓
112	Clause 17(2)	4					✓							✓
113	Clause 18(1)	4					✓							✓
114	Clause 18(2)	4		✓						✓				
115	Clauses 18(3) & (6)	4		✓						✓				
116	Clause 18(4)	4		✓						✓				
117	Clause 18(5)	4						✓						✓
118	Clause 20	4						✓	✓					
119	Clause 21(1)	4		✓						✓				
120	Clause 21(2)	4						✓	✓					
121	Clause 22	4						✓						✓
122	Clause 23(1)	4						✓	✓					
123	Clause 24	4						✓						✓
124	Clause 25	4						✓						✓
125	Clauses 26(1) & (2)	4						✓	✓					
126	Clause 26(3)	4						✓	✓					
127	Clause 26(4)	4						N/A					✓	
128	Clause 26(5)	4						✓	✓					
129	Clauses 26(6)	4						✓						✓
130	Clause 27(2)	4						✓						✓
131	Clause 27(3)	4						✓	✓					
132	Clause 28(1)	4						✓						✓
133	Clauses 28(4) & (5)	4						✓	✓					
134	Clause 29	4						✓	✓					
139	Clause 33	4						N/A					✓	
142	Clause 34(4)	4						N/A					✓	
144	Clause 34(6)	4						N/A					✓	
145	Clause 35(1)	4						✓	✓					
146	Clause 35(2)	4		✓						✓				
147	Clause 35(3)	4		✓						✓				
148	Clause 35(4)	4		✓						✓				

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
149	Clause 35(6)	4		✓						✓				
150	Clause 36(1)	4		✓						✓				
152	Clause 36(2)	4						✓	✓					
153	Clause 37(1)	4		✓						✓				
Water Services Act 2012														
	Accounting Records (Clause 12)													
160	Section 12	5						✓	✓					
	Individual Performance Standards (Clause 13)													
161	Section 12	4						N/A					✓	
	Operational Audit (Clause 14)													
9	Section 25	4						✓	✓					
162	Section 12	4						✓	✓					
	Reporting a Change in Circumstance (Clause 15)													
163	Section 12	4						✓						✓
164	Section 12	4						✓						✓
	Provision of Information (Clause 16)													
165	Section 12	5						✓	✓					
166	Section 12	5						✓	✓					
167	Section 12	5						✓	✓					
	Publishing Information (Clause 17)													
168	Section 12	4						✓						✓
	Notices (Clause 18)													
169	Section 12	4						✓	✓					
	Asset Management System (Clause 20)													
170	Section 12	4						✓						✓
171	Section 12	4						✓						✓
172	Section 12	4						✓	✓					
6	Sections 24(1)(a) & 24(2)	5						✓	✓					

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
7	Section 24(1)(b)	4						✓							✓
8	Section 24(1)(c)	4						✓	✓						
	Water Services Ombudsman Scheme (Clause 21)														
173	Section 12	4						✓	✓						
15	Section 66	4						✓	✓						
	Standard Terms & Conditions of Service (Clause 22)														
174	Section 12	4						N/A							✓
	Customer Contract (Clause 23)														
175	Section 12	5						✓							✓
176	Section 12	5						✓							✓
177	Section 12	5						✓							✓
178	Section 12	5						✓							✓
	Non Standard Terms & Conditions of Service (Clause 24)														
179	Section 12	5						N/A							✓
180	Section 12	5						N/A							✓
	Supplier of Last Resort (Clause 25)														
181	Section 12	4						N/A							✓
14	Section 60	4						N/A							✓
	Duties of the licensee (Clause 26)														
12	Section 29	4		✓						✓					
	Provision of Water Services (Clause 27)														
1	Section 21(1)(a)	4						✓	✓						
2	Section 21(1)(b)	4						✓	✓						
3	Section 21(1)(c)	4						✓	✓						
	Provision of Water Services Outside Operating Area (Clause 28)														
182	Section 12	4						✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
4	Section 22	4					✓							✓
	Works Holding Arrangements (Clause 29)													
5	Section 23	4					✓	✓						
	Hardship Policy (Clause 30)													
183	Section 12	4					✓	✓						
	Memorandum of Understanding (Clause 31)													
184	Section 12	N/A					N/A						✓	
185	Section 12	N/A					N/A						✓	
186	Section 12	N/A					N/A						✓	
	Performance Standards (Schedule 3)													
190	Section 9	N/A					N/A						✓	

4.3 Asset Management Review Effectiveness Summary

The asset management system review assessed the effectiveness of the asset management system in delivering the services as required under the operating licence.

The review was conducted utilising the asset management adequacy and performance ratings as outlined in the Audit Guidelines. A summary of the outcomes of the review is provided in Table 4-5.

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee's system meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide. Generally the gradings that we have assigned to the licensee's asset management system components reflect that there is room for improvement to achieve what would be considered 'best practice'.

Table 4-5 Asset Management Review Effectiveness Summary

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
Asset planning	B	2
▪ Asset management plan covers key requirements	B	2
▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning	B	2

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
▪ Service levels are defined	B	2
▪ Non-asset options (e.g. demand management) are considered	B	2
▪ Lifecycle costs of owning and operating assets are assessed	B	2
▪ Funding options are evaluated	B	2
▪ Costs are justified and cost drivers identified	B	2
▪ Likelihood and consequences of asset failure are predicted	B	2
▪ Plans are regularly reviewed and updated	B	2
Asset creation/acquisition	B	2
▪ Full project evaluations are undertaken for new assets	B	2
▪ Evaluations include all life-cycle costs	B	2
▪ Projects reflect sound engineering and business decisions	B	2
▪ Commissioning tests are documented and completed	B	2
▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood	B	2
Asset disposal	B	2
▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process	B	2
▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	B	2
▪ Disposal alternatives are evaluated	B	1
▪ There is a replacement strategy for assets	B	2
Environmental analysis	B	2
▪ Opportunities and threats in the system environment are assessed	B	2

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved 	B	2
<ul style="list-style-type: none"> Compliance with statutory and regulatory requirements 	B	2
<ul style="list-style-type: none"> Achievement of customer service levels 	B	2
Asset operations	B	2
<ul style="list-style-type: none"> Operational policies and procedures are documented and linked to service levels required 	B	2
<ul style="list-style-type: none"> Risk management is applied to prioritise operations tasks 	B	2
<ul style="list-style-type: none"> Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data 	B	2
<ul style="list-style-type: none"> Operational costs are measured and monitored 	B	2
<ul style="list-style-type: none"> Staff resources are adequate and staff receive training commensurate with their responsibilities 	B	2
Asset maintenance	B	2
<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required 	B	2
<ul style="list-style-type: none"> Regular inspections are undertaken of asset performance and condition 	B	2
<ul style="list-style-type: none"> Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule 	B	2
<ul style="list-style-type: none"> Failures are analysed and operational / maintenance plans adjusted where necessary 	B	2
<ul style="list-style-type: none"> Risk management is applied to prioritise maintenance tasks 	B	2
<ul style="list-style-type: none"> Maintenance costs are measured and monitored 	B	2

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
Asset management information system	B	2
<ul style="list-style-type: none"> Adequate system documentation for users and IT operators 	B	2
<ul style="list-style-type: none"> Input controls include appropriate verification and validation of data entered into the system 	B	2
<ul style="list-style-type: none"> Logical security access controls appear adequate, such as passwords 	B	2
<ul style="list-style-type: none"> Physical security access controls appear adequate 	B	2
<ul style="list-style-type: none"> Data backup procedures appear adequate and backups are tested 	B	1
<ul style="list-style-type: none"> Key computations related to licensee performance reporting are materially accurate 	B	2
<ul style="list-style-type: none"> Management reports appear adequate for the licensee to monitor licence obligations 	B	2
Risk management	B	2
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system 	B	2
<ul style="list-style-type: none"> Risks are documented in a risk register and treatment plans are actioned and monitored 	B	2
<ul style="list-style-type: none"> The probability and consequence of risk failure are regularly assessed 	B	2
Contingency planning	B	2
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	B	2
Financial planning	B	2
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives 	B	2
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs 	B	2

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) 	B	2
<ul style="list-style-type: none"> The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period 	B	2
<ul style="list-style-type: none"> The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services 	B	2
<ul style="list-style-type: none"> Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary 	B	2
Capital expenditure planning	A	2
<ul style="list-style-type: none"> There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates 	A	2
<ul style="list-style-type: none"> The plan provides reasons for capital expenditure and timing of expenditure 	A	2
<ul style="list-style-type: none"> The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan 	A	2
<ul style="list-style-type: none"> There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned 	A	2
Review of AMS	B	2
<ul style="list-style-type: none"> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current 	B	2
<ul style="list-style-type: none"> Independent reviews (e.g., internal audit) are performed of the asset management system 	A	1

5 Observations and Recommendations

5.1 Performance Audit

Table 5-1 Performance Audit Observations

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Water Services Licensing Act 1995						
<i>Note: Licence obligations under the Water Service Licensing Act 1995 have now been made redundant by the introduction of the Water Services Act 2012. The redundant obligations are included in this table with a reference to the 2012 version of the Compliance Manual in the second column).</i>						
<p>The Licensee must comply with the service and performance standards as set out in Schedule 4. These are:</p> <p>1.1 Emergency response</p> <p>The licensee shall provide an emergency telephone advice system such that customers need make only one telephone call to report an emergency and that the customer shall be advised of the nature and timing of the action to be undertaken by the licensee.</p> <p>Target:</p> <p>90% of customers within 1 hour of reporting an emergency shall be advised of the nature and timing of the action to be undertaken by the licensee.</p> <p>2.1 Customer complaints</p> <p>The licensee shall respond to customer complaints in accordance with the licence standard</p> <p>Target:</p> <p>90% of customer complaints resolved within 15 business days.</p>						
	2012/7	Clause 20.1	2	<p><u>Emergency response</u></p> <ul style="list-style-type: none"> The licensee maintains a 24hr emergency contact service. The contact numbers are detailed in the Customer Service Charter. The contact numbers include the CEO's mobile telephone numbers. Contact details for the licensee's office are located on its website. These include the contact details for office hours as well as providing emergency contacts details for the Building Maintenance Officer and the CEO. The licensee does not maintain a register for tracking the details of emergency telephone calls (e.g. time received, nature of the issue, actions to be taken and time customer advised of actions) or other system for formally monitoring this performance standard. Therefore, it is unable to confirm that the response target has been met. The licensee considers that it attends all emergencies within one hour, and this is likely given the size of the scheme and 	<ul style="list-style-type: none"> Interviews with licensee staff Customer Service Charter 2011 Annual Performance Reports (2012, 2013, 2014) Review of sewerage scheme complaints register Complaints and Investigation Procedure Sewerage System Defect and Complaint Report 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
3.1 Continuity and overflows 3.1(a) The number of sewer blockages per 100km of sewer mains. Target: In the preceding 12 months there were fewer than 40 blockages per 100km of sewer main 3.1(b) Percentage of connected properties experiencing a wastewater overflow. Target: In the preceding 12 month period 90% of customers receive the standard for the licensee's schemes.				the operating area, although there is no evidence to confirm or otherwise. ▪ However, the licensee reports that it did not receive any emergency calls from customers relating to its water service during the audit period. Therefore, it has complied with this standard by default. <u>Customer complaints</u> ▪ Section 2.9 of the licensee's Customer Service Charter sets out the complaints process. The Charter is available on the licensee's website ▪ Complaints may be made in writing, by telephone, in person at the Shire service centre and by email. The licensee does not have a web form on its website. ▪ The licensee maintains a hard copy register for tracking complaints related to its water services. This is kept at the Shire Office front counter and was reviewed during the audit. We confirmed that the licensee has received three customer complaints during the audit period but none of these related to the water services provided. ▪ The licensee uses a standard Complaint Report to record the details of each customer complaint. The form includes: <ul style="list-style-type: none"> – Date & Time of Report – Name of Person Making Report – Contact details for reference – Staff member recording the Complaint or Defect – Location of Defect or Complaint – Description of Defect or Complaint 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> – Repair Work Carried Out – Who the repairs were carried out by – Date & Time Completed – Other Work Required – Date & Time Register Completed – Sighted By – Sighted By CEO <ul style="list-style-type: none"> ▪ The Sewerage System Defect and Complaint Report also includes the information requirements for reporting complaints to the Authority in the Annual Compliance Report and Department for Environment and Conservation (if applicable). ▪ The Shire has an overall Complaints and Investigation Procedure to ensure that all complaints are investigated in a timely and transparent manner by a competent person and all decisions and outcomes are justified and documented. ▪ No complaints relating to the licenced services have been received during the audit period. Therefore, the licensee has complied with this performance standard by default. We confirmed this via the licensee's complaints register. We also reviewed the licensee's Annual Reports for 2011/12, 2012/13 and 2013/14 submitted to the ERA and confirmed that it has reported no complaints as having been reported. No complaints have been received for the part of 2014/15 covering the audit period. 		

