

# Operational Audit and Asset Management System Review

Shire of Brookton

3604-70



Prepared for  
Economic Regulation Authority of Western  
Australia

17 March 2015

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# Executive Summary

## General

The Shire of Brookton holds a water services operating licence (WL12, Version 3) which permits it to provide sewerage services and non-potable water supply services to an operating area within a 4km radius from the centre of the Brookton Township and undertake, maintain and operate any associated water service works. 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 and Non Potable Water Supply services through a 4.7km gravity reticulation system. At each sewerage generation point, solids in the sewage are retained in a septic tank based effluent disposal system. Sewage is conveyed through 150 mm diameter asbestos concrete pipeline to a pumping station and a 0.64km 80mm nominal diameter rising main, from which it is discharged to the treatment plant.

The wastewater treatment plant (WWTP) is comprised of a single 2m deep 85m x 50m evaporation pond. Effluent from the pond is flocculated, clarified and chlorinated before pumping to either the 90kL enclosed irrigation storage tank at the town oval, or to the 50 ML storage dam which forms part of the town oval irrigation scheme. The annual sewage flow to the treatment lagoon is approximately 38,000 kL. The Shire uses the disinfected treated effluent from the treatment plant for irrigation of the town oval area. A 2.4 ML storage dam collects stormwater runoff from the hardstand and roads in the oval and pumped to the 90kL enclosed irrigation storage tank when water is available.

The scheme services 183 connections and a town population of approximately 600 people located some 140km east south east of Perth. The Shire covers an area 1,626km<sup>2</sup> and has a total population of approximately 1050 people.

There have been no significant changes to the assets since the last audit. The Authority has issued a new licence (WL12, Version 3) 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 effectiveness review of the Shire of Brookton 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 the Shire's operating licence

This audit has been conducted in order to assess:

1. The Shire of Brookton's level of compliance with the conditions of its operating licence.
2. The effectiveness of the Shire of Brookton's asset management system.

This report outlines the findings of the audit and review of the Shire of Brookton to fulfil the above objectives, conducted on 14 January 2015 to 15 January 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 2013 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 of the Previous Operational Audit***

The previous audit identified the following non-compliances:

1. Performance and compliance reports are not always submitted by the due dates, and late reports are not being included as non-compliances in the compliance reporting to the Authority.

### ***Findings of the Current Operational Audit***

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

#### Water Services Licensing Act 1995

2. A1-2015 - Inadequate reporting performance standard procedure/ control
3. A2-2015 - Customer Service Charter not available to its customers in the three ways prescribed in the Act.
4. A3-2015- The review of Customer Service Charter was not undertaken at least once in every three year period.
5. A4-2015- Licensee has not provided one of the other two consultation mechanisms identified in Clause 4.1(b) of the Act.
6. A5-2015 - Licensee had not established a Customer Council or institute at least two of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.
7. A6-2015 - Licensee has not complied with all applicable legislation.

#### Water Services Act 2012

8. A7-2015 - Licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013
9. A8-2015 - The licensee has not fully complied with a direction from the Authority in relation to a breach of applicable legislation, notably addressing all of the deficiencies identified in the Authority's Section 39(1) notice
10. A9-2015 - 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.
11. A10-2015 - *Licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013*

#### Water Services Code of Conduct (Customer Service Standards) 2013

12. A11-2015 - 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.
13. A12-2015 to A14-2015 - Licensee does not have a formal written procedure for the review of a bill on the customer's request.
14. A15-2015 - The licensee does not have direct debit payment method to allow a customer to pay a bill.
15. A16-2015 - Licensee did not have the financial hardship policy in place by required timeframes.
16. A17-2015 - Licensee's complaints procedure does not meet the requirements of AS ISO 10002

17. A18-2015 - 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.
18. A19-2015 - 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.
19. A20-2015 - The licensee's complaints procedure is not publicly available.
20. A21-2015 - The licensee does not make all of the prescribed (Clause 37(1) of the Code) information publicly available

#### Water Services Act 2012 (Licence Conditions)

21. A22-2015 - Responses have not been in the time specified by the Authority over the audit period.
22. A23-2015 - The licensee did not provide a compliance report to the Authority for 2011/12 reporting period on time.
23. A24-2015 - The licensee's notification to the Authority of a material change to the asset management system was longer than the prescribed 10 days following the post implementation review.
24. A25-2015 The licensee has not complied with all the duties imposed on it by the Act as it not fully addressed all asset management deficiencies under section 39(1) notice issued by the Authority and was unable to meet all Code requirements.
25. A26-2015 - Late approval of the Financial Hardship Policy does not comply with the Authority's guideline timeframes.

#### **Summary Opinion of the Control Environment**

With respect to the operation of the licenced services during the audit period, the Auditor conducted tests and assessed the control environment, the procedures, policies and performance of the Shire of Brookton 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 Brookton with its licence is summarised in Section 4.2 of this report. 26 of the 171 items assessed were rated as non-compliant. 51 obligations were assessed as compliant with all other items assessed 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 Brookton against the key asset management processes and effectiveness criteria set out in the ERA Guidelines.

The previous asset management system review identified the following recommendations:

1. Asset Planning A program for assessing asset condition and necessary action should be addressed in the AMP  

*Resolved during audit period*
2. Asset Planning The Shire should actively pursue the appointment of an EHO or other suitable officer to manage and accept responsibility for the water services

*Resolved during audit period*

3. Asset Planning The AMP should clarify that the whole AMP should be reviewed, not just the financial plans and asset register. The intention to review the financial plans and asset register annually following preparation of the annual budget is agreed. However the whole AMP documentation should be reviewed at intervals of two years following preparation of the budget

*Resolved during audit period*

4. Asset Disposal A program for assessing asset condition and necessary action – including disposal, should be addressed in the AMP

*Resolved during audit period*

5. Environmental Analysis The text relevant to Environmental Analysis should be transferred from the various sections of the existing AMP and consolidated under the heading “Environmental Analysis” in the reviewed document.

*Resolved during audit period*

6. Environmental Analysis The number and date of the ERA and DER licences should be corrected to indicate the current licences

*Unresolved at end of audit period*

7. Asset Operations Prepare a simple operation manual - including daily operation checks and flow measurement etc. for the system to be used primarily to support training

*Resolved during audit period*

8. Asset Operations Appoint a suitably qualified Officer to have administrative responsibility for the management and coordination of the water systems and the setting up and implementation of an appropriate Asset Management System on the Shire’s computer system

*Resolved during audit period*

9. Asset Operations Provide the Operator and Administration Officer (when appointed) with training in the operation and Maintenance of the water services and Contingency Plan

Implement a training program for other Shire staff who may be called on from time to time to undertake the duties of the operator.

*Resolved during audit period*

10. Asset Operations The Shire should actively pursue the appointment of an EHO or other suitable officer to manage and accept responsibility for the water services

*Resolved during audit period*

11. Asset Operations Arrange for the operator to receive training in sewerage services operation and maintenance. Such training is available via the Water Corporation

*Resolved during audit period*

12. Asset Operations Commence monthly sampling of incoming flows to the plant and analyse for BOD and Suspended Solids.

Compare BOD and SS analysis of incoming flows with expectation of these values for septic tanks. If differences are significant, consider action to enforce pump out of septic tanks connected to the system.

*Unresolved at end of audit period*

13. Asset Maintenance Verify that the AMIS maintenance schedule is that which will be adopted. Delete AMP text that does not support the AMIS schedule and tasks.

*Resolved during audit period*

14. Asset Maintenance      Review the range and timing of maintenance tasks in the AMIS and edit both the schedule , list of tasks and reporting sheets as necessary  
*Resolved during audit period*
15. Asset Maintenance      Arrange for the operating fault alarm condition at the pumping station to be automatically transferred to the Shire's emergency call number.  
*Unresolved at end of audit period*
16. Asset Maintenance      Although it has recently undertaken a CCTV inspection of its collection system pipework and commenced the implementation of a replacement program, the Shire has no formal procedure for assessment of the condition of all of its assets, including pumping and treatment facilities. Such a program should be implemented.  
*Unresolved at end of audit period*
17. Asset Maintenance      A program for assessing the condition of all assets and necessary action should be addressed in the AMP and implemented  
*Unresolved at end of audit period*
18. Asset Maintenance      The Shire should ensure that the procedures and documentation for asset creation and acquisition are followed. Also, the Shire should confirm that main pumpsets are replaced on a four yearly basis and prepare the associated documentation  
*Unresolved at end of audit period*
19. Asset Management Information System      Continue and update input to the AMIS package to keep records etc up to date.  
*Resolved during audit period*
20. Asset Management Information System      Edit and expand existing spread sheets to support the changes recommended to the Asset Maintenance system  
*Resolved during audit period*
21. Asset Management Information System      Actively pursue the appointment of a suitable officer  
*Resolved during audit period*
22. Risk Management      That the Shire adopt the AMIS Risk Analysis template to determine the risks relevant to its water services facilities / operations  
*Resolved during audit period*
23. Risk Management      That the risk analysis text from the 2013 AMP be deleted and either:  
1. Attach a copy of the completed template analysis to the AMP as an appendix , or  
2. Add a reference to the relevant AMIS package  
*Resolved during audit period*
24. Contingency Planning      Review and broaden the contingency plans as recommended in the previous review. Change the section title from Emergency Response to Contingency Plans  
*Resolved during audit period*
25. Contingency Planning      Actively pursue the appointment of a suitable officer  
*Resolved during audit period*
26. Financial Planning      Ensure that future financial papers reflect the financial planning of the AMIS.  
*Unresolved at end of audit period*
27. Financial Planning      Actively pursue the appointment of a suitable officer.  
*Resolved during audit period*

28. Capital Expenditure Planning      Review and edit the capital expenditure template and estimates contained in the AMIS. Ensure that estimates in the AMS are derived from the AMIS.  
*Resolved during audit period*
29. Capital Expenditure Planning      Ensure that future financial papers reflect the financial planning of the AMIS.  
*Unresolved at end of audit period*
30. Capital Expenditure Planning      Actively pursue the appointment of a suitable officer.  
*Resolved during audit period*
31. Review of Asset Management System      Provide a face sheet sign-off table as per the previous review.  
*Resolved during audit period*
32. Review of Asset Management System      Make provision for the AMP to be fully reviewed at two year intervals, concurrently with the annual reviews of the financial and asset register documents.  
*Resolved during audit period*
33. Review of Asset Management System      Actively pursue the appointment of a suitable officer.  
*Resolved during audit period*

### **Findings of the Current Asset Management System Review**

The review of the Shire of Brookton asset management system identified that all the asset management processes were rated B3 or better. There has been significant improvement in the Shire's asset management system since the previous review. Process improvement opportunities have been included in the review, table 5.2. The following recommendations and process improvement opportunities were identified during the current audit:

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R1-2015	<i>B2 Asset planning - Asset management plan covers key requirements</i>	Documentation requires improvement to include further details on the non-potable water supply works	Although the AMP covers the licensee's sewerage scheme, we recommend that either additional section be added to the document to relate to the non-potable water assets and associated operations and maintenance requirements. We suggest this is informed by DWA's 2013 report titled Brookton Water Reuse System Review and Improvement Recommendations
R2-2015	<i>B2 Asset planning - Asset management plan covers key requirements</i>	Process and policy documentation requires improvement by aligning the AMP's risk management section with the Corporate Risk Management Framework	Revise the Risk Management Section of the AMP (including risk assessment) to better align with Shire's the corporate risk management framework and thus better reflect the requirements of ISO 31000



Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R3-2015	B2 <i>Environmental analysis - Opportunities and threats in the system environment are assessed</i>	Legislative framework out of date and ERA licence be corrected to indicate the current licence.	We recommend that the asset management plan be updated to reflect the new legislative framework and that the number and date of the ERA licence be corrected to indicate the current licence.
R4-2015	B2 <i>Environmental analysis - Opportunities and threats in the system environment are assessed</i>	licensee has missed a number of Authority required deadlines	We recommend that the licensee prepare a compliance register and reporting procedure based on the Authority's Compliance Report Manual to assist in keeping track of its statutory and regulatory obligations. The observations table in this audit report may be used as the basis for this.
R5-2015	B2 <i>Asset operations - 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</i>	Processes and policies do not adequately document the required performance of the assets as the asset register does not contain condition scoring.	We recommend that a column be provided in the asset registers to accommodate asset condition rating scoring (1-5) consistent with Form ASSET 02.
R6-2015	B2 <i>Asset operations - 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</i>	Financial asset registers and operational asset registers do not align nor is there cross referenced to each other	We recommend that the operational and financial asset registers be aligned using a unique asset identification number, alternatively a table inserted into the AMP clearly detailing the corresponding reference identification numbers between the two registers.
R7-2015	B2 <i>Asset operations - Operational policies and procedures are documented and linked to service levels required</i>	Sampling procedures not well defined in the operations manual	We recommend that sampling procedures for the scheme be detailed in the Operations Manual.

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R8-2015	B2 <i>Asset maintenance – Regular inspections are undertaken of asset performance and condition</i>	Inspections on whole asset base yet to be undertaken.	Undertake condition inspection of all non-gravity sewer main assets using forms in AMP and in a manner consistent with industry standards. Complete by 14 November 2015. Condition and performance inspections to be documented in the maintenance management inspection schedule / forms for appropriate person(s) to complete.  It is advised that the rising main pipeline be inspected if leaks are detected or within the next 7 years at the latest.
R9-2015	B2 <i>Risk management - Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system</i>	Risk assessment needs to be updated to reflect corporate risk management framework to better reflect the requirements of ISO3100	Refer to recommendation R2-2015
R10-2015	B2 <i>Financial planning - The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</i>	Approach to integrated budget planning not detailed.	As previously noted, the licensee advised that it is currently refining this approach to integrated budgeting process to be informed better by the licensee's AMPs as part of the next revision of the 5 year capital expenditure plan for 2016 to 2021. A copy of the process to be included in the AMP. Finalised budgets are to be reflected back into respective AMPs with details of works not proceeding and why.
R11-2015	B2 <i>Asset maintenance – Regular inspections are undertaken of asset performance and condition</i>	<i>Improvement opportunity to enhance operation efficiency through assessment of WWTP and scheme performance</i>	We recommend that as good operational practice an analysis of available flow data and water quality characteristics data be undertaken to determine the efficiency of the treatment plant including accounting for evaporative losses. A representative sample of WWTP inflow BOD and SS be undertaken over a representative short-term period as a reference point in time. Analysis to be documented in the AMP. The analysis to also include the strength of the inflow compared with that expected from a septic tank in order to assess whether or not septic tanks connected to the system were (as a whole) operating effectively. This should eventually form part of the Department of Health's Recycled Water Quality Management Plan.
R12-2015	B3 <i>Asset creation/acquisition – Commissioning tests are documented and completed</i>	<i>Recent works on the pump station have not been thoroughly commissioned</i>	Complete commissioning exercise and documentation for the recent pump station works and retain records in AMIS.

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R13-2015	A2 Asset creation/acquisition	Use of Form Asset 03 not yet implemented	Implement the use of Asset Planning & Acquisition Form (Form Asset 03) when appropriate project need arises.

**Assessment of the Effectiveness of the Asset Management System**

Based on the outcomes of the review, the Auditor found that the asset management processes and measures have been implemented and are being followed. In reviewing previous review and asset management planning materials it is clearly evident that the licensee has made significant improvement. It is the Auditor's opinion that the asset management system is generally operating satisfactorily with the majority of processes implemented.

However, there were a number opportunities for improvement identified for the majority of the licensee's asset management processes.

The Authority issued a Notice under section 39(1) of the Water Services Licensing Act 1995 to the licensee for deficiencies in its asset management system. These deficiencies were reviewed in 2013 by Barry Robbins Engineering & Project Management, report dated 11th March 2014. The 33 recommendations from the associated post implementation review formed the extension to the Notice to 30 November 2014. During this review, the Auditor has reviewed the licensee's response to these recommendations to find that 25 recommendations had been responded to within the audit period and 8 still remained unresolved.

**Asset Management System Review - Overall Effectiveness**

A summary of our assessment of the effectiveness of the Shire of Brookton's Asset Management System is provided in Section 5.2. All elements were rated "B" or better for policy and procedures. All elements were rated "3" or better for performance.

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# 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 competitive and fair environment, particularly where businesses operate as natural monopolies.

The Shire of Brookton holds a water services operating licence (WL12, Version 3) which permits it to provide sewerage services and non-potable water supply services to an operating area within a 4km radius from the centre of the Brookton Township and undertake, maintain and operate any associated water service works. 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 and non-potable water supply services through a 4.7km gravity reticulation system. At each sewerage generation point, solids in the sewage are retained in a septic tank based effluent disposal system. Sewage is conveyed through a 150 mm diameter asbestos concrete pipeline to a pumping station and a 0.64km 80mm nominal diameter rising main, from which it is discharged to the treatment plant.

The wastewater treatment plant (WWTP) is comprised of a single 2m deep, 85m x 50m evaporation pond. Effluent from the pond is flocculated, clarified and chlorinated before pumping to either the 90kL enclosed irrigation storage tank at the town oval, or to the 50 ML storage dam which forms part of the town oval irrigation scheme. The annual sewage flow to the treatment lagoon is approximately 38,000 kL. The Shire uses the disinfected treated effluent from the treatment plant for irrigation of the town oval area. A 2.4 ML storage dam collects stormwater runoff from the hardstand and roads in the oval and pumped to the 90kL enclosed irrigation storage tank when water is available.