Continuity and overflows

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> We reviewed the licensee's performance reports for 2011/12, 2012/13 and 2013/14 and observed that the licensee has not recorded any sewer breaks or chokes. Therefore, the Shire has complied with its performance standard for sewer blockages during each year in the audit period for which the target applies. There were no overflows to connected properties during the audit period, meaning that customers received the required standard related to sewer overflows. 		
Other Licence Conditions						
The licensee must establish a customer complaints process as set out in Schedule 3.	2012/9	Clause 6.1	4	<ul style="list-style-type: none"> Section 2.9 of the licensee's Customer Service Charter sets out the complaints process. Complaints may be made in writing, by telephone, in person at the Shire service centre and by email. The licensee does not have a web form on its website. The licensee maintains a hard copy register for tracking complaints related to its water services. This is kept at the Shire Office front counter and was observed during the audit. The Shire uses a Sewerage System Defect and Complaint Report to record the details of each customer complaint. The form includes: <ul style="list-style-type: none"> Date & Time of Report Name of Person Making Report Contact details for reference Staff member recording the Complaint or Defect 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter 2011 Review of sewerage scheme complaints register Review of the Shire's website Complaints and Investigation Procedure Sewerage System Defect and Complaint Report 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> – Location of Defect or Complaint – Description of Defect or Complaint – Repair Work Carried Out – Who the repairs were carried out by – Date & Time Completed – Other Work Required – Date & Time Register Completed – Sighted By – Sighted By CEO ▪ The Sewerage System Defect and Complaint Report also includes the information requirements for reporting complaints to the Authority in the Annual Compliance Report and Department for Environment and Conservation (if applicable). ▪ The Shire has an overall Complaints and Investigation Procedure to ensure that all complaints are investigated in a timely and transparent manner by a competent person and all decisions and outcomes are justified and documented. ▪ We confirmed that the licensee has received three customer complaints during the audit period but none of these related to the water services provided. 		
The licensee must resolve customer complaints within 15 business days of the receipt of complaint or for matters to be considered by a Local Government Council within 5 business days after the first ordinary Council meeting following the 15 business day period.	2012/11	Schedule 3 Clause 3.8	4	<ul style="list-style-type: none"> ▪ No complaints related to the licensed services have been recorded by the licensee within the audit period. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Review of sewerage scheme complaints register 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must provide one trained staff who is authorised or has access to another officer who is authorised to make necessary decisions to respond to complaints.	2012/13	Schedule 3 Clause 3.9 (b)	5	<ul style="list-style-type: none"> The CEO is authorised to make decisions to respond to complaints General dealing with the public and complaint training is provided to staff via its OH&S training 	<ul style="list-style-type: none"> Interviews with licensee staff Complaints and Investigation Procedure Sewerage System Defect and Complaint Report Shire of Victoria Plains Register of Delegations, June 2014 	1
The licensee must provide an appropriate system to monitor and record the number, nature of and outcomes to complaints.	2012/14	Schedule 3 Clause 3.2 (d)	4	<ul style="list-style-type: none"> This obligation is not applicable as Clause 3.2 is not included in the licensee's previous licence. 		NA
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 Local Government Act 1995.	2012/16	Schedule 3 Clause 3.10	4	<ul style="list-style-type: none"> Section 2.9 of the licensee's Customer Service Charter informs customers that a disputed complaint may be referred to the Department of Water As no complaints relating to the water service have been received in the audit period it is not possible to test other ways that the licensee may inform customers. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 Review of sewerage scheme complaints register 	1
The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	2012/17	Schedule 3 Clause 3.6	4	<ul style="list-style-type: none"> There have been no disputed complaints referred to the Department of Water during the audit period. Therefore, this obligation is not able to be rated. 		NR
The licensee must, on request, provide complaints details to the Department of Water.	2012/18	Schedule 3 Clause 3.7	4	<ul style="list-style-type: none"> There have been no disputed complaints referred to the Department of Water during the audit period. Therefore, this obligation is not able to be rated. 		NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must establish a Customer Service Charter as set out in Schedule 3.	2012/19	Clause 7.1	4	<ul style="list-style-type: none"> A Customer Service Charter has been prepared in accordance with the ERA's guidelines. The current version of the Customer Service Charter was reviewed in February 2011. The previous version of the Charter was amended in 2009 and approved by the Authority on 26 October 2009. We note that there is no longer a requirement for licensees to prepare Customer Service Charters for approval by the ERA. This was communicated to the licensee in a letter from the Authority dated 17 July 2013. However, there are a number of clauses within the Water Services Code of Conduct (Customer Service Standards) 2013 that specify that similar information needs to be made available to customers. At the present time the February 2011 version of the licensee's Customer Service Standard is available on its website. Based on our understanding of the requirements, we recommend that the licensee reviews its February 2011 Customer Service Charter against the current legislative requirements included in the Water Services Code of Conduct (Customer Service Standards) 2013 and makes the updated version of the Charter available to customers through its website. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 Correspondence with ERA 	1
The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence. (a) By prominently displaying it in those parts of the licensee's	2012/20	Schedule 3 Clause 2.5	4	<ul style="list-style-type: none"> The Customer Service Charter was not displayed in the Shire's reception at the time of the audit. However, this obligation ended on 18 November 2013. The previous operational audit of 	<ul style="list-style-type: none"> Interviews with licensee staff Access to Shire's website 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>offices to which customers regularly have access</p> <p>(b) By providing a copy, upon request, and at no charge, to the customer; and</p> <p>(c) By sending a current copy, or a summary document approved by the Authority, to all customers at least once in every three year period or as agreed with the Authority.</p>				<p>February 2012 noted that the Customer Service Charter was prominently displayed in the office at the audit. We cannot conclude that the licensee did not meet this obligation for the required duration in the current audit period.</p> <ul style="list-style-type: none"> The latest revision of the Customer Service Charter (February 2011) is currently available on the Shire's website. As the approval process is no longer a requirement, we recommend that the licensee reviews its April 2014 Customer Service Charter against the current legislative requirements under the Water Services Code of Conduct (Customer Service Standards) 2013 and make this available to customers through its website. 	<ul style="list-style-type: none"> Inspection of Shire's offices Review of Customer Service Charter, February 2011 Correspondence with ERA 	
The licensee must review its Customer Service Charter at least once in every three year period.	2012/21	Schedule 3 Clause 2.6 or 2.7	5	<ul style="list-style-type: none"> The Customer Service Charter was last reviewed and revised by the licensee in February 2011. The Authority granted an extension to licensees for the Charter review period in 2013 due to the introduction of the new regulatory framework in late 2013. We note that there is no longer a requirement for licensees to prepare Customer Service Charters for approval by the ERA. This was communicated to the licensee in a letter from the Authority dated 17 July 2013. We have made a recommendation above that the licensee reviews its April 2014 Customer Service Charter against the current legislative requirements under the <i>Water Services Code of Conduct (Customer Service Standards)</i> 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 Correspondence with ERA 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				2013 and make this available to customers through its website.		
The licensee must provide its services consistent with its Customer Service Charter.	2012/22	Schedule 3 Clause 2.7	4	<ul style="list-style-type: none"> The latest review and revision of the Customer Service Charter reflects the relevant conditions outlined in the licence. The Shire operates with the intention to provide services as outlined in the licence and in the Customer Service Charter. Processes are in place to guide the operation of the Shire's wastewater services to meet the requirements outlined in the Customer Service Charter and licence. We have seen no instances of where the licensee has provided its services inconsistent with the Customer Service Charter. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 Review of Shire processes for managing water service 	1
The licensee must establish customer consultation processes as set out in Schedule 3.	2012/23	Clause 8	4	<ul style="list-style-type: none"> The licensee holds an annual electors meeting at which the Annual Report is made available to all rate payers. This annual meeting provides a forum for customers to be consulted with and to provide feedback. The details and date of the electors meeting is included in the licensee's newsletter. The licensee holds monthly Council meetings where public question time is a fixed agenda item and is a forum for consultation and feedback. We reviewed a sample of Council meeting minutes and confirmed that Public Questions is a fixed agenda item. Although we confirmed a number of questions from the public recorded at each meeting from the sample of minutes we reviewed, none of the 	<ul style="list-style-type: none"> Interviews with licensee staff Review of sample of monthly Council meeting minutes Copies of Shire newsletter 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>questions related to the licensed service.</p> <ul style="list-style-type: none"> The Shire issues a general newsletter to its customers on a monthly basis that can be used to include details of the operations associated with providing the services, the customer service charter and the hardship policy. We reviewed a sample of the Shire's newsletters from within the audit period but did not observe any specific items related to the services provided. However, this does not mean that the newsletter has not been used for these purposes when required. Based on our findings at the audit, we consider that the above two items meet the requirements of Clause 4.1(b) of Schedule 3 of the Licence (Version 2). 		
The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.	2012/24	Schedule 3 Clause 4.1	4	<ul style="list-style-type: none"> As noted above, we consider that the Shire has met the requirements of Schedule 3, Clause 4.1. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of sample of monthly Council meeting minutes Copies of Shire newsletter 	1
The licence must consult the Authority on the type and extent of consultation to be adopted by the licensee.	2012/25	Schedule 3 Clause 4.2	4	<ul style="list-style-type: none"> There has been no change to the type and extent of the customer consultation that has been adopted by the Shire. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter 	1
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.	2012/26	Schedule 3 Clause 4.3	4	<ul style="list-style-type: none"> The Shire was not requested by the Authority to establish other forums or consultations. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
The licensee must prior to making a major change to the operation of a water service	2012/28	Schedule 3 Clause 4.5	N/a	<ul style="list-style-type: none"> There have been no major changes to the Shire's services during the audit 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
hold a public meeting and seek written submissions.		Sewerage Licensee		period. Therefore, this obligation cannot be rated.	<ul style="list-style-type: none"> Asset Management Plan Asset Management System 	
The licensee must allow customers to raise matters of concern at public question time in accordance with the Local Government Act 1995.	2012/29	Schedule 3 Clause 4.6 LGA sewerage providers	4	<ul style="list-style-type: none"> Allowance for public question time is included at each monthly Council meeting. However, although we reviewed a sample of minutes from Council meetings, we did not observe any questions that had been asked by the public specifically regarding the licensed service. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of a sample of Council meeting minutes 	1
The licensee must conduct a customer survey if directed to by the Authority.	2012/32	Schedule 3 Clause 6	4	<ul style="list-style-type: none"> The licensee advised that is has not been directed by the Authority to undertake a customer survey in the audit period. Therefore, this obligation cannot be rated 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
The licensee must set out in writing its conditions for connection and make it available to people enquiring or applying for connection.	-	Schedule 6 Clause 2.1	4	<ul style="list-style-type: none"> Section 2.7 of the licensee's Customer Service Charter sets out the conditions for connection. 	<ul style="list-style-type: none"> Review of Customer Service Charter, February 2011 Interviews with licensee staff 	1
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.	-	Schedule 6 Clause 2.2	4	<ul style="list-style-type: none"> Section 2.7 of the Shire's Customer Service Charter sets out the conditions for connection. This clause requires that the services be available for connection "on any land in the Operating Area" subject to the conditions. The conditions restrict connection to where a (Shire) wastewater reticulation main is available to your land and has the capacity for the required service". These are reasonable conditions for connection. However, as noted previously, the Customer Service Charter was last 	<ul style="list-style-type: none"> Review of drawings of sewerage reticulation system Review of Customer Service Charter Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>reviewed and updated in February 2011. The conditions for connection included in Section 2.7 of this current Charter reference the <i>Water Services Licensing Act 1995</i>, which has now been replaced by the <i>Water Services Act 2012</i>.</p> <ul style="list-style-type: none"> As been previously recommended, the licensee needs to review its February 2011 version of the Customer Service Charter with regard to the legislative changes that have impacted on it, including updating the references to the <i>Water Services Licensing Act 1995</i> which has now been replaced by the <i>Water Services Act 2012</i>. 		
The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable. ²¹	-	Schedule 6 Clause 2.3	4	<ul style="list-style-type: none"> There have been no instances of the water service being discontinued due to it being not commercially viable. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Fees (Clause 4)						
The licensee must pay the applicable fees in accordance with the Regulations.	155	Clause 4	5	<ul style="list-style-type: none"> The licensee has not been required to pay any applicable fees (as per Schedule 4 of the Water Service Regulations 2013) during the audit period. Therefore, this obligation cannot be rated 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Compliance (Clause 5)						
Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	156	Clause 5.1	4	<ul style="list-style-type: none"> The licensee's compliance with applicable legislation is tested in detail and summarised in this table. The licensee's CEO is ultimately responsible for the organisation's asset management activities and any revisions or exemptions as well as 	<ul style="list-style-type: none"> Interviews with licensee staff Annual compliance reports This audit report 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				keeping staff informed of these changes. ■ We have identified a number of non-compliances with applicable legislation as follows: – Section 27 – Compliance with Code of Conduct (Obligation 11) – Section 29 – Duties of the Licensee (Obligation 12) – Section 82 (4) & (5) – Notification and requirements as to building work (Obligation 17) –		
Water Services Act 2012						
Compliance with Code of Practice made by the Minister The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	10	Clause 5.2	4	■ No code(s) of practice have been made by the Minister that apply to the licensee. Therefore, this obligation is not applicable.	■ Interviews with licensee staff ■ Correspondence with ERA	NA
Compliance with Code of Conduct made by Authority The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	11	Clause 5.3	4	■ Obligations 92 – 153 in this table relate to specific requirements of the licensee relating to the Code of Conduct. ■ We have found through this audit that the licensee has not complied with all requirements of the Code of Conduct, specifically: – Clause 7 – Information about connections (Obligation 92) – Clause 18(2) – Procedure for review of bills (Obligation 114) – Clause 18(3) & (6) Procedure for review of bills (Obligation 115) – Clause 18(4) – Procedure for review of bills (Obligation 116)	■ Interviews with licensee staff ■ Annual compliance reports ■ Customer Service Charter February 2011 ■ Hardship Policy ■ This audit report	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> – Clause 21(1) – Payment methods (Obligation 119) – Clause 22 – Consent for Direct Debits (Obligation 121) – Clause 35(2) Complaints procedure (Obligations 146) – Clause 35(3) Complaints procedure (Obligations 147) – Clause 35(4) Complaints procedure (Obligations 148) – Clause 35(6) Complaints procedure (Obligations 149) – Clause 37(1) – Information to be publically available (Obligation 153) 		
The licensee must comply with a direction from the Authority in relation to a breach of applicable legislation.	159	Clause 5.4	4	<ul style="list-style-type: none"> ▪ The licensee has not had any directions from the Authority in relation to a breach of applicable legislation and therefore this obligation is not applicable. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR
Provision of a water service ceasing — duty to leave system in safe condition If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	13	Section 36	4	<ul style="list-style-type: none"> ▪ The licensee advised that it has not ceased to provide a water service during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR
Interruption of water services The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	16	Section 77(3)	4	<ul style="list-style-type: none"> ▪ The licensee has in place appropriate asset management practices to minimise the extent or duration of any interruption of its water services. We discuss asset management practices further in the second section of this report. ▪ Interruptions are predominantly due to blockages in the sewerage network. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Review of asset management system ▪ Annual Compliance Reports 2011/12, 2012/13, 2013/14 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Notification of and requirements as to building work If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	17	Sections 82(4) & (5)	4	These are reported to the Building Maintenance Officer/ Plumber via customer contact or internally. <ul style="list-style-type: none"> Although the household connections are the customer's responsibility, the Licensee would generally complete any sewer blockage repairs on behalf of the customer. Interruptions may also be caused by repair works on the network. The licensee consults customers before works are undertaken. The licensee has not recorded any breaks or chokes in the audit period The licensee has an emergency generator and a tanker that it can use to manage any interruptions to either the sewerage service. 		
				<ul style="list-style-type: none"> As a local government, the licensee is responsible for managing development approvals. Notice of any building work is provided to the licensee through its Application for Planning Approval Form and Application for Building Permit. The forms are available on the licensee's website and at its offices. The licensee considers the proposed works and advises of any work that it considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee requires three copies of plans to be submitted with building and planning approval applications. One copy of the plans is retained, one copy is returned to the person making the 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Application for Planning Approval Form Review of Application for Building Approval Form Building Application Checklist 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>application when approved and the third copy is submitted to the Valuer General.</p> <ul style="list-style-type: none"> ▪ The Regulation 20 under the Building Act 2011 prescribes that certified plans are to be approved in 10 days and uncertified plans within 25 days. The Licensee is aware of these requirements but generally is able to complete approvals within a couple of days. ▪ Generally the licensee would expect to complete its review and approval process within a couple of days. ▪ The timeframe for returning plans in the Act is stricter than required by Regulation 20 under the <i>Building Act 2011</i>. Because the licensee has aligned its approvals process with the <i>Building Act 2011</i>, it does not comply with this obligation. ▪ However, the <i>Building Act 2011</i> (Regulation 20, Clause 10 of the Building Act 2011) is the primary legislation in this area. The licensee complies with the <i>Building Act 2011</i> but does not comply with this obligation in the <i>Water Service Act 2012</i>. ▪ As there is no evidence from the audit period that the licensee has not met the timeframe included in the <i>Water Act 2012</i>, this does not constitute a non-compliance, and a Not Rated rating has been assigned. 		
Ensuring water service works are done						
If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the	18	Section 84(2)	4	<ul style="list-style-type: none"> ▪ The licensee has not had need to provide a notice of this kind during the audit period. Therefore, this obligation is unable to be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
licensee must give the person 21 days' notice of its intention to commence the works.						
Review of certain decisions under or relating to Development and building control, and infrastructure contributions If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	19	Section 87(2)	4	<ul style="list-style-type: none"> The licensee advised that no applications have been made to the State Administrative Tribunal for review of a decision during the audit period. Therefore, this obligation is unable to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Construction etc. over or in vicinity of water service works of licensee If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	20	Section 90(7)	5	<ul style="list-style-type: none"> The licensee has not issued any compliance notices under the Act during the audit period. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Disconnection or reduction in rate of flow etc. The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	21	Section 95(3)	2	<ul style="list-style-type: none"> The licensee does not provide water supply services to dwellings. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Fire hydrants If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those	22	Section 96(1)	4	<ul style="list-style-type: none"> The licensee does not provide water supply reticulation works to fire hydrants. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.						
Fire hydrants The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	23	Section 96(5)	5	<ul style="list-style-type: none"> The licensee does not provide water supply services. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Minister may require connection to sewerage works If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	24	Section 98(3)	4	<ul style="list-style-type: none"> The Shire advises that it did not receive any requests from the Minister to connect a wastewater inlet to the Shire's network in the period being audited. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Tradewaste Compliance Notice The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	25	Section 106(2)	4	<ul style="list-style-type: none"> The licensee does not regulate trade waste discharges to its sewerage reticulation system. This is because the system receives predominantly residential and commercial discharges. The system only takes the liquid portion of the wastewater, with each property having a septic tank to take the solid portion of the wastewater discharge. The industrial areas in town are serviced by septic systems and are not connected to the system. However, we note that Section 2.2 of the licensee's Customer Service Charter notes that "Industrial and commercial wastewater may be accepted for discharge in the Shire's wastewater system subject to compliance with the Shire's requirements. An agreement with a customer for industrial and wastewater services to be provided by the Shire shall be documented in an industrial waste permit issued by the Shire". 	<ul style="list-style-type: none"> Interviews with licensee staff Customer Service Charter, February 2011 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> Therefore, this obligation has not been rated. 		
Compliance Notices The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	28	Section 119(2)	4	<ul style="list-style-type: none"> The licensee has not issued any compliance notices under the Act. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Review of decision relating to giving compliance notices If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	29	Section 122(2)	4	<ul style="list-style-type: none"> The licensee has not issued any compliance notices under the Act and therefore there has been no applications to the Tribunal. Therefore, this obligation is not applicable for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Supplying groups of dwellings If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the Strata Titles Act 1985.	30	Section 125(2)	4	<ul style="list-style-type: none"> The licensee's fees are based on rateable land value and therefore does not apportion fees where two properties share a single property connection. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Prohibition on dealings in land If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	31	Section 128(4)	4	<ul style="list-style-type: none"> The licensee advised that it has not lodged any memorials with the Registrar during the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Reading meters etc. and routine inspection and maintenance If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the	32	Section 129(5)	4	<ul style="list-style-type: none"> The licensee is aware of its obligation to provide 48 hours' notice of a proposed entry. However, the licensee considers that entry times would be agreed with the 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
occupier of the place unless the occupier agrees otherwise.				occupier if required, as opposed to using the formal 48 hours' notice. <ul style="list-style-type: none"> As the licensee does not recall requiring entry to a customer's property for routine inspection and maintenance during the audit period, this obligation has not been rated. 		
Ancillary works powers If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	33	Section 139(3)	4	<ul style="list-style-type: none"> The licensee is aware of its obligation to provide affected parties notice if it removes or erects a fence or gate. Where possible, the licensee provides written notice of any potential disruptions and this will typically be followed up by in person visits. However, this has not happened during the audit period. We are satisfied that the licensee has met the requirements of this obligation. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Special provisions applicable to road works In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours' notice to the public authority managing the road.	34	Section 141(1)	4	<ul style="list-style-type: none"> The licensee is also the public authority responsible for managing roads within the operating area with the exception of the major roads that run through the Shire. Therefore this clause is generally not applicable. However, there are four main roads under State government control that coincide with the Calingiri sewerage system. These are the Calingiri – Wongan Hills Road that runs south-west to north east through Calingiri, the Bindi Bindi – Toodyay Road that runs north – south through the township and the Calingiri West Road, that runs west from the town. The Bindi Bindi – Toodyay Road runs adjacent to the sewerage system at Yerecoin but is not impacted by it. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> Although there are other main roads in the Shire, these do not coincide with the sewage systems. During the audit period the licensee has not undertaken works in the State controlled main roads that have affected either of the sewerage systems. 		
Prerequisites to provision of major works The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	35	Sections 142	4	<ul style="list-style-type: none"> The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Asset Management Plan Review of SynergySoft for capital expenditure over the audit period 	NR