The scheme services 183 connections and a town population of approximately 600 people located some 140km east south east of Perth. The Shire covers an area 1,626km<sup>2</sup> and has a total population of approximately 1050 people.

There have been no significant changes to the assets since the last audit. The Authority has issued a new licence (WL12, Version 3) consistent with the Water Services Act 2012.

## 1.2 Purpose of this report

As a condition of the licences, licensees are required to conduct a performance audit and asset management review that assesses the performance of the licensee against its obligations under the licences.

The purpose of the performance audit was 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:

- ▶ a description of the audit or review objectives and the methodology used to conduct the audit or review
- ▶ the interval of time covered by the audit or review and the previous audit or review, if applicable
- ▶ the period over which the audit or review has been performed
- ▶ details of the licensee's representatives participating in the audit or review
- ▶ details of key documents and other information sources examined by the auditor during the course of the audit or review
- ▶ details of the audit or review team members and hours utilised by each member
- ▶ any other information the auditor considers relevant to the audit or review scope of work.

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).

An operational audit of Shire of Brookton's Water Services Operating Licence was last performed for the period, 1 December 2008 to 30 November 2011. An asset management system review of the licence was last performed for the period, 1 December 2012 to 30 November 2013.

Version 3 of the Shire of Brookton's Water Services Operating Licence WL12 was issued on 18 November 2013.

## 2 Scope of works

### 2.1 Audit/Review objectives

The objectives of this audit were to:

34. Provide to the Authority an independent assessment of the Shire of Brookton's compliance with all of the relevant obligations under the licences
35. Provide to the Authority an independent assessment of the effectiveness of the Shire of Brookton's asset management system in relation to WL12
36. Provide recommendations to address non-compliances, 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 Brookton 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 WL12
  - Assess performance against each asset management process for WL12.
- ▶ Reviews of documents, procedures and policy manuals in relation to financial management and planning, service performance standards, asset management, operations and maintenance functions and reporting
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit report in accordance with the format outlined in the ERA Audit and Review Guidelines: Water Licences (July 2014).

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

Audit Area	Priority	Approach	Systems	Key Documents
<b>Decisions</b>				
Clause 20 Asset Management System	4	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise Asset Management System</li> <li>Computerised Maintenance Management System</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management Policies</li> <li>Asset Management Plans</li> <li>Asset Management Systems and Procedures Manual</li> <li>Asset Register</li> </ul>
Clause 21 Water Services Ombudsman Scheme	4	<ul style="list-style-type: none"> <li>Confirm whether the licensee is a member of a scheme and assess compliance</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Correspondence with Ombudsman</li> </ul>
Clause 22 Standard Terms & Conditions	NA	<ul style="list-style-type: none"> <li>Confirm that not applicable</li> </ul>		
Clause 23 Customer Contract	4	<ul style="list-style-type: none"> <li>Check whether the Authority has asked for and approved a customer contract during the audit period.</li> <li>Confirm that the contracts comply with the Customer Contract Guidelines</li> <li>Check whether there have been any amendments to the customer contracts during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Examples of customer contracts</li> </ul>
Clause 24 Non Standard Terms & Conditions of Service	4	<ul style="list-style-type: none"> <li>Assess whether the licensee has agreements with customers that include non-standard terms and conditions</li> <li>If applicable, confirm that the non-standard terms and conditions have been approved by the Authority</li> <li>If applicable, confirm annual reports of agreements containing non-standard terms and conditions have been published and comply with the operating licence requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Examples of agreements with non-standard terms &amp; conditions (if applicable)</li> <li>Annual reports of non-standard terms &amp; conditions agreements</li> </ul>
Clause 25 Supplier of Last Resort	4	<ul style="list-style-type: none"> <li>Confirm whether the licensee is a supplier of last resort and, if applicable, assess compliance with the functions required under the operating licence.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA/Minister</li> <li>Last Resort Supply Plan</li> </ul>
Clause 26 Duties of the licensee	4	<ul style="list-style-type: none"> <li>Assess compliance with the duties of the licensee under the Water Act</li> </ul>		<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Compliance Summary Reports (record of</li> </ul>

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

**Table 2-2 Asset management review methodology**

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

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

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

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



## 2.4 Time period covered by the Audit/Review

This audit covers the period from 1 December 2011 to 30 November 2014. The asset management system review covers the period, 1 December 2013 to 30 November 2014.

The previous operating 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 2012 to 30 November 2013 and was undertaken by Barry Robbins Engineering & Project Management.

## 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 Brookton's staff were carried out on 14 January 2015 to 15 January 2015 at Shire office in 14 White Street, Brookton Western Australia.

## 2.6 Details of the licensee representatives participating in the Audit/Review

Details of representatives from the Shire of Brookton 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
Kevin O'Connor	Shire of Brookton	Chief Executive Officer (CEO)
Evelyn Arnold	Shire of Brookton	Deputy CEO
Geoffrey Forward	Shire of Brookton	Principal Works Supervisor
Melissa Pollock	Shire of Brookton	Works Administration Technical Officer

## 2.7 Details of key documents and other information sources

- ▶ Shire of Brookton Water Services Operating Licence (Operating Licence 12 Version OL2) dated 15 May 2009
- ▶ Shire of Brookton Water Services Operating Licence (Operating Licence 12 Version 3) dated 18 November 2013
- ▶ Audit Report - Shire of Brookton Water Licence Operational Audit and Asset Management Review dated May 2012
- ▶ Post Audit Implementation Plan - Shire of Brookton Water Licence Operational Audit and Asset Management Review dated May 2012
- ▶ Brookton Asset Management Review: 2013 Report Final
- ▶ 20130430 D105226 - Section 39 Notice - Water Services Licensing Act 1995
- ▶ Shire of Brookton Sewerage Customer Service Charter
- ▶ Shire of Brookton Annual Report for the year ending 30 June 2013
- ▶ Shire of Brookton Communications Plan 2011-2016
- ▶ Asset Management Plan - Brookton Town Sewerage Scheme (dated 19 March 2008)
- ▶ Asset Management Plan - Brookton Town Sewerage Scheme (dated 17 July 2014) Revision 3
- ▶ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5
- ▶ Waste Water Asset Management Plan FINAL, September 2012 (Developed under the Integrated Planning and Reporting Framework)
- ▶ Risk Management Framework, October 2014