Licensee to prepare plans and publish and give notice of major works Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	36	Sections 143 (2)	4	<ul style="list-style-type: none"> The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Licensee to prepare plans and publish and give notice of major works The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	37	Sections 143 (3)	5	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Objections and submissions The licensee must have regard to an objection or submission lodged within the relevant period.	38	Sections 144(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Licensee may amend proposal	39	Section 145(2)	5	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.				defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.		
Powers of Minister in respect of proposal The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	40	Section 147(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Powers of Minister in respect of proposal If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	41	Section 147(4)	4	<ul style="list-style-type: none"> The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Licensee to prepare plans and give notice of general works A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	42	Section 151(1)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Licensee to prepare plans and give notice of general works The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	43	Section 151(2)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Asset Management Plan Review of SynergySoft for capital expenditure over the audit period 	NR
Objections and submissions The licensee must have regard to an objection or submission lodged by the date	44	Section 152(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
specified in the notice given under section 151(2).				during the audit period. Therefore, this obligation is not able to be rated.		
Licensee may amend proposal If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	45	Section 153(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Taking of interest in land for purposes of licensee On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	46	Section 166(5)	4	<ul style="list-style-type: none"> The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Any costs incurred in taking an interest in land are to be paid by the licensee.	47	Section 166(6)	4	<ul style="list-style-type: none"> The Shire has not been required to take an interest in land under the Act. Therefore, this clause is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Sale of land The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the Planning and Development Act 2005, unless the Minister permits the licensee to do so.	48	Section 170	4	<ul style="list-style-type: none"> The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Entry with consent or under notice or warrant In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	49	Section 173(4)	4	<ul style="list-style-type: none"> Section 3.1 of the licensee's Customer Service Charter sets out the licensee's powers in relation to entry of property. The Customer Service Charter informs customers that <i>"For planned work within a property the Shire shall advise the occupier in advance. In cases of emergencies, the occupier, if present, shall be informed of the repairs to be</i> 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p><i>undertaken and the anticipated length of time for the work”.</i></p> <ul style="list-style-type: none"> However, the licensee has not developed any specific documentation to meet the requirements of this obligation and will agree entry with the occupier or owner. Further, the licensee has entry powers under other legislation that it may use if necessary. The licensee does not recall requiring to enter a customer’s property during the audit period. As a result this obligation has not been able to be rated. 		
Notice of entry Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	50	Section 174(1)	4	<ul style="list-style-type: none"> Section 3.1 of the licensee’s Customer Service Charter sets out the licensee’s powers in relation to entry of property. The licensee has not developed any specific documentation to meet the requirements of this obligation and will agree entry with the occupier or owner. Most of the licensee’s pipes are located in laneways or Shire property so generally the licensee does not need to gain entry to an occupier or owner’s property for any work related to the sewerage service. However, where customers report blockages occurring in the household connection pipes, these are typically attended to by the licensee’s Works staff. The licensee does not recall requiring to enter a customer’s property during the audit period. As a result this obligation has not been able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	51	Section 174(3)	4	<ul style="list-style-type: none"> Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. However no unconsented entries associated with water services were made during the audit period. Therefore, this obligation is not able to be rated. Section 3.1 of the licensee's Customer Service Charter sets out the licensee's powers in relation to entry of property. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 	NR
Rights of occupier of dwelling If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	52	Section 175(2)	4	<ul style="list-style-type: none"> Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property.. The licensee's staff are required to comply with the Shire's own a Code of Conduct in relation to communicating and dealing with members of the public. Any entries to a customer's dwelling when the occupier is present are performed in accordance with the prescribed actions included in Section 175(2) of the Act. Where customers report blockages occurring in the household connection pipes, these are typically attended to by the Shire's Works staff. However no entries into a customer's dwelling for purposes related to the licenced water services are known to have been made during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	53	Section 175(5)	4	<ul style="list-style-type: none"> Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. However no entries into an unoccupied dwelling were made during the audit 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				period. Therefore, this obligation is not able to be rated.		
When authorised person must leave etc. If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	54	Section 176(1)	4	<ul style="list-style-type: none"> Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property.. The licensee's staff are required to comply with the Shire's own Code of Conduct in relation to communicating and dealing with members of the public. However, no incidents could be recalled from the audit period where the owner or occupier has refused or withdrawn their consent and the licensee's staff have been required to leave the premises as soon as practicable after being notified. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act until they are not able to do so.	55	Section 176(3)	4	<ul style="list-style-type: none"> The licensee's staff are required to comply with the Shire's own Code of Conduct in relation to communicating and dealing with members of the public. The licensee's requirements are in accordance with the Act and staff are required to produce their certificate of authority if asked to do so. However, the licensee does not recall any occasions where staff were required to produce their certificate of authority and no evidence of occasions when this has happened are recorded. Therefore, this obligation has been rated as Not Rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to	56	Section 176(4)	4	<ul style="list-style-type: none"> Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
do so unless the owner or occupier agrees otherwise.				<ul style="list-style-type: none"> The licensee's staff are required to comply with the Shire's own Code of Conduct in relation to communicating and dealing with members of the public. Staff are required to produce their certificate of authority if asked to do so. There have been no known cases during the audit period where staff have been requested to produce evidence of authority for that entry by the owner or occupier and not been able to provide the evidence. Therefore, this obligation is not able to be rated. 		
Actions of authorised persons and others The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	57	Section 181	5	<ul style="list-style-type: none"> Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. The licensee's staff are required to comply with the Shire's own Code of Conduct in relation to communicating and dealing with members of the public There have been no known cases during the audit period where staff have had to comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Contents of application If the licensee applies for a warrant, the application must contain the prescribed information.	58	Section 186	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
How application to be made If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	59	Section 187(1) – (3)	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Execution of warrant						
Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	60	Section 190(4)	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	61	Section 190(5)	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Designation of inspectors and compliance officers						
If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	62	Section 210(5)	4	<ul style="list-style-type: none"> The licensee has not designated any person as an inspector or compliance officer. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Liability of certain persons for damage caused in exercise of powers						
In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	63	Section 218(2)	5	<ul style="list-style-type: none"> The licensee has not exercised a works power of power of entry under this act during the audit period. Therefore this obligation is not able to be rated. The licensee has a strong customer focus and strong connection with its customers which provides assurance that it would comply with this obligation if tested. No complaints regarding the licensee's actions to deliver the water service have been received during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	64	Section 218(3)	4	<ul style="list-style-type: none"> The licensee has not exercised a works power of power of entry under this act during the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Water Services Regulations 2013						
Altering position of service infrastructure in roads If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	74	Regulation 60(2)	4	<ul style="list-style-type: none"> The licensee has not exercised a works power in a road during the audit period. Therefore this obligation is not able to be rated. The licensee has well established relationships and processes for liaising with other infrastructure owners. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Roads broken up to be reinstated If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	75	Regulation 63	4	<ul style="list-style-type: none"> The licensee, as a local authority, is also the roads owner and manager. The exception of relevant is for the State controlled roads that coincide with the sewerage network. The licensee is well aware of its obligations to reinstate and make good roads following works. No road surfaces were required to be broken up and reinstated during the audit period in relation to the provision of the licenced water services. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Compliance Notices Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	89	Regulation 85	4	<ul style="list-style-type: none"> The licensee has not issued any compliance notices during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	157	Clause 5.2	4	<ul style="list-style-type: none"> Refer to observations detailed in Compliance Manual Reference 10. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not	158	Clause 5.3	4	<ul style="list-style-type: none"> Refer to observations detailed in Compliance Manual Reference 11. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
inconsistent with the terms and conditions of the licence.						
Water Services Code of Conduct (Customer Service Standards) 2013						
Information about connections The licensee must have written information for customers about the specified matters.	92	Clause 7	4	<ul style="list-style-type: none"> The Shire's Customer Service Charter, February 2011 made under its previous licence (Version 2) fulfils some of the requirements of this obligation. We have previously recommended that the licensee reviews and updates its Customer Service Charter against the requirements of the Water Services Code of Conduct (Customer Service Standards) 2013 and makes this document available to its customers via its website. We observed that the February 2011 update of the Customer Service Charter does not cover the following: <ul style="list-style-type: none"> There is no statement about owners of land to which statutory water service charges apply being entitled to service as per section 73 of the Act There is no statement about the licensee having a duty to provide services as per section 21 of the act The regulations relating to Section 21(2)(c) The period in which connections are required to be completed to make them compliant with the obligation. We consider that the extent of information not addressed in the Customer Service Charter constitutes a minor non-compliance which will need to be rectified before the revised when 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				the Charter is next reviewed and updated		
Minimum performance standards for standard water supply connections The licensee must ensure that, in any 12 month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.	93	Clause 8	4	<ul style="list-style-type: none"> The licensee does not provide water supply services. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Bills other than for quantities supplied, discharged The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	94	Clause 9	4	<ul style="list-style-type: none"> The licensee issues water service charges along with its general Council rates. This is undertaken annually. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of example bill 	1
Bills for quantities supplied, discharged The licensee must issue a bill for usage to each customer at least once in every 6 month period.	95	Clauses 10(2)	4	<ul style="list-style-type: none"> The licensee does not issue bills for usage. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	96	Clauses 10(3)	4	<ul style="list-style-type: none"> The licensee does not issue bills for usage. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	97	Clause 10(4)	4	<ul style="list-style-type: none"> The licensee does not issue bills for usage. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	98	Clause 10(5)	4	<ul style="list-style-type: none"> The licensee does not issue bills for usage. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Sending bills						
The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	99	Clause 11	4	<ul style="list-style-type: none"> The licensee sends bills to the address nominated by the ratepayer. This does not need to be the location at which the water service is provided. 	<ul style="list-style-type: none"> Interviews with licensee staff 	1
Estimates: licensees' obligations						
If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	103	Clause 13(1)	4	<ul style="list-style-type: none"> The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	104	Clause 13(2)	4	<ul style="list-style-type: none"> The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Requested meter readings, revised bills: licensee's obligations						
The licensee must provide to the customer on request a meter reading and a bill in in the prescribed circumstances.	105	Clause 14(1)	4	<ul style="list-style-type: none"> The licensee does not base bills on usage and therefore does not have meters. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Leaks						
The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	106	Clause 15	4	<ul style="list-style-type: none"> The licensee does not charge based on usage. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Undercharging in bills						
The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	107	Clause 16(2)	4	<ul style="list-style-type: none"> The licensee's charging is based on property valuation and a set rate (\$charge/\$land value) for residential and commercial properties. There are no usage charges. Undercharging could occur where a property valuation used as the basis for 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				billing is found at a later date to be incorrect or if the wrong unit rate had been applied. However, the licensee advises that it uses the latest available property valuations available from the state valuer and would not retrospectively change the valuation. <ul style="list-style-type: none"> ▪ The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated. 		
An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.	108	Clause 16(3)	4	<ul style="list-style-type: none"> ▪ The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR
The licensee must not charge interest or late payment fees on an undercharged amount.	109	Clause 16(4)	4	<ul style="list-style-type: none"> ▪ The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR
The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	110	Clause 16(5)	4	<ul style="list-style-type: none"> ▪ The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR
Overcharging in bills If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards	111	Clause 17(1)	4	<ul style="list-style-type: none"> ▪ The licensee's charging is based on property valuation and a set rate (\$charge/\$land value) for residential and 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.				<p>commercial properties. There are no usage charges.</p> <ul style="list-style-type: none"> Although unlikely, overcharging could potentially occur when a property valuation used as the basis for billing is found at a later date to be incorrect or if the wrong unit rate had been applied. However, the licensee advises that it uses the latest available property valuations available from the state valuer and would not retrospectively change the valuation. The licensee is not aware of any instances of where it has overcharged customers during the audit period. Therefore this obligation cannot be rated. 		
The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	112	Clause 17(2)	4	<ul style="list-style-type: none"> The licensee is not aware of any instances of where it has overcharged customers during the audit period. Therefore this obligation cannot be rated. The licensee has in place established procedures for refunding overcharged amounts on other parts of their rates bills. The overcharged amount is immediately credited to the customer's account. The customer then has the option of leaving this amount as a credit against their account or having the amount refunded to them. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Review of bills The licensee must review a bill on the customer's request.	113	Clause 18(1)	4	<ul style="list-style-type: none"> The licensee reviews bills when requested to by customers. This is typically performed in person at the Shire offices at the time the request is made. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> The licensee reports that no requests for review of bills have been received during the audit period. 		
The license must have a written procedure for the review of a bill on the customer's request.	114	Clause 18(2)	4	<ul style="list-style-type: none"> The licensee does not have a written procedure for review of a bill The licensee has not been asked to review any bills during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2
The review procedure in clause 18(2) must include the specified information and be publicly available.	115	Clauses 18(3) & (6)	4	<ul style="list-style-type: none"> The licensee does not have a written procedure for review of a bill. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2
The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	116	Clause 18(4)	4	<ul style="list-style-type: none"> The licensee does not have a written procedure for review of a bill. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2
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.	117	Clause 18(5)	4	<ul style="list-style-type: none"> The licensee has not received any requests to review any customer bill during the audit period but considers that it would inform customers of the outcome of the review of bills within 5 business days. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
When payment due if not set under regulations The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	118	Clause 20	4	<ul style="list-style-type: none"> The licensee requires payments of its bills within 35 days of issue. Customers are also able to set up a payment plan with the licensee to pay their annual rates charge in four instalments. 	<ul style="list-style-type: none"> Interviews with licensee staff Sample rates bill 	1
Payment methods The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer. The prescribed methods are:	119	Clause 21(1)	4	<ul style="list-style-type: none"> The Licensee accepts payments by all the prescribed methods. We note that the approved Hardship Policy informs customers that they can pay a bill using all the prescribed methods. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Hardship Policy 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
a) Direct debit b) Centrepay c) Internet d) Telephone e) Post				<ul style="list-style-type: none"> Although the Hardship Policy states that customers are allowed to pay a bill using Centrepay, there has been no uptake of this payment method from its customers. Similarly, although the Licensee allows payment by direct debit, no customers use this facility. The licensee allows EFT payments and the details of the licensee's bank account are include on the rates notice. This allows customers to pay via internet banking although there is no specific rates payment form on the licensee's website. We reviewed a sample bill which we noted provided all the information necessary to make payment by the prescribed methods except for direct debit. The rates notice lists the payment methods of post, in person, by telephone and EFT but also specifies that "Rate payers experiencing difficulty in paying rates and charges should contact the Finance Officer – Rates as soon as they receive their rates to discuss alternative payment arrangements". Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers. The licensee is the only organisation which can set up a direct debit. Customers can't actually do it for 	<ul style="list-style-type: none"> Review of example rates notice 	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				themselves, they can only set up a standing order for a fixed amount (e.g. a payment plan) and this is not the same thing as a direct debit. Therefore, we consider that this is a minor non-compliance.		
The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	120	Clause 21(2)	4	<ul style="list-style-type: none"> The license does not apply any additional fees and charges to different payment methods 	<ul style="list-style-type: none"> Interviews with licensee staff 	1
Consent for direct debits Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	121	Clause 22	4	<ul style="list-style-type: none"> The licensee accepts payment by direct debit but to date has not had any requests from customers to pay their bills using this method. Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers. The licensee is the only organisation which can set up a direct debit. Customers can't actually do it for themselves, they can only set up a standing order for a fixed amount (e.g. a payment plan) and this is not the same thing as a direct debit. As the licensee has not received a direct debit payment without consent, this is not a non-compliance issue but indicates a control issue that the licensee should look to rectify. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Hardship Policy 	NR
Payment in advance	122	Clause 23(1)	4	<ul style="list-style-type: none"> The licensee accepts payment in advance from customers. Payments are credited to the customer's account. 	<ul style="list-style-type: none"> Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must accept payment in advance from a customer on a customer's request.						
Free redirection in absence, illness The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	123	Clause 24	4	<ul style="list-style-type: none"> The licensee is able to redirect customer's bills on request and at no charge. This provision is also set out in the licensee's Financial Hardship Policy. However, no requests for redirection of customer bills are thought to have been carried out during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Financial Hardship Policy 	NR
Assistance for customers experiencing payment difficulties The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	124	Clause 25	4	<ul style="list-style-type: none"> The licensee allows customers to pay bills under a payment plan or other arrangement Information on payment plans is set out in its Financial Hardship Policy. The rates notice lists the payment methods of post, in person, by telephone and EFT but also specifies that "Rate payers experiencing difficulty in paying rates and charges should contact the Finance Officer – Rates as soon as they receive their rates to discuss alternative payment arrangements". It could not be confirmed if there have been any instances of customers paying on a payment plan due to payment difficulties during the audit period, as opposed to using a payment plan for better budgeting,. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Financial Hardship Policy 	NR
Financial hardship policy The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	125	Clauses 26(1) & (2)	4	<ul style="list-style-type: none"> The licensee has in place a Financial Hardship Policy that was approved by the ERA The Financial Hardship Policy is available on the licensee's website 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Financial Hardship Policy 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>If the licensee's licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.</p>	126	Clause 26(3)	4	<ul style="list-style-type: none"> The licensee had in place a licence before commencement of the Act (version 2 of its licence which commenced in May 2009) and a new version of its licence came into effect on the same day that the Act came into effect. Therefore the licensee was required to have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect. Section 27 of the Act commenced on 18 November 2013 (See Note 1 to the Act) and therefore the licensee was required to have a Financial Hardship Policy by 18 May 2014. The licensee submitted its Financial Hardship Policy to the Authority on 5 May 2014 for approval. The Financial Hardship Policy was approved by the Authority on 16 May 2014. The approval letter from the Authority recommended to the licensee that the TIS and TTY contacts numbers were better suited being included in the Contact Details section of the Policy, as opposed to the Other Information section. However, the letter did not stipulate that the Policy be revised and submitted for re-approval. Although the Authority made a recommendation, this information was already included on in the Licensee's Hardship Policy and the licensee was not required to re-submit the Policy for re-approval. Therefore, we do not consider that this is a non-compliance on behalf of the licensee in regard to 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Financial Hardship Policy Letter from Authority to Licensee dated 16 May 2014 regarding approval of the licensee's Hardship Policy 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				having a Hardship Policy in place by the commencement date.		
If the licensee's licence was granted after the day on which the Act came into effect, the licensee must have a financial hardship policy within 6 months of the day of the grant of the license.	127	Clause 26(4)	4	<ul style="list-style-type: none"> The licensee was granted a licence before commencement of the Act. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interview with licensee staff 	NA
The licensee's financial hardship policy must be publicly available.	128	Clause 26(5)	4	<ul style="list-style-type: none"> The Financial Hardship Policy is currently available on the licensee's website. We accessed the Financial Hardship Policy at audit. 	<ul style="list-style-type: none"> Interview with licensee staff Access to the licensee's website 	1
The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	129	Clauses 26(6)	4	<ul style="list-style-type: none"> The licensee's original Financial Hardship Policy submission was approved in May 2014 and therefore needs to be reviewed before May 2019. Therefore, this obligation cannot be rated for the audit period. Section 8 of the Financial Hardship Policy states that the licensee will review and update the policy at least every five years. 	<ul style="list-style-type: none"> Interview with licensee staff Hardship Policy 	NR
Assistance for customers experiencing financial hardship The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	130	Clause 27(2)	4	<ul style="list-style-type: none"> The licensee allows customers to pay bills under a payment plan or other arrangement that does not incur interest or fees. The rates notice specifies that "should none of the instalment option listed over the page be suitable, rates payers are welcome to approach Council with an alternative payment plan". Information on payment plans is set out in its Financial Hardship Policy. It could not be confirmed if there have been any instances of customers paying on a payment plan due to payment difficulties during the audit period, as 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Financial Hardship Policy Example of rates notice 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				opposed to using a payment plan for better budgeting,. As a result, this obligation has not been rated.		
The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	131	Clause 27(3)	4	<ul style="list-style-type: none"> The licensee does consider writing off amounts owed to it in certain circumstances. The hardship policy informs customers that if they are in financial hardship, the Licensee will consider reducing the amount that is owed us. Approval for writing off amounts owed must be given by the Council, officers are not authorised to do so. The licensee reports that amounts owed are written off from time-to-time. 	<ul style="list-style-type: none"> Interviews with licensee staff Hardship policy 	1
Matters relating to customers experiencing payment difficulties or financial hardship Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	132	Clause 28(1)	4	<ul style="list-style-type: none"> The licensee only bills owners of lands for water services.. Therefore, as the licensee does not enter into agreements with customers who are not the owner of the land, this obligation is not rateable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	133	Clauses 28(4) & (5)	4	<ul style="list-style-type: none"> This information is available in the licensee's Financial Hardship Policy. The Financial Hardship Policy is publicly available on the licensee's website. Information on instalment plans is also included on the rates notice. The rates notice specifies that "Rate payers experiencing difficulty in paying rates and charges should contact the Finance Officer – Rates as soon as they 	<ul style="list-style-type: none"> Interview with licensee staff Review of Financial Hardship Policy Access to the licensee's website Example of rates notice 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				receive their rates to discuss alternative payment arrangements".		
No debt collection in certain cases The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	134	Clause 29	4	<ul style="list-style-type: none"> The licensee does not collect debts where a customer is in a payment arrangement. This is specified in the hardship policy. 	<ul style="list-style-type: none"> Interviews with licensee staff Hardship policy 	1
Water flow not to be reduced below minimum rate The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	139	Clause 33	4	<ul style="list-style-type: none"> The licensee does not provide a potable water supply service. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Minimum performance standards for restoration of water supply The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	142	Clauses 34(4)	4	<ul style="list-style-type: none"> The licensee does not provide a potable water supply service. The licensee does not provide a water supply (recycled water) service from either of its two treatment plants. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 34(4) in any 12 month period ending on 30 June.	144	Clauses 34(6)	4	<ul style="list-style-type: none"> The licensee does not provide a potable water supply service. The licensee does not provide a water supply (recycled water) service from either of its two treatment plants. Therefore this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Procedure for dealing with complaints about water services The licensee must have a written complaints procedure in relation to investigating and dealing with complaints	145	Clauses 35(1)	4	<ul style="list-style-type: none"> Section 2.9 of the licensee's Customer Service Charter sets out the complaints process. Complaints may be made in writing, by telephone, in person at the Shire service 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.				<p>centre, and by email. The licensee does not have a web form on its website.</p> <ul style="list-style-type: none"> ▪ The licensee maintains a hard copy register for tracking complaints related to its water services. This is kept at the Shire Office front counter and was observed during the audit. ▪ The Shire uses a Sewerage System Defect and Complaint Report to record the details of each customer complaint. The form includes: <ul style="list-style-type: none"> – Date & Time of Report – Name of Person Making Report – Contact details for reference – Staff member recording the Complaint or Defect – Location of Defect or Complaint – Description of Defect or Complaint – Repair Work Carried Out – Who the repairs were carried out by – Date & Time Completed – Other Work Required – Date & Time Register Completed – Sighted By – Sighted By CEO ▪ The Sewerage System Defect and Complaint Report also includes the information requirements for reporting complaints to the Authority in the Annual Compliance Report and Department for Environment and Conservation (if applicable). 	<ul style="list-style-type: none"> ▪ Review of sewerage scheme complaints register ▪ Review of the Shire's website ▪ Complaints and Investigation Procedure ▪ Sewerage System Defect and Complaint Report 	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> The Shire has an overall Complaints and Investigation Procedure to ensure that all complaints are investigated in a timely and transparent manner by a competent person and all decisions and outcomes are justified and documented. We confirmed that no complaints relating to the Shire's water and sewerage services have been received during the audit period. 		
<p>The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the Authority's guidelines (if any).</p>	146	Clause 35(2)	4	<ul style="list-style-type: none"> The main components of a complaints procedure under AS ISO1002-2006 (now superseded by the 2014 version) are: <ul style="list-style-type: none"> Commitment Supporting policy and procedures Defined responsibilities Staff awareness Although the licensee has an overall Complaints and Investigation Procedure to ensure that all complaints are investigated in a timely and transparent manner by a competent person and all decisions and outcomes are justified and documented, we consider that some improvements need to be made to make the procedure to make it in accordance with the ISO standard. As such, we consider that this constitutes a minor non-compliance. We recommend that the licensee reviews its Complaints and Investigation Procedure against the AS ISO1002-2006 (now superseded by the 2014 version) and includes the procedures associated with completing the Sewerage System Defect and 	<ul style="list-style-type: none"> Interviews with licensee staff Customer Service Charter, February 2011 Complaints and Investigation Procedure Sewerage System Defect and Complaint Report 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				Complaint Report, defines responsibilities for managing, signing-off and escalation of complaints and includes the process for reporting the complaints data to the Authority in the Annual Compliance report. <ul style="list-style-type: none"> We note that the Licensee has not received any complaints from customers related to its water services during the audit period. 		
The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	147	Clauses 35(3)	4	<ul style="list-style-type: none"> The licensee's Complaints and Investigation Procedure addresses most of the matters under this obligation. However, these documents combined do not sufficiently address all the matters under this obligation, including dispute resolution arrangements and resolving complaints. We consider this to be a minor non-conformance. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2
The licensee's complaints procedure must inform the customer that they <ul style="list-style-type: none"> do not have to use the licensee'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. 	148	Clauses 35(4)	4	<ul style="list-style-type: none"> The licensee's Complaints and Investigation Procedure addresses most of the matters under this obligation. However, these documents combined do not sufficiently address all the matters under this obligation, including dispute resolution arrangements and resolving complaints. We consider this to be a minor non-conformance. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2
The licensee's complaints procedure must be publicly available.	149	Clauses 35(6)	4	<ul style="list-style-type: none"> The licensee's complaints procedure is not publically available. We consider this to be a minor non-conformance. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2
Services to be provided without charge	150	Clause 36(1)	4	<ul style="list-style-type: none"> The licensee makes these services available to customers at no charge. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must provide a customer with the specified services on request and at no charge.				<ul style="list-style-type: none"> The licensee has in place a disability access and inclusion plan. We have witnessed that many of the licensee's documents, e.g. the Financial Hardship Policy, include accessibility information. However, we note that the licensee does not advertise large-print services being available if required by the customer. We recommend that the licensee includes this in its Hardship Policy. 	<ul style="list-style-type: none"> Disability access and inclusion plan Financial Hardship Policy 	
The licensee must make available to each customer the customer's personal account information.	152	Clause 36(2)	4	<ul style="list-style-type: none"> The licensee provides account information such as current account balance when requested. 	<ul style="list-style-type: none"> Interviews with licensee staff 	1
Information to be publicly available The licensee must make the prescribed information publicly available.	153	Clause 37(1)	4	<ul style="list-style-type: none"> The licensee makes the required information publically available as follows: <ul style="list-style-type: none"> (a) Fees and charges are publically available on the licensee's website in the Fees and Charges document. (b) Bill payment methods are available on the customer's rate notice and in the Hardship Policy. (c) Exemptions, rebated, discounts are included on the customer's bill. However, information regarding the exemptions, rebated, discounts that are available to customers is not advertised. We consider that this is a minor non-compliance. (d) The licensee's Financial Hardship Policy notes that customers can contact the Shire through the National Relay 	<ul style="list-style-type: none"> Interviews with licensee staff Disability access and inclusion plan Financial Hardship Policy 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>Service, Speak and Listen phone service or with assistance from the National Interpreter Service. We note, however, that the licensee does not make reference to large-print services in publically available information and therefore consider that this is a minor non-compliance. The licensee does offer this service to customers on request.</p> <p>(e) Authorised person powers – not applicable as the licensee has not authorised any persons under the Act.</p> <p>(f) Not applicable</p> <p>(g) Not applicable</p> <p>(h) Not applicable</p> <p>(i) Not applicable</p> <p>(j) Not applicable</p> <p>(k) Not applicable</p> <p>(l) Not applicable</p>		
Accounting Records (Clause 12)						
The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	160	Licence Clause 12	5	<ul style="list-style-type: none"> Accounting records are prepared in accordance with AASB standards. Financial records are included in the Shires' annual reports and are published on the internet. The financial statement includes a sign-off from the independent auditor and the Shire's CEO that the financial report complies with the Australian Accounting Standards and the provisions of the Local Government Act 1995 and the 	<ul style="list-style-type: none"> Interviews with licensee staff Review of financial statements in annual reports Review of Annual Budget 2014/15 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				regulations under that Act related to Financial Management. <ul style="list-style-type: none"> The licensee also makes available its annual budget information available on its website. 		
Individual Performance Standards (Clause 13)						
The licensee must comply with any individual performance standards prescribed by the Authority.	161	Licence Clause 13.1	4	<ul style="list-style-type: none"> There are no individual performance standards specified in Schedule 3 of the licensee's licence. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Operational Audit (Clause 14)						
The licensee, must, unless otherwise notified in writing by the Authority, provide the Authority with an operational audit within 24 months after the commencement date, and every 24 months thereafter.	9	Licence Clause 14.1	5	<ul style="list-style-type: none"> The licensee is currently subject to operational audits at 36 month intervals and this was confirmed by the Authority in writing at the completion of the last audit. The last operational audit was undertaken in 2011 by Quantum Assurance (report prepared in February 2012) which covered the period from 1 December 2008 to 30 November 2011. The next operational audit (this audit) covers the period from 1 December 2011 to 30 November 2014. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of previous operational audit report (Quantum Assurance, February 2012) 	1
The licensee must cooperate with the independent expert and comply with the Authority's standard audit guidelines dealing with the operational audit.	162	Licence Clause 14.4	4	<ul style="list-style-type: none"> The current operational audit follows the 2014 Audit and Review Guidelines - Water Licences – Final (July 2014) The audit has been conducted following the audit plan prepared in accordance with the guidelines and approved by the Authority. The licensee has complied with all requests for information made by the auditor and has made its staff and 	<ul style="list-style-type: none"> Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				resources freely available to assist the conduct of this audit. <ul style="list-style-type: none"> The licensee's staff have acted in a professional and helpful manner throughout this audit. 		
Reporting a Change in Circumstance (Clause 15)						
The licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	163	Licence Clause 15.1 (a), (b), (c)	4	<ul style="list-style-type: none"> The licensee is not under external administration and there has been no material change of circumstances. Therefore, this clause is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	164	Licence Clause 15.1 (d)	4	<ul style="list-style-type: none"> As noted, the licensee has not undertaken any major works or general works during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Provision of Information (Clause 16)						
The licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	165	Licence Clause 16.1	4	<ul style="list-style-type: none"> The licensee has provided the required information to the Authority. 	<ul style="list-style-type: none"> Interviews with licensee staff 2011/12, 2012/13 and 2013/14 Annual Compliance Reports 2011/12, 2012/13 and 2013/14 Annual Performance Reports Correspondence with ERA 	1
The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the Water	166	Licence Clause 16.2	4	<ul style="list-style-type: none"> We reviewed the following compliance reports at audit: <ul style="list-style-type: none"> 2011/12 compliance report dated 18 July 2012 	<ul style="list-style-type: none"> Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Compliance Reporting Manual that apply to the licensee.				<ul style="list-style-type: none"> 2012/13 compliance report dated 8 August 2013 2013/14 compliance report dated 1 August 2014 	<ul style="list-style-type: none"> 2011/12, 2012/13 and 2013/14 Annual Compliance Reports Correspondence with ERA 	
The licensee must provide the Authority with the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual.	167	Licence Clause 16.3	3	<ul style="list-style-type: none"> The licensee has provided the Authority with performance reporting data 	<ul style="list-style-type: none"> Interviews with licensee staff Performance reporting data for 2011/12, 2012/13 and 2013/14 Correspondence with ERA 	1
Publishing Information (Clause 17)						
Subject to clause 17.3, the licensee must publish within the specified timeframe any information that the Authority has directed the licensee to publish under clause 17.1.	168	Licence Clause 17.2	4	<ul style="list-style-type: none"> The Authority has not directed the licensee to publish information related to this obligation. Therefore the obligation cannot be rated. Note that publication of the Financial Hardship Policy followed timing under legislation, not at the Authority's direction. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Notices (Clause 18)						
Unless otherwise specified, all notices must be in writing.	169	Licence Clause 18.1	4	<ul style="list-style-type: none"> The licensee issues all formal correspondence in writing. We reviewed a sample of correspondence at audit 	<ul style="list-style-type: none"> Interviews with licensee staff Annual Compliance Reports Correspondence with ERA file 	1
Asset Management System (Clause 20)						
The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	170	Licence Clause 20.1	4	<ul style="list-style-type: none"> The licensee provided details of the asset management system at the time of its licence application. This obligation is not applicable for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	171	Licence Clause 20.2	5	<ul style="list-style-type: none"> The licensee advised that no material change has been made to the Asset Management System during the audit period. Therefore, this obligation is not able to be rated 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	172	Licence Clause 20.6	4	<ul style="list-style-type: none"> The asset management system review is being conducted in accordance with the Authority's <i>Audit and Review Guidelines: Water Licences (2014)</i> and the preceding <i>Audit Guidelines: Electricity, Gas and Water Licences (2009)</i> as both were in effect during the audit period. An audit plan consistent with these guidelines has been prepared prior to this audit. The licensee has been consulted with respect to the audit plan and the audit plan has been approved by the Authority. The outcomes of the asset management system review are in a later section of this report. 	<ul style="list-style-type: none"> Audit and review plan Audit and review guidelines Interviews with licensee staff 	1
The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	6	Sections 24(1)(a) & 24(2)	4	<ul style="list-style-type: none"> The licensee has in place an asset management system for the operation and maintenance of its water service works. The main components of the asset management system are: <ul style="list-style-type: none"> An Asset Management Plan Detailed Asset Register Maintenance Management spreadsheet including annual program of inspections and completed works Condition and Performance spreadsheet with date of inspection, 	<ul style="list-style-type: none"> Interviews with licensee staff Asset management plan Asset Management System Excel spreadsheets Training Register Annual O&M budgets Capital Works Plan 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				condition and any comments/work completed – Annual O&M budget, including capital expenditure and a breakdown of maintenance work into routine, breakdown and restorative & preventative maintenance activities – Five year Capital Works Plan – Staff training and awareness ▪ A review of this asset management system has been completed at the same time as this operational audit and the outcomes are presented in a later section of this report.		
The licensee must give details of the asset management system and any changes to it to the Authority.	7	Section 24(1)(b)	5	▪ The licensee provided details of the asset management system at the time of its licence application. This obligation is not applicable for the audit period.	▪ Interviews with licensee staff	NR
A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	8	Section 24(1)(c)	5	▪ An asset management system review was conducted by Quantum Assurance and documented in a report prepared February 2012, which covered the period from 1 December 2008 to 30 November 2011. ▪ The next asset management system review (this review) covers the period from 1 December 2011 to 30 November 2014.	▪ Interviews with licensee staff ▪ Review of previous asset management review report	1
Water Services Ombudsman Scheme (Clause 21)						
The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	173	Licence Clause 21.1	4	▪ The Energy and Water Ombudsman of Western Australia became responsible for the water services ombudsman scheme referred to in Part 4 of the Act on 1 January 2014.	▪ Interviews with licensee staff ▪ Correspondence	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none">The licensee is a member of this scheme.		
Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision or direction of the water services ombudsman under the scheme.	15	Section 66	4	<ul style="list-style-type: none">The licensee has agreed to be bound by and compliant with any decision or direction of the OmbudsmanNo complaints concerning the licensee have been referred to the Ombudsman during the audit period	<ul style="list-style-type: none">Interviews with licensee staffCorrespondenceComplaints register	1
Standard Terms & Conditions of Service (Clause 22)						
Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	174	Licence Clause 22.1	4	<ul style="list-style-type: none">There are no Standard Terms and Condition of Service that apply to the licensee. This obligation is not applicable.The licensee seeks to provides its services in accordance with the Act and other legislation including the Local Government Act 1995	<ul style="list-style-type: none">Interviews with licensee staff	NA
Customer Contract (Clause 23)						
If directed by the Authority, the licensee must submit a draft customer contract for approval.	175	Licence Clause 23.1	5	<ul style="list-style-type: none">The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.	<ul style="list-style-type: none">Interviews with licensee staffCorrespondence with ERA	NR
The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	176	Licence Clause 23.2	5	<ul style="list-style-type: none">The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.	<ul style="list-style-type: none">Interviews with licensee staff	NR
The licensee may only amend the customer contract with the Authority's approval.	177	Licence Clause 23.3	5	<ul style="list-style-type: none">The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.	<ul style="list-style-type: none">Interviews with licensee staffCorrespondence with ERA	NR
The licensee must comply with any direction by the Authority to amend the customer contract.	178	Licence Clause 23.6	5	<ul style="list-style-type: none">The licensee has not been directed by the Authority to submit a draft customer	<ul style="list-style-type: none">Interviews with licensee staff	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				contract for approval. This obligation is not applicable.	<ul style="list-style-type: none"> Correspondence with ERA 	
Non Standard Terms & Conditions of Service (Clause 24)						
Unless clause 24.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code without the prior approval of the Authority.	179	Licence Clause 24.1 & 24.2	4	<ul style="list-style-type: none"> The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the Customer Services Code, the licensee must publish an annual report containing the information specified.	180	Licence Clause 24.4	4	<ul style="list-style-type: none"> The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. This obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Supplier of Last Resort (Clause 25)						
If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	181	Licence Clause 25.1	4	<ul style="list-style-type: none"> The licensee has not been appointed as a supplier of last resort. This obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	14	Section 60	4	<ul style="list-style-type: none"> The licensee has not been appointed as a supplier of last resort. This obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Duties of the Licensee (Clause 26)						
The licensee must comply with the duties imposed on it by the Act in relation to its	12	Section 29	4	<ul style="list-style-type: none"> The duties of the licensee are set out in Part 2, Division 3 of the Act. The 	<ul style="list-style-type: none"> Interviews with licensee staff 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
licence and must carry out its operations in respect of the licence in accordance with the Act.				<p>compliance of the licensee with these obligations has already been tested in this audit, resulting in a number of non-compliances being found. As a result, this obligation has been rated as non-compliant.</p> <ul style="list-style-type: none"> The licensee seeks to comply with its duty to provide sewerage and non-potable water services within its operating area. The licensee is the only user of the non-potable water service and provides sewerage services to some of the residents in the township of Brookton. The licensee has not received any complaints regarding its water services in the audit period. The licensee advises it has not refused provision of sewerage services nor suspended provision of sewerage services in the audit period. 	<ul style="list-style-type: none"> Operating Licence Asset Management System Operational Audit Report, February 2012 	
Provision of Water Services (Clause 27)						
The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	1	Section 21(1)(a)	5	<ul style="list-style-type: none"> The licensee provides sewerage services under the Act. The sewerage services are available for connection to the majority of residential areas of the towns of the Calingiri and Yerecoin. The industrial area in Calingiri is not connected to the sewerage system and this area is served by private septic tanks. Both of the licensee's sewerage systems only take the liquid effluent, each property has its own septic tank that collects the non-liquid component of the wastewater. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of Customer Service Charter, February 2011 Review of operating area map Inspection of assets 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> The licensee's Customer Service Charter sets out the conditions of and process for connecting to its sewerage network. The Customer Service Charter notes that <i>"If the Shire's waste water system is available to a property, which produces or has capacity to produce waste water, it is a requirement for the property owner to connect to the system, subject to the provisions of section 72 of the Health Act 1911"</i>. The licensee does not recycle effluent from either of its two treatment works and so there is no provision for non-potable supply to any of its customers. 		
The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	Section 21(1)(b)	4	<ul style="list-style-type: none"> The water service charges are determined annually by Council as part of its budgeting process. Council determines reasonable charges based on its costs to operate, maintain and renew the system. Water service charges are based on the rateable value of the land determined by the state valuer. The licensee advises that there have been no instances where it has discontinued providing a service because it has been not practicable or not financially viable. The sewerage networks are limited to the extent of the Calingiri and Yerecoin townships. 	<ul style="list-style-type: none"> Review of annual budget 2013/14 and 2014/15 Review of Fees & Charges 2014/15 Interviews with licensee staff Review of Customer Service Charter, February 2011 	1
The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	3	Section 21(1)(c)	4	<ul style="list-style-type: none"> The licensee has in place an effective asset management system for the operation and maintenance of its water service works. We have undertaken an asset management review at the same 	<ul style="list-style-type: none"> Interviews with licensee staff Review of operating area map 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				time as this operational audit and the findings of this review are presented later in this report. <ul style="list-style-type: none"> We inspected the licensee's assets at the time of audit including the treatment ponds and reticulation assets and reticulation assets where visible, e.g. pit lids. 	<ul style="list-style-type: none"> Inspection of assets Review of operation and maintenance records 	
Provision of Water Services Outside Operating Area (Clause 28)						
If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the Authority.	182	Licence Clause 28.1	4	<ul style="list-style-type: none"> The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of operating area map Inspection of assets 	NR
The licensee must notify the Authority as soon as practicable before commencing to provide the water service outside of the operating area of the license.	4	Section 22	4	<ul style="list-style-type: none"> The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Works Holding Arrangements (Clause 29)						
All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	5	Section 23	4	<ul style="list-style-type: none"> The licensee owns all of the water service works used to provide the water service 	<ul style="list-style-type: none"> Interviews with licensee staff Review financial records Review of financial asset register 	1
Hardship Policy (Clause 30)						
The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	183	Licence Clause 30.3	4	<ul style="list-style-type: none"> The licensee has prepared a Financial Hardship Policy with reference to the Authority's guideline and using the template provided by the Authority. The Financial Hardship Policy has been approved by the Authority. 	<ul style="list-style-type: none"> Review of Financial Hardship Policy Review of guidelines 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Memorandum of Understanding (Clause 31)						
The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date.	184	Licence Clause 31.1	N/A	<ul style="list-style-type: none"> The licensee does not provide potable water. This obligation is not applicable 	<ul style="list-style-type: none"> Interviews with licensee staff Review asset management plan Inspection of assets 	NA
The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	185	Licence Clause 31.2	N/A	<ul style="list-style-type: none"> The licensee does not provide potable water. This obligation is not applicable 	<ul style="list-style-type: none"> Interviews with licensee staff Review asset management plan Inspection of assets 	NA
The licensee must comply with the terms of the Memorandum of Understanding.	186	Licence Clause 31.3	N/A	<ul style="list-style-type: none"> The licensee does not provide potable water. This obligation is not applicable 	<ul style="list-style-type: none"> Interviews with licensee staff Review asset management plan Inspection of assets 	NA
Performance Standards (Schedule 3)						
The licensee must comply with the service and performance standards as set out in Schedule 3.	190	Section 9	N/A	<ul style="list-style-type: none"> There are no performance standards specified in Schedule 3 of the licensee's license. This obligation is not applicable. 	<ul style="list-style-type: none"> Operating license 	NA