- ▶ 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
- ▶ Correspondence between the Shire and the Authority
- ▶ Correspondence between the Shire and Department of Environment and Conservation
- ▶ Brookton Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-017(C)
- ▶ Shire of Brookton Forward Capital Works Plan 2011-2016
- ▶ Shire of Brookton Waste Water Assets Management System – Asset Register spreadsheets.
- ▶ Financial Asset Register
- ▶ Shire of Brookton Budget 2011-12, 2012-13, 2013-14
- ▶ Application to construct or install an apparatus for the treatment of sewage
- ▶ Approval to Construct or Install effluent disposal system, October 2014
- ▶ Permit to use apparatus, October 2013
- ▶ Approved Financial\_Hardship\_Policy\_28\_05\_2014\_-\_WL012\_-\_Shire\_of\_Brookton
- ▶ Brookton-Disability-Access-Inclusion-Plan, September 2007
- ▶ Regional Business Plan - Current State Analysis for Brookton-Pingelly Regional Transition Group, March 2012
- ▶ FINAL\_Policy\_Manual\_14-15.pdf
- ▶ Forward-Capital-Works-Plan-2011-2016
- ▶ FINAL Shire of Brookton Strategic Community Planv4 5 MAY2013
- ▶ L-7994-2003-4 DEC Licence WWTP for Shire of Brookton
- ▶ Final Report, Extension to the Brookton Sewerage Scheme, April 2009
- ▶ Reuse Water Oval irrigation Plan
- ▶ Shire of Brookton - Sewerage Relining Tender, November 2014
- ▶ Brookton Water Reuse System Review and Improvement Recommendations, September 2013
- ▶ Brookton Sewerage System - Asset Condition Maintenance Assessment Reports for 2013-14 and 2014-15
- ▶ Brookton Maintenance Management 2013 rev4 (schedule and inspection form spreadsheet)
- ▶ Brookton Integrated Workforce Plan 2013 Final August 2013
- ▶ Brookton Long Term Financial Plan 2012-13 to 2021-22
- ▶ Corporate Business Plan 2013-2017
- ▶ Verbal Complaints System Procedure
- ▶ Complaint Sheet form
- ▶ Complaints Register
- ▶ Pump station maintenance contract, September 2005
- ▶ Oval irrigation operations contract, February 2012
- ▶ Rehabilitation works to the sewer system works notice issued June 2013

- ▶ Building application procedure
- ▶ CCTV inspection report 2012
- ▶ Records Folder ADM 0241 – Waste Water Treatment Plant
- ▶ Records Folder ADM 0113 – Sewerage & Drainage - Maintenance of Sewerage Scheme
- ▶ Records Folder ADM 0114 – Sewerage & Drainage - ERA Review
- ▶ Records Folder ADM 0172 – Sewerage & Drainage - Public Health
- ▶ Records Folder ADM 0199 - Sewerage & Drainage Compliance / Reporting
- ▶ Records Folder ADM 0334 – Sewerage & Drainage – Planning
- ▶ Records Folder ADM 0592 – Sewerage & Drainage – Maintenance

## 2.8 Details of auditors participating in the Audit/Review and hours utilised

The audit/review team comprised three 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
John MacDonald	Cardno	Auditor	<ul style="list-style-type: none"> <li>▪ Prepare audit plan</li> <li>▪ Undertake audit</li> <li>▪ Prepare audit report</li> </ul>	100
Stephen Walker	Cardno	Reviewer	<ul style="list-style-type: none"> <li>▪ Review audit plan</li> <li>▪ Review audit report</li> </ul>	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.

#### 3.1 Previous audit non-compliances and recommendations

Details of the actions completed by the Shire of Brookton 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 (before 30 November 2011)				
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
1.2/2011	Compliant – 4 <i>Water License Number 12, Version OL2, Schedule 3, Clause 3.10</i>  The licensee does not have a central Complaint	The previous audit recommended the following: <ul style="list-style-type: none"> <li>▪ Implement a Complaints Register (as part of a documented Complaints Policy and Procedure).</li> <li>▪ Each customer complaint received by the Shire and its outcome should be recorded in the</li> </ul>	06/09/2013	No further action required.

**B. Resolved during current Audit period**

Register in place to ensure that the completed Complaints Sheets don't get lost and all complaints are reported to the Authority in the annual Performance Reports.

Register in sufficient details in order to be able to ascertain:

- Date and time the complaint was received
- Name of the complainant
- Who received the complaint
- Details of the complaint
- Date actioned
- Action taken;
- Name of person authorising; and
- Date/ time responded.

The Shire noted the following:

- Complaint Register now kept on Administration File 0241.

The actions were the responsibility of the EHO.

**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
1.1/ 2011	<p>Compliant – 4</p> <p><i>Water Services Licensing Act 1995, Clause 17.3 and 16.1</i></p> <p>The licensee does not have Compliance Schedule to ensure that reviews are undertaken by the prescribed time.</p>	<p>The licensee has developed a compliance register and this is provided in the Admin File 0241.</p> <p>The previous audit recommended the following:</p> <ul style="list-style-type: none"> <li>▪ Implement a Compliance Schedule (reminder system) that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority.</li> </ul> <p>The Shire noted the following:</p> <ul style="list-style-type: none"> <li>▪ A bring-up system (Admin. Manager) is now on the computer diary.</li> </ul>	4/12/2014	No further action required.