5.2 Asset Management System Review

The following table provides detailed commentary based on the findings observed during the audit process.

Table 5-1 Asset Management System Review Observations

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
Asset Planning – Overall Rating: B2		
<ul style="list-style-type: none"> Asset Management Plan covers key requirements Planning processes and objectives reflect the needs of all stakeholders and is integrated with business planning. Service levels are defined. Non-asset options (e.g. demand management) are considered. Lifecycle costs of owning and operating assets are assessed. Funding options are evaluated. Costs are justified and cost drivers identified. Likelihood and consequences of asset failure are predicted. Plans are regularly reviewed and updated. 	<p>Overview</p> <ul style="list-style-type: none"> The licensee has two separate sewer schemes. The Calingiri scheme was constructed in 1981 and the Yerecoin scheme was constructed in 1983. Neither systems have been expanded since construction. The system assets are considered to generally be in good condition. Our asset inspections of the above ground assets, which included the lagoon systems and sludge drying beds, confirmed this. There are currently no capacity issues related to the reticulation system or the treatment plant for either scheme. There is the possibility of long term population loss in Victoria Plains. A 2012 population forecast out to 2016 by the Western Australian Planning Commission predicts average annual growth rate –1.1%. This compares with a lowest change rate of –3.1% and a high of 0.6%. Demand forecasts are expected to have negligible impact on the two sewerage systems, with zero growth experienced in both Calingiri and Yerecoin in recent years, and this is not expected to change. <p>Asset Management Plans</p> <ul style="list-style-type: none"> The licensee has an Asset Management Plan (AMP) for its Sewerage Schemes. The latest version is dated June 2011 but the Document History in Appendix C shows that revisions were made in March 2012 as part of the Post-Audit Implementation Plan actions from the previous audit. We note that the AMP is titled as ‘Sewerage and Effluent Reuse Scheme Assets’ although the licensee does not reuse any of the effluent from its two treatment plants. The AMP includes an outline of the operating environment, Levels of Service, a description of the asset system and regulatory requirements. However, the regulatory requirements are now out of date and will require updating in the next revision of the AMP. The AMP also documents the key aspects of operational planning for the scheme, including high-level system operation and operating rules and procedures. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Asset Management Plan, Core Business Australia Pty Ltd, June 19 2013 Wastewater Assets Management System - Maintenance Management module Wastewater Assets Management System - Risk Management module Wastewater Assets Management System - Annual Operations and Maintenance Budget Wastewater Assets Management System - Condition & Performance module Wastewater Assets Management System -Financial Planning module Sewerage Defect and Complaints Report Form Shire of Victoria Plains Local Planning Scheme No. 5, gazetted 15/03/2012 Shire of Victoria Plains Operational Audit & Asset Management System Review, February 2012 Shire of Victoria Plains Water Services Operating Licence,

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> The AMP outlines the performance measurement procedures for the different asset types and also outlines the activities/frequency of inspections and maintenance. The licensee also has an overall Asset Management Plan document, covering the period 2013 to 2033, that was developed in June 2013 by Core Business Australia. This covers all of the licensee's infrastructure assets (Roads, Pathways, Buildings, Storm Water, Waste Water and Parks & Reserves). The Asset Management Plan (Core) sets out how the local government will manage service delivery, provision, maintenance and disposal of infrastructure assets over their lifecycle 	WL34, Version 3, 18 November 2013 <ul style="list-style-type: none"> Shire of Victoria Plains Water Services Operating Licence, WL34, Version 2, 15 May 2009 Shire of Victoria Plains Long Term Financial Plan 2013 Shire of Victoria Plains Annual Budget for the year ended 30th June 2014 Shire of Victoria Plains Annual Budget for the year ended 30th June 2015
	Standard Operating Procedures <ul style="list-style-type: none"> The licensee does not have any standard operating procedures related to the operation and maintenance of the sewerage service. However, given the size and nature of the schemes, these would not be expected. 	<ul style="list-style-type: none"> Shire of Victoria Plains Annual Report 2011/12 Shire of Victoria Plains Annual Report 2012/13 Shire of Victoria Plains Annual Report 2013/14
	Asset Management System <ul style="list-style-type: none"> The licensee has an Asset Management System that uses a series of linked Excel spreadsheets. The system is simplistic and was provided to the licensee by the ERA as a system that could be used by small service providers. The asset management system consists of: <ul style="list-style-type: none"> An Asset Register Condition & Performance Monitoring Risk Assessment Maintenance Management Financial Budget The AMS is used as the key tool for future asset predictions that are included into the licensee's asset planning. 	<ul style="list-style-type: none"> Western Australia Tomorrow - Forecast Profile for the Victoria Plains (S) Local Government Area, Western Australian Planning Commission, February 2012
	Asset Management Planning <ul style="list-style-type: none"> The CEO has the overall responsibility for overall planning and developing the Planning Scheme document that identifies what infrastructure and facilities are required. The licensee has a corporate budgeting process to review and approve any new works that have been identified. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ The current Planning Scheme document (Shire of Victoria Plains Local Planning Scheme No 5) was gazetted on 15/03/2012. ▪ There is the possibility of long term population loss in Victoria Plains. A 2012 population forecast out to 2016 by the Western Australian Planning Commission predicts average annual growth rate -1.1%. This compares with a lowest change rate of -3.1% and a high of 0.6%. ▪ The Risk Assessment included in the licensee's AMS has been completed but generally asset renewals are prioritised based on condition and performance. The licensee uses a "run to fail" approach, which is appropriate for the size and type of schemes it operates and maintains. ▪ The AMP includes a five year capital works program. This is based on the lifecycle costs for that have been populated in the AMS. These are based on renewals of assets as they reach the end of their asset life. However, no new works for growth, levels of service or legislation have been identified in the current planning projections. ▪ The AMS forecasts a capex program out to 50 years based on the asset lives assigned to each type of asset and this is also included in the AMP. This forecast currently runs from 2012 to 2062. ▪ The long-term forecast shows little capital expenditure will be required until the two treatment ponds reach the end of their 50 year lives in 2031 (Calingiri) and 2033 (Yerecoin). Replacement costs have been predicted at just over \$0.5M. However, given the nature of these types of assets, it is unlikely that they would require a complete replacement of the asset or that the full cost of replacement would be required ▪ The next forecast spike in the capital spend is for the replacement of the reticulation system and manhole assets reach the end of their asset lives. The pipes have been assigned a 75 year asset life and the manhole chambers an 80 year asset life. This results in a \$1.9M one-year spike in expenditure in 2056 to replace the Calingiri reticulation system and a \$0.8M forecast spend in 2058 to replace the Yerecoin pipework. This is followed up by another \$1.9M capital spend in 2061 to replace the access chambers on the Calingiri scheme. However, with the replacements based on asset lives it would be expected that the expenditure for complete replacement of the assets would be spread over a number of years. ▪ Under the Local Government Act, the licensee is required to break out their planned expenditure budget to show the estimates for capex, renewals and maintenance so that there is a clear report of the predicted costs. ▪ The Annual Operations and Maintenance module of the AMS breaks down the forecast maintenance budgets into Routine & Breakdown, Restorative and Preventative forecasts. This is completed by the licensee at asset type level rather than for each individual asset. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> Funding options are included in Section 5 of the AMP. The only options available to the licensee to fund its sewerage service are income from rates and reserves. The licensee does not have any loans for its sewerage or reuse services. The licensee has a sewerage reserve that can only be used for the purpose of replacing or upgrading the licensee's two sewerage schemes. The licensee has to prepare Business Cases under Section 3.59 of the Local Government Act for new assets that are identified but not for renewal of current assets. At the present time all of the asset planning work identified by the licensee has been for renewals and this is not expected to change in the short-term. 	
Asset Creation – Overall Rating: B2		
<ul style="list-style-type: none"> Full project evaluations are undertaken for new assets including comparative assessment of non-asset solutions. Evaluations include all life-cycle costs. Projects reflect sound engineering and business decisions. Commissioning tests are documented and completed. Ongoing legal / environmental / safety obligations of the asset owners are assigned and understood. 	<ul style="list-style-type: none"> An overview of how assets should be acquired is included in the Section 4.6 – New Assets Creation Plan in the Asset Management Plan. This specifies that new assets will be procured through the Government Supply system, where available, or through select and public tendering on an as needs basis. As noted previously, full project evaluations are completed as part of the licensee's business case process required for new assets and include all life-cycle costs. This includes assessment of non-asset solutions. Business cases are submitted through the licensee's budgeting process for review and approval by the Council Board. The need / requirement for new sewer assets are identified from the five year capital works program and the longer-term 50 year expenditure forecast. However, at the present time all of the identified works are for renewal of assets as they reach the end of their asset lives. No new assets have been identified in the forecast and the licensee has not created any new assets during the review period. The only capital expenditure incurred during the review period was for the replacement of the fencing around the Yerecoin treatment pond. The licensee does not have specific testing and commissioning procedures for its active assets but would expect to include these in the conditions of contract if tendering any major work. Legal, environmental and safety obligations are documented in Section 2.3 of the Asset Management Plan. However, as the AMP was last updated in 2012, a number of the references are out of date and will need to be revised in the next update of the document. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Annual Operations and Maintenance Budget Wastewater Assets Management System - Condition & Performance module Wastewater Assets Management System -Financial Planning module Shire of Victoria Plains Long Term Financial Plan 2013/14 to 2022/23 Shire of Victoria Plains Annual Budget for the year ended 30th June 2014 Shire of Victoria Plains Annual Budget for the year ended 30th June 2015 Shire of Victoria Plains Annual Report 2011/12 Shire of Victoria Plains Annual Report 2012/13

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
		<ul style="list-style-type: none"> Shire of Victoria Plains Annual Report 2013/14 Shire of Victoria Plains Local Planning Scheme No. 5, gazetted 15/03/2012 Western Australia Tomorrow - Forecast Profile for the Victoria Plains (S) Local Government Area, Western Australian Planning Commission, February 2012

Asset Disposal – Overall Rating: B2

<ul style="list-style-type: none"> Under-utilised and under-performing assets are identified as part of a regular systematic review process. The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken. Disposal alternatives are evaluated. There is a replacement strategy for assets. 	<ul style="list-style-type: none"> The licensee's two sewerage schemes are relatively basic in concept and nature. Both schemes are gravity systems and there is no pumping involved with delivering the wastewater to the treatment ponds. Demand is within capacity and population forecasts indicate potential decrease in population in the Shire, although it is expected to be relatively stable in the two towns served by the licensee's two sewerage schemes. As such the need for disposing of assets surplus to requirements is unlikely in the foreseeable future with limited surplus availability within the asset base. The Local Government Act 1995 sets the policy framework for asset disposal and the licensee disposes of its sewerage assets in accordance with Section 3.58 of the Act. The licensee follows the Australian Accounting Standards to register asset disposal in its financial accounts. The licensee has a renewal/ replacement program developed for the asset base based on asset age and condition (for sewerage water service works). A like for like replacement (or repair on sewer main) is typically the most appropriate option and with the existing, failed asset disposed of. Assets such as buried pipes, manholes, or worn out plant and equipment are unlikely to have any second hand market value. These assets would normally be left in ground or disposed of to landfill. There is no formal process in place for assessing under-utilised or under-performing assets. Such assets are identified in the AMS using knowledge gained from site and historical information such as asset performance, failures and age. Assets are continually reviewed in the AMS. The licensee has an annual inspection program for each of its assets. Although the AMS has a Condition & Performance module to set up inspections and record asset condition, observations and any maintenance work carried out, the licensee uses its own maintenance schedule for recording this information. The Maintenance Management module has not been updated since 2011. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Annual Operations and Maintenance Budget Wastewater Assets Management System - Condition & Performance module Wastewater Assets Management System -Financial Planning module Sewerage Maintenance Schedule spreadsheet Shire of Victoria Plains Long Term Financial Plan 2013/14 to 2022/23 Shire of Victoria Plains Annual Budget for the year ended 30th June 2014 Shire of Victoria Plains Annual Budget for the year ended 30th June 2015 Shire of Victoria Plains Annual Report 2011/12 Shire of Victoria Plains Annual Report 2012/13
---	--	--

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> Given that the AMS is used for the rest of licensee's asset management activities and asset planning, we recommend that the inspection programs and information collected through the processes be updated in the Condition & Performance module. The AMP specifies that "Assets at the end of their life will be replaced with a similar capacity and the old asset dumped or recycled for scrap as appropriate". The replacement of the fence at the Yerecoin treatment pond has been the only old asset that the licensee has disposed in the review period. No assets have been identified for disposal in the AMP or AMS during the next review period. 	<ul style="list-style-type: none"> Shire of Victoria Plains Annual Report 2013/14 Shire of Victoria Plains Local Planning Scheme No. 5, gazetted 15/03/2012 Western Australia Tomorrow - Forecast Profile for the Victoria Plains (S) Local Government Area, Western Australian Planning Commission, February 2012 Local Government Act 1995 Local Government and Australian Accounting Standards requirements for asset disposal
Environmental Analysis – Overall Rating: B2		
<ul style="list-style-type: none"> Opportunities and threats in the system environment are assessed. Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved. Compliance with statutory and regulatory requirements. Achievement of customer service levels. 	<ul style="list-style-type: none"> Section 1.3 Asset Environment included in the AMP provides an overview of the physical environment that the licensee's assets are operating in. The licensee has identified statutory and regulatory requirements in its Section 2.3 of the AMP. However, it makes reference to the Water Services Licensing Act 1995 which has been superseded by the Water Services Act 2012. We recommend that the asset management plan be updated to reflect the new legislative framework. The licensee has a simple compliance register that is reviewed and updated annually to assist in keeping track of its statutory and regulatory obligations in the year. The licensee uses the compliance reporting procedure based on the Authority's Compliance Report Manual for preparing its annual compliance report to the Authority. Risk assessment is undertaken within the AMS. Two separate assessments have been developed for the risks of failing to meet the requirements of the operating licence and for the risks associated with the assets themselves. The Risk Assessment for the assets considers the consequences for risks to the environment related to each type of asset. The risk consequences related to customers and community are also assessed and used to derive an overall consequence score. Levels of Service for availability of service, capacity, continuity, emergency response, odours are outlined in Section 2 of the AMP. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Risk Management module Wastewater Assets Management System - Condition & Performance module Annual ERA Compliance Reports 2011/12, 2012/13 and 2013/14

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> Section 2.6.4 of the AMP outlines the performance measurement procedures that the licensee uses to assess performance against the service levels. During the review period, the licensee complied with its licence requirement target of fewer than 40 blockages per 100km of sewer main and 90% of connecting customers experiencing no overflow in each preceding 12 month period. This was reported to the Authority in the annual Compliance Reports submitted by the licensee. Outside of reporting requirements there does not appear to be further historical analysis of the licensee's performance against these measures. We recommend that past records on the performance measures be documented in the AMP with any significant deviation from the standard justified. Performance standards have been reported to the ERA annually and signed-off by the CEO. This obligation was only applicable until 18 November 2013. The current licence does not impose any performance standards for the sewerage service that the licensee provides. 	
Asset Operations – Overall Rating: B2		
<ul style="list-style-type: none"> Operational policies and procedures are documented and linked to service levels required. Risk management is applied to prioritise operations tasks. Assets are documented in an Asset Register, including asset type, location, material, plans of components, an assessment of assets' physical / structural condition and accounting data. Operational costs are measured and monitored. Staff receives training commensurate with their responsibilities. 	<p>Policies</p> <ul style="list-style-type: none"> The Goals and Objectives of the Sewer Scheme included in Section 1.2 of the AMP provides a very high level outline of the licensee's overall objectives in its provision of its services. The AMP only includes an overview of the system. Section 2.6 Levels of Service provides an overview of the key service criteria, the service characteristics, target level of service and the performance measurement procedure for the reticulation and treatment plant assets. This information, together with the maintenance plans included in Section 4, Lifecycle Management Plan, in the AMP, infer how the assets are operated, although explicit instructions are not provided or referenced. Where appropriate, the manufacturer's operating instructions/manuals are kept and used by the works and maintenance staff. <p>Operational / Maintenance Procedures and Tasks</p> <ul style="list-style-type: none"> The licensee does not have any specific Operational/maintenance procedures for operating or maintaining the sewerage schemes. Although the sewerage schemes are relatively simple, we would recommend that the licensee develops a simple step-by-step operational procedure and maintenance instruction to cover Sewer Blockages, Overflows and Spills. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Maintenance Management module Wastewater Assets Management System - Risk Management module Wastewater Assets Management System - Annual Operations and Maintenance Budget Wastewater Assets Management System - Condition & Performance module Wastewater Assets Management System -Financial Planning module Sewerage Maintenance Schedule spreadsheet

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> A Sewerage Defect and Complaints Report Form is used to record any asset issues and the repair work completed. Although the Condition and Performance module of the AMS includes an inspection program and allows inspection findings to be recorded against each asset, the licensee has developed its own templates for managing the inspection program and recording the appropriate information. We have recommended that this information be transferred into the Condition and Performance module of the AMS as this system is being used as the main tool for the licensee's asset management planning. Both of the licensee's two sewerage systems are gravity fed and there is no pumping involved. Both treatment ponds use evaporation, with periodic desludging of the ponds to remove solids. The treated effluent is not reused so there is no requirement to sample it prior to recycling. As such, operational costs for running the licensee's two sewerage schemes are minimal. Maintenance work on the sewerage schemes is predominantly reactive at the present time, with the licensee using a "run to fail" approach, which is appropriate given the simplicity of the scheme, its size and the type of assets utilised. 	<ul style="list-style-type: none"> Sewerage Defect and Complaints Report Form Shire of Victoria Plains Long Term Financial Plan 2013/14 to 2022/23 Shire of Victoria Plains Annual Budget for the year ended 30th June 2014 Shire of Victoria Plains Annual Budget for the year ended 30th June 2015 Shire of Victoria Plains Annual Report 2011/12 Shire of Victoria Plains Annual Report 2012/13 Shire of Victoria Plains Annual Report 2013/14
	Risk Management <ul style="list-style-type: none"> As noted previously, a risk management tool is built into the licensee's AMS. This is used, together with performance, condition and age data recorded in the AMS to identify possible future asset issues and prioritise them for renewal/refurbishment. However, the licensee uses a "run to fail" approach so assets are only replaced on failure. 	
	Asset Register <ul style="list-style-type: none"> The licensee's asset register is recorded in the AMS. Separate worksheets capture the asset attributes for access chambers, pipes, pump stations, and the treatment plants (Primary Treatment Ponds and fencing) The details included for each asset include: <ul style="list-style-type: none"> asset reference numbers description/location material dimensions construction date Replacement value 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ The planned replacement year and current replacement value are not included in the Asset Register but are included in the Financial Planning module of the AMS. ▪ The asset register is used as the base data template for other information recorded in the AMS, e.g. condition and performance data, dates of inspection and refurbishment works. ▪ The AMP states that the asset register will be reviewed annually. This review process provides the opportunity to refine and keep this information up-to-date and relevant. However, we observed that the Asset Register has not been updated since 2011 and the replacement values have not been inflated to 2015 costs. We recommend that this is updated for inclusion in the AMP and for the licensee's asset planning purposes. 	
	Asset Costs	
	<ul style="list-style-type: none"> ▪ Financial/accounting costs associated with the licensed services are recorded in the licensee's main finance system (Synergy). ▪ Operational costs are recorded against costs codes. The cost codes do not break down to an asset level but are for the sewer system (including the treatment plant) as a whole. ▪ Invoices go through the licensee's corporate system and are forwarded to the CEO for sign-off. All costs are recorded against the ongoing annual operations budget. ▪ The operational budget is developed by the CEO with input from other members of staff. The previous year's budget is the starting point, with any new expenditure needing to be approved by the Council. ▪ The annual operational costs are included with the maintenance costs in the long-term forecasts included in the Financial Planning module of the AMS. ▪ The operational budget is documented in the five-year financial plan included in the AMP together with the long-term forecast. The five year program included in the AMP runs from 2011/12 to 2015/16 ▪ Replacement costs for the sewer network are based on unit rates. The asset valuations included in the Financial Planning module of the AMS and presented in Table 5 of the AMP that are being used to forecast future renewals and replacement capital expenditure are as at 30 June 2011 and will require updating by 2016 at the latest. 	
	Staff Training	
	<ul style="list-style-type: none"> ▪ Field staff are trained to meet their position responsibilities. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> The sewerage schemes do not have any confined spaces or assets that require working at height. Therefore, there is no requirement for any specialist training to undertake these types of work activities. The system's operator demonstrated a good level of understanding of the system, its assets and associated operating procedures. 	
Asset Maintenance – Overall Rating: B2		
<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required. Regular inspections are undertaken of asset performance and condition. Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule. Failures are analysed and operational / maintenance plans adjusted where necessary. Risk management is applied to priorities maintenance tasks. Maintenance costs are measured and monitored. 	<p>Policies and Procedures</p> <ul style="list-style-type: none"> Refer to previous section for details of policies and procedures. <p>Asset Inspections</p> <ul style="list-style-type: none"> The licensee has an annual inspection program for each of its assets. Although the AMS has a Condition & Performance module to set up inspections and record asset condition, observations and any maintenance work carried out, the licensee uses its own maintenance schedule spreadsheet for recording this information. The Maintenance Management module has not been updated since 2011. Given that the AMS is used for the rest of licensee's asset management activities and asset planning, we recommend that the inspection programs and information collected through the processes by updated in the Condition & Performance module. To date, no CCTV inspections of the pipework have been undertaken but given that the system is less than 35 years old and no issues with have been experienced, this would not be unexpected. It is likely that in the next 15 to 20 years the licensee will need to plan for a sample of CCTV inspections to assess the condition of the below ground assets. <p>Maintenance Plans</p> <ul style="list-style-type: none"> Section 4 of the AMP outlines the Lifecycle Management Plan, including the routine maintenance activities and their frequencies The Planned Maintenance Plan is included in Section 4.4 of the AMP. The Due Dates reflect the months in the annual inspection program when each of the maintenance activities is completed. As noted previously, the licensee has developed its own maintenance schedule spreadsheet for recording information from the inspections of its assets. The Maintenance Management module included in the AMS has not been updated since 2011. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Maintenance Management module Wastewater Assets Management System - Risk Management module Sewerage Maintenance Schedule spreadsheet Wastewater Assets Management System - Annual Operations and Maintenance Budget Wastewater Assets Management System - Condition & Performance module Wastewater Assets Management System -Financial Planning module Sewerage Maintenance Schedule spreadsheet Sewerage Defect and Complaints Report Form Shire of Victoria Plains Long Term Financial Plan 2013/14 to 2022/23 Shire of Victoria Plains Annual Budget for the year ended 30th June 2014