C. Unresolved at end of current Audit period

1.3/ 2011	<p>Compliant – 4 <i>Water License Number 12, Version OL2, Schedule 3, Clause 2.6</i></p> <p><b>Review of Customer Service Charter</b> The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>The revised Shire of Brookton’s Customer Service Charter was approved by the Authority on 12 February 2009.</li> </ul> <p>Although the Authority has approved the charter, the Authority acknowledged that the timeframe within which the Shire has submitted its charter has been unduly long.</p> <p>The Authority has provided a 12 month extension to the deadline for the next review to 12 February 2013.</p> <p>The Shire’s EHO advised that the Customer Service Charter is reviewed each year as per Council’s Policy Manual. This is a requirement under the Local Government Act.</p> <p>However, there is no process in place to ensure that the timeframes would be met.</p>	<ul style="list-style-type: none"> <li>The compliance schedule is on the front page of the Admin File 0241.</li> </ul> <p>The action was the responsibility of the EHO.</p> <p>The previous audit recommended the following:</p> <ul style="list-style-type: none"> <li>Implement a Compliance Schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory timeframes are met.</li> </ul> <p>Following Audit, the above recommendations remains valid for action to complete.</p>	Not yet complete	Yes – enhance existing compliance schedule (refer to recommendations A1-2015)
1.4/ 2011	<p><b>Not Rated</b> <i>Water Services Licensing Act 1995, Clause 17.2</i></p> <p>The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>Apart from the new AMP, there were no material changes made to the asset management system that would require notification to the Authority.</li> </ul>	<p>The licensee should implement the recommendation from the previous Audit.</p> <p>The previous audit recommended the following:</p> <ul style="list-style-type: none"> <li>Update the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within 10 business days.</li> </ul> <p>Implement a Compliance Schedule and note the required timeframe of 10 business days for notification of asset management system changes to the Authority.</p>	Not yet complete	Yes – enhance existing compliance schedule (refer to recommendations A1-2015)

C. Unresolved at end of current Audit period

However, there is no process in place to ensure that the Shire would notify the Authority of any changes to its asset management system within 10 business days from the date of change.

Although the Legislative Requirements section of the AMP refers to the requirement to notify any changes to the system to the Authority, the required timeframe is not specified.

1.5/ 2011

**Non-compliant -2**

*Water License Number 12, Version OL2, Schedule 3, Clause 21.2*

**Performance and Compliance Reporting**

In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority:

- 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.

The previous audit noted the following:

- The audit reviewed the Shire's Compliance and Performance Reports for the years ending 30 June 2009, 2010 and 2011 and relevant correspondence between the Shire and the Authority and noted the following exceptions:
  - Compliance Report for 2008/09 could not be located at the time of the audit;
  - Performance Report for the year ended 30 June 2009 was submitted after the due date (in August 2009). The Authority acknowledged this non-compliance but this was omitted from the Compliance Report for 2010;
  - Compliance Report for the year ended 30 June 2010 did not include the above noncompliance and was submitted after the due date (in September 2010);

The licensee has developed a compliance schedule on the front page of the Admin File 0241. During Audit it was observed that late submission of compliance reports had occurred. The licensee advised that a new EHO has been hired to help mitigate this issue from occurring.

1/11/2012

Yes – enhance existing compliance schedule (refer to recommendations A1-2015)

The previous audit recommended the following:

- Implement a compliance schedule with timeframes for annual Performance and Compliance Reports submission as part of the schedule of events.

The compliance schedule will also assist replacement staff to meet regulatory timeframes if the EHO is on leave.

- Ensure that all future Performance Reports are submitted to the Authority within the timeframes required.
- Keep track of all non-compliances with the licence obligations so that future Compliance Reports are complete.

### C. Unresolved at end of current Audit period

- Compliance Report for the year ended 30 June 2011 did not include the late 2010 Compliance Report as a non-compliance; and
- Compliance Report for the year ended 30 June 2011 was submitted after the due date (in September 2011). The Authority acknowledged this non-compliance and it needs to be recorded in the Compliance Report for the year ending 30 June 2012.

There is no procedure in place to ensure the timely submission of reports. The submission of reports is purely reactionary to the reminders received from the Authority.



### 3.2 Previous review ineffective components and recommendations

Details of the actions completed by the Shire of Brookton against each of the previous asset management system review recommendations are presented in Table 3-2 below.

**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
1(2)/2013	B3 Asset Planning - Plans are regularly reviewed and updated	Previous auditor recommended that the Shire should actively pursue the appointment of an EHO or other suitable officer to manage and accept responsibility for the water services		
	The AMP nominates Shire officers responsible for the various operations. It is noted that the EHO is consistently nominated. However, the Shire does not have an EHO or other suitable office to accept the nominated responsibilities.	The licensee has addressed the recommendation through the following actions: <ul style="list-style-type: none"> <li>Appointed an EHO as evidenced by a signed pdf copy dated 18 December 2012 issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO.</li> <li>A similar letter of appointment was sighted for the replacement EHO dated 2 October 2014.</li> </ul>	18/12/2012	No further action required.
5(2)/2013	C3 Asset Operations - Staff resources are adequate and staff receive training commensurate with their responsibilities  As stated throughout this report, the Shire has no EHO or other suitable officer to manage control and administer the water services. The Shire is actively canvassing shared appointment of a suitable officer with two neighbouring Shires	Previous auditor recommended that the licensee appoint a suitably qualified Officer to have administrative responsibility for the management and coordination of the water systems and the setting up and implementation of an appropriate Asset Management System on the Shire's computer system  The licensee has addressed the recommendation through the following actions: <ul style="list-style-type: none"> <li>As previously stated, a signed pdf copy dated</li> </ul>	18/12/2012	No further action required

A. Resolved before end of previous review period

		<p>18 December 2012 was issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO.</p> <ul style="list-style-type: none"> <li>The licensee has advised that specialist external engineering services (DWA) will be engaged over the next two years to collaboratively work with the licensee to update and review the AMS in accordance with this requirement.</li> <li>The licensee's Works Administration Technical Officer has delegated administrative responsibility from the CEO for the day-to-day administration and upkeep of the AMS.</li> </ul>		
5(4)/2013	<p>C3 Asset Operations - Operational policies and procedures are documented and linked to service levels required</p> <p>While samples of treated water from the treatment plant are sampled, flow entering the plant is not. Consequently, the strength of sewage entering the plant cannot be compared with the outflow to determine the efficiency of the treatment plant. Similarly, the strength of the inflow cannot be compared with that expected from a septic tank in order to assess whether or not septic tanks connected to the system are (as a whole) operating effectively.</p>	<p>Previous auditor recommended that the licensee commence monthly sampling of incoming flows to the plant and analyse for BOD and Suspended Solids.</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Sampling requirements are included on inspection forms appended to the licensee's AMP for the EHO to complete with completed records evidenced dating from 15 May 2013.</li> <li>Inflow volumes are recorded by the plant operator on inspection forms appended to the AMP. Completed records evidenced dating from April 2013.</li> <li>Appendix F of the licensee's AMP contains a sampling task in the WWTP operating procedure.</li> <li>The WWTP maintenance procedure sets out that the EHO is responsible for reporting sampling results to the Department of Health. The EHO is responsible for the assessment of the sampling results to and to initiate rectification actions when issues are identified.</li> </ul>	15/05/2013	No further action required.
7(3)/2013	<p>B2 Asset Management Information System – Management reports appear adequate for the</p>	<p>Previous auditor recommended that the licensee actively pursue the appointment of a suitable officer</p>	18/12/2012	No further action required

**A. Resolved before end of previous review period**

	<p>licensee to monitor licence obligations</p> <p>The Shire does not have a suitable officer to implement the necessary ongoing, management, administration, and control of the water services system, or the AMIS. Until such an appointment is made, improvements recently accomplished will falter.</p>	<p>As previously noted, the licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Appointed an EHO as evidenced by a signed pdf copy dated 18 December 2012 issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO.</li> <li>A similar letter of appointment was sighted for the replacement EHO dated 2 October 2014.</li> </ul>		
9(2)/2013	<p>C3</p> <p>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</p> <p>Some plans require the EHO to be contacted. The Shire currently has no EHO or other suitable officer to coordinate response, administer, or report emergency events to relevant authorities.</p>	<p>Previous auditor recommended that the licensee actively pursue the appointment of a suitable officer.</p> <p>As previously noted, the licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Appointed an EHO as evidenced by a signed pdf copy dated 18 December 2012 issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO.</li> <li>A similar letter of appointment was sighted for the replacement EHO dated 2 October 2014.</li> </ul>	18/12/2012	No further action required
10(2)/2013	<p>C2</p> <p>Financial Planning - The financial plan states the financial objectives and strategies and actions to achieve the objectives</p> <p>The financial plan contained in the new AMIS and the 2013 AMP is not reflected in the current official financial papers. This appears due to Shire having no EHO or other suitable officer to manage the water services and to ensure that the financial planning of the AMP is included in budget papers presented for Council's consideration.</p>	<p>Previous auditor recommended that the licensee actively pursue the appointment of a suitable officer.</p> <p>As previously noted, the licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Appointed an EHO as evidenced by a signed pdf copy dated 18 December 2012 issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO.</li> <li>A similar letter of appointment was sighted for the replacement EHO dated 2 October 2014.</li> </ul>	18/12/2012	No further action required
11(3)/2013	<p>C2</p> <p>Capital Expenditure Planning – There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</p> <p>The necessary consistency can only be achieved by</p>	<p>Previous auditor recommended that the licensee actively pursue the appointment of a suitable officer.</p> <p>As previously noted, the licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Appointed an EHO as evidenced by a signed</li> </ul>	18/12/2012	No further action required

**A. Resolved before end of previous review period**

	the appointment of an EHO or other suitable officer to coordinate and provide a consistent link between the estimates of the AM system and the annual budget papers and their associated projections.	pdf copy dated 18 December 2012 issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO. <ul style="list-style-type: none"> <li>A similar letter of appointment was sighted for the replacement EHO dated 2 October 2014.</li> </ul>		
12(3)/2013	<p>C3 Review of Asset Management System - A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</p> <p>A suitable AMIS has been installed but requires the Shire's employment of a suitable officer to implement and manage the system.</p>	<p>Previous auditor recommended that the licensee actively pursue the appointment of a suitable officer.</p> <p>As previously noted, the licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Appointed an EHO as evidenced by a signed pdf copy dated 18 December 2012 issued by the CEO as offer of employment by the Shire to Allan Ramsay for the position of EHO.</li> </ul> <p>A similar letter of appointment was sighted for the replacement EHO dated 2 October 2014.</p>	18/12/2012	No further action required

**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
1(1)/2013	<p>B3 Asset Planning - Asset management plan covers key requirements</p> <p>The current issue of the AMP is dated November 2013, it includes a detailed asset register and asset life expectancy. Asset condition is yet to be included.</p>	<p>Previous auditor recommended a program for assessing asset condition and necessary action should be addressed in the AMP</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>Section 7 of the licensee's AMP Revision 5 sets out a program for assessing condition. This was also noted in Revision 3 of the AMP dated</li> </ul>	17/07/2014.	No further action required.