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> The licensee does not have any standard operating procedures for its sewer service maintenance activities and is reliant on the knowledge and ability of the person performing the maintenance to carry them out satisfactorily. The licensee's Contingency Plan includes the emergency responses for Earthquake, Pond Failure, Major Storm, Illegal Load, Unexpected Demand and Pipe/Manhole Collapse. These events reconcile with the risk events that the licensee has included in its risk mitigation and management strategies included in the Asset Management Plan. 	<ul style="list-style-type: none"> Shire of Victoria Plains Annual Budget for the year ended 30th June 2015 Shire of Victoria Plains Annual Report 2011/12 Shire of Victoria Plains Annual Report 2012/13 Shire of Victoria Plains Annual Report 2013/14
	<p>Asset Failure Analysis</p> <ul style="list-style-type: none"> The AMP is reviewed annually and any failures that have occurred and been recorded in the AMS are considered in the budget cycle and the operation/maintenance plans. There is no asset failure analysis outside of the budget process. 	
	<p>Risk Management</p> <ul style="list-style-type: none"> Refer to previous section for details of risk management included in the AMS. 	
	<p>Maintenance Costs</p> <ul style="list-style-type: none"> Financial/accounting costs associated with maintenance costs are recorded in the licensee's main finance system (Synergy). Maintenance costs are recorded against costs codes. The cost codes do not break down to an asset level but are for the overall sewer systems. All sewerage maintenance costs are recorded against the ongoing annual operations budget. A planned maintenance register and a works schedule are built into the AMS but are not fully utilised. The estimated maintenance costs are recorded in the AMS against the different asset types in the Planned Work worksheet of the Maintenance Management module. The costs have not been updated since 2011. Maintenance tasks can also recorded against the Works Register included in the Maintenance Management module of the AMS but this has not been utilised. The ongoing maintenance forecast included in the AMS has been budget broken down into for routine & breakdown, restorative and preventive maintenance at an asset type level, as opposed to being developed for each individual asset. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> Actual O&M expenditure vs budget is regularly reviewed. There is a formal six and nine monthly reporting process for reporting the financial data to Council as part of the budgeting process. The report also includes the actual capital spend against the proposed budget. 	
Asset Management Information System – Overall Rating: B2		
<ul style="list-style-type: none"> Adequate system documentation for users and IT operators Input controls include appropriate verification and validation of data entered into the system Logical security access controls appear adequate, such as passwords Physical security access controls appear adequate Data backup procedures appear adequate Key computations related to licensee performance reporting are materially accurate Management reports appear adequate for the licensee to monitor licence obligations 	<p>Overview</p> <ul style="list-style-type: none"> The licensee utilises the following asset information systems: <ul style="list-style-type: none"> AMS – the licensee’s Asset Management System, for the sewerage assets, consisting of the asset register, inventory control, condition and performance monitoring, maintenance management, risk assessment and financial planning. Synergy Soft – corporate financial system. In addition, the licensee has developed its own Sewerage Maintenance Schedule spreadsheet for recording asset information during its inspection program. Manuals and other documentation are maintained for the licensee’s corporate systems. For the scale of the scheme, the AMS is considered to be fit-for-purpose. <p>Data Entry</p> <ul style="list-style-type: none"> The data is only generally verified and validated on input, although ad hoc reporting is used to identify and rectify any errors in the input information. <p>Management Reports</p> <ul style="list-style-type: none"> There is no regular internal management reporting related to the licensee’s sewerage systems. Licence obligations are continually monitored by the CEO and Environmental Health Officer but would only be expected to be reported to the Council if significant issues were experienced. Performance standards have been reported to the ERA annually and signed-off by the CEO. This obligation was only applicable until 18 November 2013. The current licence does not impose performance standards. The licensee does not reuse any of the treated effluent and so there is no requirement to provide any sampling and monitoring data to the Department of Health. Performance standards are not included in the Annual Report. Any key activities related to the operation of the sewer network would only be included in the Annual Report by exception. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Maintenance Management module Wastewater Assets Management System - Risk Management module Wastewater Assets Management System - Annual Operations and Maintenance Budget Wastewater Assets Management System - Condition & Performance module Wastewater Assets Management System -Financial Planning module SynergySoft Annual Performance Reports (2012, 2013, 2014)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>Security access of system</p> <ul style="list-style-type: none"> Access to the system is governed by standard IT access protocols and data back-up is undertaken regularly. All systems require a password to log on. All systems require a password to log on. Access to the AMS server is not password restricted and can be accessed by any members of the licensee's staff. Given the small number of staff in the licensee's office and the type of information stored on the AMS server, we consider that this is acceptable and that the licensee's overall IT access protocols are sufficient. Some areas of the system (e.g. administration and the finance information) are write-access restricted to the relevant staff, with other staff members only having read access. All systems are backed up locally overnight every day and offsite on a weekly basis by an IT consultant based in Dalwallinu. 	
Risk Management – Overall Rating: B2		
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system Risks are documented in a risk register and treatment plans are actioned and monitored The probability and consequences of asset failure are regularly assessed 	<ul style="list-style-type: none"> The licensee has a corporate Risk and Prioritisation Matrix that is included in its Asset Management Plan. As noted previously, a risk management tool is built into the licensee's AMS. This is used, together with performance, condition and age data recorded in the AMS to identify possible future asset issues and prioritise them for renewal/refurbishment. However, the licensee uses a "run to fail" approach so assets are only replaced on failure. Two separate assessments have been developed for the risks of failing to meet the requirements of the operating licence and for the risks associated with the assets themselves. The risk consequences related to customers and community are assessed and used to derive an overall consequence score based on the maximum individual score. The licensee's risk assessment does not include risk consequences associated with the water licence, financial impact, the environment and OHS. We recommend that the licensee's risk assessment be updated to include these risks. Likelihood scores are used to assign inherent risk scores to each element in the assessment. The adequacies of existing controls are also assigned and risk mitigation and minimisation strategies listed against each identified risk. The risk mitigation and management strategies for key risk events, including Earthquake, Pond Failure, Major Storm, Illegal Load, Unexpected Demand and Pipe/Manhole Collapse are included in the Asset Management Plan. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Wastewater Assets Management System - Risk Management module

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> The Risk Register is reviewed annually and was last reviewed internally in 2011. 	
Contingency Planning – Overall Rating: B2		
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	<ul style="list-style-type: none"> The licensee prepared a Contingency Plan in 2012 as a result of an action included in the Post Audit Implementation Plan from the 2012 Asset Management System Review. The licensee's Contingency Plan includes the emergency responses for Earthquake, Pond Failure, Major Storm, Illegal Load, Unexpected Demand and Pipe/Manhole Collapse. The Post Audit Implementation Plan from the 2012 Asset Management System Review also recommended that the licensee "conduct testing of the contingency plans, such as annually." The licensee completed a desktop emergency exercise test of the Contingency Plan in December 2012 to ensure that the details in the Plan were correct. No further testing has been undertaken. The Contingency Plan was last reviewed in 2013 at the time the actions from the Post-Review Implementation Plan were completed and an update on progress provided to the Authority (letter dated 6 February 2013). We recommend that the licensee complete an annual review of the Plan and Document Status section be added at the end of the Plan to allow version control/document history to be recorded. We also recommend that the annual review of the Contingency Plan be added to the licensee's Compliance Register. The Contingency Plan includes appendices for an Emergency Contacts List, a Spare Parts and Equipment section and a List of Suppliers. However, these sections are not included in the Plan and are additional documents. We recommend that the appendices be included in the single document to ensure that all of the necessary information can be accessed from a single document. The licensee has a standby generator that can be used to pump the sewerage from the reticulation system or the treatment pond in the event of an emergency. The licensee also has a tanker that can be used for collecting and transferring wastewater in emergency situations. 	<ul style="list-style-type: none"> Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 Shire of Victoria Plains Wastewater Services Contingency Plan 2013 Wastewater Assets Management System - Risk Management module Progress Report on Post-Review Implementation Plan Update from CEO to Authority dated 6 February 2013 Site visit to treatment plants
Financial Planning – Overall Rating: B2		
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives 	<ul style="list-style-type: none"> Financial planning is carried out in accordance with the requirements of the Local Government Act. 	<ul style="list-style-type: none"> Shire of Victoria Plains Policy Manual, November 2014 Shire of Victoria Plains - Asset Management Plan - Sewerage

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary 	<ul style="list-style-type: none"> The licensee also has a series of financial policies in its Policy Manual, including policies for Budgeting & Rating, Investments & Borrowing, Reserve Accounts and Financial Reporting The licensee undertakes its financial planning for its sewerage service in accordance with its Integrated Planning Framework used to develop a ten year Corporate Business Plan. However, given the simplicity of the licensee's sewerage schemes and the current age and condition of the assets, there are currently no items in the licensee's Corporate Plan related to the water services it provides. The overall responsibility for financial planning lies with the CEO and Deputy CEO. The AMS contains a 50 year financial planning forecast. The need / requirement for new sewer assets are identified from the five year capital works program and the longer-term 50 year expenditure forecast. However, at the present time all of the identified works are for renewal of assets as they reach the end of their asset lives. An overview to financial planning for the sewerage service is outlined in Section 5 of the Asset Management Plan. This includes a summary of the financial objectives and strategies and actions to achieve the objectives. The licensee prepares an overall long term 10 year Financial Plan, which includes the expenditure for its sewerage service. The financial planning includes predicted income for its services and the forecast expenditure. A five year breakdown of the scheme operating expenditure is included in the AMP. This information provides the breakdown for the five years between 2011/12 and 2015/16. The Financial Statement identifies the balance and anticipated movement in reserve funds. The capital expenditure component of the Financial Summary included in the Asset Management Plan is based on the five year capital works forecast developed in the AMS. This is all for renewals at the present time. The only capital expenditure included in the forecast was \$15,160 to cover the replacement of the fence at Yerecoin. No capital expenditure is forecast for the foreseeable future. The latest revision of the AMP shows the proposed capital expenditure between 2011/12 and 2015/16. The income forecasts included in the licensee's financial planning are based on an annual increase of CPI. Ongoing general operations and maintenance budgets are based on the previous year's expenditure and inflated for CPI, and refined where required. 	<p>and Effluent Reuse Scheme Assets, June 2011</p> <ul style="list-style-type: none"> Shire of Victoria Plains Long Term Financial Plan 2013 Shire of Victoria Plains Annual Budget for the year ended 30 June 2014 Shire of Victoria Plains Annual Budget for the year ended 30 June 2015 Shire of Victoria Plains Annual Report 2011/12 Shire of Victoria Plains Annual Report 2012/13 Shire of Victoria Plains Annual Report 2013/14 Shire of Victoria Plains Fees & Charges 2014/15

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ We reviewed the Financial Statement and confirmed that it includes projections of operating statements, statements of financial position and predictions of income for a 10 year period. We confirmed that the capital expenditure forecasts reconcile with the renewals expenditure in the AMS. ▪ Funding options are included in Section 5 of the AMP. The only options available to the licensee to fund its sewerage service are income from rates and reserves. The licensee does not have any loans for funding its licenced water services. ▪ The licensee 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 Victoria Plains Sewerage Schemes. The amount in the reserve is expected to be sufficient to cover the projected capital costs of the assets when they have been forecast to be required. No significant expenditure on the licensee's schemes is expected until 2031, when the treatment ponds at Calingeri reach the end of their assigned asset lives. ▪ Variances in expenditure are identified and tracked typically monthly for operating expenditure and as needed for capital expenditure. Where required, corrective action can be taken. We witnessed evidence of variance tracking and analysis reports from Synergy Soft. ▪ We also confirmed that the sewerage service budgets and expenditure are included in the overall financial planning carried out by the licensee. ▪ Section 4.2.4 of the Asset Management Plan includes the asset valuations for the sewer and reuse assets. The values included were established as at 30 June 2011 and will need to be re-valued and updated before June 2016. 	
Capital Expenditure Planning – Overall Rating: A2		
<ul style="list-style-type: none"> ▪ There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates ▪ The plan provides reasons for capital expenditure and timing of expenditure ▪ The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan ▪ There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned 	<ul style="list-style-type: none"> ▪ The responsibility for developing the capital expenditure budget lies with the CEO, with input from other senior members of the licensee's staff. ▪ The capital expenditure plan forms part of the 10 year Financial Statement. The capital budget is developed in conjunction with the AMS and forward planned maintenance and, where identified, system development. ▪ The need / requirement for new sewer assets are identified from the five year capital works program and the longer-term 50 year expenditure forecast. However, at the present time all of the identified works are for renewal of assets as they reach the end of their asset lives. ▪ The AMP includes a five year capital works program. This is based on the lifecycle costs for that have been populated in the AMS. ▪ The capital works are based on renewals of assets as they reach the end of their asset life. However, no new works for growth, levels of service or legislation have been identified in the current planning projections. 	<ul style="list-style-type: none"> ▪ Long Term Financial Plan 2013 ▪ Shire of Victoria Plains - Asset Management Plan - Sewerage and Effluent Reuse Scheme Assets, June 2011 ▪ Shire of Victoria Plains Long Term Financial Plan 2013 ▪ Shire of Victoria Plains Annual Budget for the year ended 30June 2014 ▪ Shire of Victoria Plains Annual Budget for the year ended 30 June 2015

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ The licensee has not created any new assets during the review period. ▪ The AMS forecasts a capex program out to 50 years based on the asset lives assigned to each type of asset and this is also included in the AMP. This forecast currently runs out to 2062. ▪ The long-term forecast shows little capital expenditure will be required until the two treatment ponds reach the end of their 50 year lives in 2031 (Calingiri) and 2033 (Yerecoin). Replacement costs have been predicted at just over \$0.5M. However, given the nature of these assets, it is unlikely that they would replacement or that the full cost of replacement would be required ▪ The next forecast spike in the capital spend is for the replacement of the reticulation system and manhole assets reach the end of their asset lives. The pipes have been assigned a 75 year asset life and the manhole chambers an 80 year asset life. This results in a \$1.9M spike one-year spike in expenditure in 2056 to replace the Calingiri reticulation system and a \$0.8M forecast spend in 2058 to replace the Yerecoin pipework. This is followed up by another \$1.9M capital spend in 2061 to replace the access chambers on the Calingiri scheme. However, with the replacements based on asset lives it would be expected that the expenditure for complete replacement of the assets would be spread over a number of years. ▪ We confirmed that the capex forecasts included in the AMP reconcile with the asset data included in the AMS. ▪ The capex planning is consistent with asset lives. The asset lives are captured in the AMS against each asset and form the basis of the future works program. ▪ The licensee also captures asset condition data during its annual inspection program and takes account of this in renewals planning. ▪ To date, no CCTV inspections of the pipework have been undertaken but given that the system is less than 35 years old and no issues with have been experienced, this would not be unexpected. It is likely that in the next 15 to 20 years the licensee will need to plan for a sample of CCTV inspections to assess the condition of the below ground assets. ▪ The licensee does not use deterioration models or renewals planning models. However, given the fairly small size of the asset base, models like these are unlikely to greatly improve the renewals planning process. ▪ Any expenditure on new assets (as opposed to renewals) that is identified will need to go through the licensee's business planning process. 	<ul style="list-style-type: none"> ▪ Shire of Victoria Plains Annual Report 2011/12 ▪ Shire of Victoria Plains Annual Report 2012/13 ▪ Shire of Victoria Plains Annual Report 2013/14 ▪ Wastewater Assets Management System - Annual Operations and Maintenance Budget ▪ Wastewater Assets Management System - Condition & Performance module ▪ Wastewater Assets Management System -Financial Planning module
Review of Asset Management System – Overall Rating: B2		
<ul style="list-style-type: none"> ▪ A review process is in place to ensure that the asset management plan and asset 	<ul style="list-style-type: none"> ▪ Section 7.3 of the Asset Management Plan outlines the internal and external review requirements for the Plan. 	<ul style="list-style-type: none"> ▪ Shire of Victoria Plains - Asset Management Plan - Sewerage

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<p>management system described therein are kept current</p> <ul style="list-style-type: none"> Independent reviews (e.g., internal audit) are performed of the asset management system 	<ul style="list-style-type: none"> The current version of the Asset Management Plan was reviewed and updated as part of the Post-Audit Implementation Plan actions from the previous audit, with the most recent changes dated 28/03/2012. However, we note that the date on the front of the AMP is June 2011. The current Improvement Plan is included in Section 7.2 of the AMP. We have made a number of recommendations throughout the overall Asset Management System Review related to updating the contents of the Asset Management Plan as a number of sections are out of date. External review of the AMS is undertaken as part of Clause 20 of licensee's licence under the Act. The last review was undertaken for the three year period ending 30 November 2011. No other intermediary reviews have been undertaken between the previous review and this review which covers the period 1 December 2011 to 30 November 2014. The AMS is reviewed and updated annually as part of the budget process. The AMS was last reviewed in April 2014 The AMS is considered fit-for-purpose and suitable for the organisation. 	<p>and Effluent Reuse Scheme Assets, June 2011</p> <ul style="list-style-type: none"> Shire of Victoria Plains Operational Audit and Asset Management System Review, Final Report, February 2012

6 Recommendations

6.1 Performance Audit

Table 6-1 Table of Current Non Audit Compliances and Recommendations

A. Resolved during current audit period			
Manual Ref.	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Date Resolved (& management action taken)	Auditor's Comments
B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
A1/2015	B2 <i>Water Services Act 2012, Clause 5.1</i> Licensee has not complied with all applicable legislation. We have identified a number of non-compliances with applicable legislation as follows: <ul style="list-style-type: none"> Section 27 – Requirements for Licences (Obligation 11) Section 29 – Duties of the Licensee (Obligation 12) 	Refer to the recommendations A4/2015 to A14/2015 for where the licensee has not complied with the required legislative obligation	The remaining recommendation included in this table (A3/2015) relates to an improvement opportunity to address control issues.
A2/2015	B2 <i>Water Services Act 2012, Clause 5.3</i> Licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013	We recommend that the licensee address the recommendations A4/2015 to A14/2015.	
A3/2015	B2 <i>Water Services Act 2012, Sections 82(4) & (5)</i> The licensee to provide required notification of and requirements as to building work within 7 days	Licensee to amend its current approval approach to accommodate the response times of both the Building Act 2011 (Regulation 20, Clause 10 of the Building Act 2011) and the Water Service Act 2012.	

B. Unresolved at end of current Audit period

	of receiving the fee for dealing with the notification.	
A4/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 7</i></p> <p>Licensee must have written information for customers about the specified matters under Section 21(2)(c) or (3)(c) and Section 73 of the Act.</p>	<p>We recommend that the licensee reviews its Customer Service Charter against the requirements of the Water Services Code of Conduct (Customer Service Standards) 2013, makes the necessary updates and make the document publically available.</p>
A5/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(2)</i></p> <p>License does not have a formal written procedure for the review of a bill on the customer's request.</p>	<p>Prepare a written procedure for review of a bill consistent with the requirements of the Code, Compliance Manual 2014 Obligations 114 to 116.</p>
A6/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clauses 18(3) & (6)</i></p> <p>Licensee does not have a formal written procedure for the review of a bill on the customer's request. Therefore, it does not meet the obligation to include the specified information and be publically available.</p>	<p>Make the written procedure for the review of a bill (refer to recommendation A5/2015) publically available.</p>
A7/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(4)</i></p> <p>License does not have a formal written procedure for the review of a bill on the customer's request.</p>	<p>Refer to recommendation A5/2015.</p>
A8/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 21(1)</i></p> <p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 22</i></p> <p>Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although</p>	<p>In addition to the other bill payment options, the licensee to make provision of direct debit services available as identified in its Financial Hardship Policy and as consistent with the Authority's Financial Hardship Policy Guidelines. Make the direct debit consent forms available on the licensee's website.</p>

B. Unresolved at end of current Audit period

advertised, we consider that the direct debit payment method is currently not available in practice to customers.

A9/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(2)</i></p> <p>Licensee's complaints procedure not developed using provisions of the AS ISO 10002</p>	<p>Amend the current complaints procedure to reflect the relevant provision of AS ISO 10002. The amendments should include:</p> <ul style="list-style-type: none"> ▪ Include the procedures associated with completing the Sewerage System Defect and Complaint Report, ▪ Defining responsibilities for managing, signing-off and escalation of complaints. ▪ Include the process for reporting the complaints data to the Authority in the Annual Compliance report.
A10/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(3)</i></p> <p>Licensee's complaints procedure does not fully address the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.</p>	<p>Amend the current complaints procedure to comply with the matters identified in clause 35(3) of the Water Services Code of Conduct.</p>
A11/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)</i></p> <p>Licensee's complaints procedure does not 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>Amend the current complaints procedure to comply with the matters identified in clause 35(4) of the Water Code.</p>
A12/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(6)</i></p> <p>The licensee's complaints procedure must be publicly available.</p>	<p>Licensee to publish the amended complaints procedure that addresses the recommendations included in A9/2015, A10/2015 and A11/2015 on its website.</p>
A13/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 36(1)</i></p> <p>The licensee does not reference large print services being available if required by its customers</p>	<p>We recommend that the licensee amends its Financial Hardship Policy to make reference to large-print services being available if required by the customer.</p>

B. Unresolved at end of current Audit period

A14/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)</i></p> <p>The licensee has not made all of the prescribed information publicly available.</p>	<p>Information regarding the exemptions, rebated, discounts that are available to customers is not advertised. We recommend that the licensee amends its most recent Customer Service Charter to provide information on the types of exemptions, rebated, discounts that are available to customers and makes the document publically available on its website.</p>
	<p>B2 <i>Water Services Act 2012, Section 29 (Clause26)</i></p> <p><i>The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.</i></p>	<p>Refer to recommendation A2/2015.</p>

6.2 Asset Management System Review

Table 6-2 Table of Current Review Asset System Deficiencies/Recommendations

A. Resolved during current audit period			
Ref.	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Date Resolved (& management action taken)	Auditor's Comments
B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
R1/2015	<p>B2 <i>Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</i></p>	<p>We recommend that the legal, environmental and safety obligations included in the Asset Management Plan are reviewed and revised in the next update of the document.</p>	
	<p>Legal, environmental and safety obligations are documented in Section 2.3 of the Asset Management Plan. However, as the AMP has not been updated since 2012, a number of the references are out of date and will need to be revised in the next update of the document.</p>		

B. Unresolved at end of current Audit period

R2/2015	<p>B2</p> <p><i>Environmental Analysis – Compliance with statutory and regulatory requirements</i></p> <p>The licensee has identified statutory and regulatory requirements in its Section 2.3 of the AMP. However, it makes reference to the Water Services Licensing Act 1995 which has been superseded by the Water Services Act 2012.</p>	<p>We recommend that the asset management plan be updated to reflect the new legislative framework.</p>
R3/2015	<p>B2</p> <p><i>Environmental Analysis – performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved / achievement of customer service levels.</i></p> <p>Outside of the compliance reporting requirements there does not appear to be further historical analysis of the licensee's performance against these measures.</p>	<p>We recommend that past records on the performance measures be documented in the AMP with any significant deviation from the standard justified.</p>
R4/2015	<p>B2</p> <p><i>Asset Operations – Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of asset's physical/structural condition and accounting data</i></p> <p>Although the Condition and Performance module of the AMS includes an inspection program and allows inspection findings to be recorded against each asset, the licensee has developed its own templates for managing the inspection program and recording the appropriate information.</p>	<p>We recommend that this information be transferred into the Condition and Performance module of the AMS as this system is being used as the main tool for the licensee's asset management planning.</p>
R5/2015	<p>B2</p> <p><i>Asset Operations – Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of asset's physical/structural condition and accounting data</i></p> <p>The AMP states that the asset register will be reviewed annually. This review process provides the opportunity to refine and keep this information up-to-</p>	<p>We recommend that costs in the asset register are updated for inclusion in the AMP and for the licensee's asset planning purposes.</p>

B. Unresolved at end of current Audit period

date and relevant. However, we observed that the Asset Register has not been updated since 2011 and the replacement values have not been inflated to 2015 costs.

R6/2015	<p><i>B2</i> <i>Asset Operations – Operational policies and procedures are documented and linked to service levels required</i></p> <p>The licensee does not have any specific operational or maintenance procedures for operating or maintaining the sewerage schemes.</p>	<p>Although the sewerage schemes are relatively simple, we would recommend that the licensee develops a simple step-by-step operational procedure and maintenance instruction to cover Sewer Blockages, Overflows and Spills.</p>
R7/2015	<p><i>B2</i> <i>Risk Management – Risks are documented in a risk register and treatment plans are actioned and monitored</i></p> <p>The licensee's risk assessment does not include risk consequences associated with the water licence, financial impact, the environment and OHS.</p>	<p>We recommend that the licensee's risk assessment be updated to include these risks.</p>
R8/2015	<p><i>B2</i> <i>Contingency Planning – Contingency plans are documented, understood and tested to confirm their operability and to cover high risks</i></p> <p>The licensee completed a desktop emergency exercise test of the Contingency Plan in December 2012 to ensure that the details in the Plan were correct. No further testing has been undertaken.</p> <p>The Contingency Plan was last reviewed in 2013 at the time the actions from the Post-Review Implementation Plan were completed.</p>	<p>We recommend that the licensee complete an annual review of the Plan and Document Status section be added at the end of the Plan to allow version control/document history to be recorded. We also recommend that the annual review of the Contingency Plan be added to the licensee's Compliance Register.</p>
R9/2015	<p><i>B2</i> <i>Contingency Planning – Contingency plans are documented, understood and tested to confirm their operability and to cover high risks</i></p> <p>The Contingency Plan includes appendices for an Emergency Contacts List, a Spare Parts and Equipment section and a List of Suppliers. However, these sections are not included in the</p>	<p>We recommend that the appendices be included in the single document to ensure that all of the necessary information can be accessed from a single document.</p>

B. Unresolved at end of current Audit period

Plan and are additional documents.

R10/2015	<p>B2</p> <p><i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i></p> <p>A five year breakdown of the scheme operating expenditure is included in the AMP. However, this information provides the breakdown for the five years between 2011/12 and 2015/16.</p>	<p>Update the operating expenditure information included in the Asset Management Plan to provide details of forecasted costs. Although the Asset management Plan is reviewed and updated every five years, we recommend that this review period should be for the full document, with an annual update of the financial information.</p>
R11/2015	<p>B2</p> <p><i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i></p> <p>The capital expenditure component of the Financial Summary included in the Asset Management Plan is based on the five year capital works forecast developed in the AMS. However, the AMP needs to be updated as the latest revision of the document shows the proposed capital expenditure between 2011/12 and 2015/16.</p>	<p>Update the operating expenditure information included in the Asset Management Plan to provide details of forecasted capital expenditure costs.</p>
R12/2015	<p>B2</p> <p><i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i></p> <p>Section 4.2.4 of the Asset Management Plan includes the asset valuations for the sewer and reuse assets. However, the values included were established as at 30 June 2011 and will need to be re-valued and updated.</p>	<p>We recommend that the licensee's asset valuations be updated as the AMS and Asset Management Plan currently reports them as they were valued at 30 June 2011.</p>
R13/2015	<p>B2</p> <p><i>Capital Expenditure – There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</i></p> <p>The AMS forecasts a capex program out to 50 years based on the asset lives assigned to</p>	<p>Update the capital expenditure forecast in the AMS</p>

B. Unresolved at end of current Audit period

each type of asset and this is also included in the AMP. This forecast currently runs out to 2062 and needs to be updated as 2012 is the starting year.

B2

Review of AMS – A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current

R14/2015

We observed during the review of the asset management system that a number of items included the Asset Management Plan were out of date which indicates that the reviews of the document that have taken place have not been as thorough as they should have been.

We recommend that the Asset Management Plan is reviewed and updated each year so that as a minimum the financial/expenditure, improvement plan and maintenance schedule dates can be updated.

Given the number of put-of-date items included in the latest version of the AMP, we recommend that the document is reviewed and updated by 30 June 2015.

7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at the Shire of Victoria Plains on 6 February 2015 and recorded in this report is an accurate presentation of our findings and opinions.

Justin Edwards
Cardno (QLD) Pty Ltd
515 St Paul's Terrace
Fortitude Valley QLD 4006

11 May 2015

Shire of Victoria Plains

APPENDIX A

RISK MANAGEMENT FRAMEWORK



Types of Compliance Risk

Type of Risk	Examples
Supply quality and reliability	Delays in new connections, excessive supply interruptions, supply quality standards not met.
Consumer protection	Customer service levels not met, incorrect bills, disconnection and reconnection standards not met, customers unable to access financial hardship assistance.
Legislation/licence	Breach of industry Acts, regulations and codes, contravention of licence conditions.

Risk Assessment Rating Scales

The consequence, likelihood, inherent risk and adequacy of internal controls are assessed using a 3-point rating scale as described below. The rating scale is as per the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

Consequence Rating

The consequence rating scale is outlined below.

Rating	Supply Quality and Reliability	Consumer Protection	Breaches of Legislation or Other Licence Conditions
1 Minor	Breaches of supply quality or reliability standards – affecting small number of customers. Delays in providing a small proportion of new connections.	Customer complaints procedures not followed in a few instances. Small percentage of disconnections or reconnections not completed on time. Small percentage of bills not issued on time.	Legislative obligations or licence conditions not fully complied with, minor impact on customers or third parties. Compliance framework generally fit for purpose and operating effectively.
2 Moderate	Supply quality breach events that significantly impact customers; large number of customers affected and/or extended duration and/or damage to customer equipment. Supply interruptions affecting significant proportion of customers on the network for up to one day. Significant number of customers experiencing excessive number of interruptions per annum. Significant percentage of new connections not provided on time/ some customers experiencing extended delays.	Significant percentage of complaints not being correctly handled. Customers not receiving correct advice regarding financial hardship. Significant percentage of bills not issued on time. Ongoing instances of disconnections and reconnections not completed on time, remedial actions not being taken or proving ineffective. Instances of wrongful disconnection.	More widespread breaches of legislative obligations or licence conditions over time. Compliance framework requires improvement to meet minimum standards.
3 Major	Supply interruptions affecting significant proportion of customers on the network for more than one day. Majority of new connections not completed on time/ large number of customers experiencing extended delays.	Significant failure of one or more customer protection processes leading to ongoing breaches of standards. Ongoing instances of wrongful disconnection.	Wilful breach of legislative obligation or licence condition. Widespread and/or ongoing breaches of legislative obligations or licence conditions. Compliance framework not fit for purpose, requires significant improvement.

Likelihood Ratings

The likelihood rating scale is described below.

Level	Description
A Likely	Non-compliance is expected to occur at least once or twice a year
B Probable	Non-compliance is expected to occur once every three years
C Unlikely	Non-compliance is expected to occur once every 10 years or longer

Inherent Risk Assessment Rating and Description

The inherent risk rating is based on the combined consequence and likelihood rating. The inherent risk assessment rating scale and descriptions are outlined below.

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

Adequacy Ratings for Existing Controls

The adequacy of existing internal controls is also assessed based on a 3-point scale as indicated below.

Level	Description
Strong	Controls that mitigate the identified risks to an appropriate level
Moderate	Controls that only cover significant risks; improvement required
Weak	Controls are weak or non-existent and have minimal impact on the risks

Assessment of Audit Priority

The assessment of audit priority is used to determine the audit objectives, the nature of audit testing and the extent of audit testing required. It combines the inherent risk and risk control adequacy rating to determine the priority level.

Inherent Risk	Adequacy of Existing Controls		
	Weak	Medium	Strong
High	Audit Priority 1	Audit Priority 2	
Medium	Audit Priority 3		Audit Priority 4
Low	Audit Priority 5		

Shire of Victoria Plains

APPENDIX B

ASSET
MANAGEMENT
PERFORMANCE
RATING
DEFINITIONS



Compliance Assessment Rating Scale

In accordance with the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014, a combination of audit compliance and controls ratings have been adopted to assess the licensee's compliance against each licence condition. The rating scale and description of compliance is outlined below. These are based on the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties

Asset Management Review Rating Scales

The asset management review utilises a combination of asset management adequacy ratings and asset management performance ratings, which are outlined below. These are based on the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

Asset Management 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).

Rating	Description	Criteria
D	Inadequate	<ul style="list-style-type: none"> Processes and policies are not documented. The asset management information system is not fit for purpose (taking into consideration the assets that are being managed).

Asset Management 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 when 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