**B. Resolved during current review period**

		<p>17 July 2014.</p> <ul style="list-style-type: none"> <li>▪ Form: Asset 02 – Asset Condition &amp; performance Assessment is appended to the AMP. This form has yet to be implemented although in accordance with Section 7 of the AMP assessments are to be completed mid-2015.</li> <li>▪ Regular inspection and maintenance schedule has been implemented with records dating from April 2013.</li> <li>▪ A detailed CCTV assessment has been undertaken and used to inform the development of the licensee’s sewer pipeline rehabilitation program as detailed in Section 5 of the AMP and financial planning spreadsheets in the AMS.</li> </ul>		
1(3)/2013	<p>B3 Asset Planning - Plans are regularly reviewed and updated</p> <p>The AMP notes a requirement for review annually – specifically of the financial plan, capital expenditure plan and asset register. Review of the whole document is not addressed.</p>	<p>Previous auditor recommended that the AMP should clarify that the whole AMP should be reviewed, not just the financial plans and asset register. The intention to review the financial plans and asset register annually following preparation of the annual budget is agreed. However the whole AMP documentation should be reviewed at intervals of two years following preparation of the budget</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>▪ Section 7.3.2 of the licensee’s AMP Revision 5 states: “Internal review and update of the AMP shall be carried out each year, following the completion of the budget for the following year. Items to be updated include capital expenditure plan, financial plan and asset register.”</li> <li>▪ The Auditor considers the above statement infers the whole AMP will be reviewed annually and that specific sections have been identified requiring dedicated updating. This approach is considered more conservative than the previous audit recommendation.</li> <li>▪ It was noted that the licensee has revised the AMP four times since July 2014 and has advised that specialist external engineering services will</li> </ul>	17/07/2014.	No further action required.

**B. Resolved during current review period**

		be engaged over the next two years to collaboratively work with the licensee to update and review in accordance with this requirement.		
3(1)/2013	<p>B2</p> <p>Asset Disposal - The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</p> <p>The water services system is basic in concept and operation. It is unlikely that changing conditions will render any assets redundant. Replacement of any assets in the future will be due to failure, or end of life. Those assets replaced (mostly buried pipes, manholes, or worn out pumps) are unlikely to have any second hand market value – and would normally be left in ground or disposed of to landfill</p>	<p>Previous auditor recommended that a program for assessing asset condition and necessary action – including disposal, should be addressed in the AMP</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>▪ Section 7 of the licensee’s AMP Revision 5 sets out a program for assessing condition. This was also noted in Revision 3 of the MAP dated 17 July 2014.</li> <li>▪ Section 4.3 of the licensee’s AMP Revision 5 states that “Should asset condition assessment reveal under-performing assets or service levels change dramatically, an asset disposal plan is required, to ensure that the process is correctly undertaken.” This section sets out the content for these plans.</li> <li>▪ Form: Asset 02 – Asset Condition &amp; performance Assessment is appended to the AMP. This form has provision the assessor to make recommendations such as disposal of asset.</li> <li>▪ Regular inspection and maintenance schedule has been implemented with records dating from April 2013.</li> </ul>	17/07/2014.	No further action required.
4(1)/2013	<p>B2</p> <p>Environmental Analysis – Opportunities and threats in the system environment are assessed</p> <p>Section 1 of the 2013 AMP describes the Community, Climatic and Regulatory environment associated with the system. These include details of ERA and DOR licenses (both of which are out of date) and relevant health and safety requirements.</p> <p>Section 2 of the AMP describes the levels of service</p>	<p>Previous auditor recommended that the text relevant to Environmental Analysis should be transferred from the various sections of the existing AMP and consolidated under the heading “Environmental Analysis” in the reviewed document.</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>▪ Section 2 of the licensee’s AMP Revision 5 contains the relevant text referred to in the 2013 Review recommendations.</li> </ul>	17/07/2014.	No further action required.

**B. Resolved during current review period**

to be achieved by the system. These include performance levels for Availability, Capacity, Continuity, Odour Control, Emergency response and Blockages.

Sections 1 and 2 above relate primarily to Environmental Analysis. These should be amalgamated in sequence under the heading of "Environmental Analysis for conformity with the ERA's key process descriptions and for review clarity.

5(1)/2013	<p>C3 Asset Operations - Operational policies and procedures are documented and linked to service levels required</p>	<p>Previous auditor recommended that the licensee prepare a simple operation manual - including daily operation checks and flow measurement etc. for the system to be used primarily to support training</p>	17/07/2014.	No further action required
	<p>Section 4.2 of the AMP - headed "Operational Procedures" explains the purpose of the various facilities of the water services, but contains little or no information regarding how these are operated or what task are associated with their operation.</p>	<p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>▪ Appendix F of the licensee's AMP Revision 5 includes an Operations Manual. The contents of this section align with the operations and maintenance schedule and inspection forms contained in Appendix B of the same AMP. These were also contained in Revision 3 of the AMP dated 17 July 2014.</li> </ul>		
5(3)/2013	<p>C3 Asset Operations - Staff resources are adequate and staff receive training commensurate with their responsibilities</p>	<p>Previous auditor recommended that the licensee:</p> <ul style="list-style-type: none"> <li>▪ Provide the Operator and Administration Officer (when appointed) with training in the operation and Maintenance of the water services and Contingency Plan</li> <li>▪ Implement a training program for other Shire staff who may be called on from time to time to undertake the duties of the operator.</li> </ul>	18/11/2014	No further action required.
	<p>The operator although qualified in operation of similar systems eg, the operation of chlorination equipment and water sampling associated with public swimming pools, has not been trained in the theory or operation of sewerage facilities</p>	<p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>▪ Two operators have undertaken training through the Water Corporation.</li> <li>▪ Appendix G of the AMP Revision 5 contains a training manual detailing training requirements</li> </ul>		

**B. Resolved during current review period**

for staff operating the WWTP.

6(1)/2013	<p>C2</p> <p>Asset Maintenance - Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</p> <p>Section 4.3 of the 2013 AMP contains a basic description and schedule of maintenance works for the system. An Appendix B is referred to which is not attached to the AMP.</p> <p>Another maintenance schedule - which has no apparent relationship to that within the AMP is contained within the AMIS It is appears that the AMIS schedule is that which is being implemented.</p>	<p>Previous auditor recommended that the licensee verify that the AMIS maintenance schedule is that which will be adopted. Delete AMP text that does not support the AMIS schedule and tasks.</p> <p>The licensee has addressed required changes.</p>	17/07/2014.	No further action required
6(2)/2013	<p>C2</p> <p>Asset Maintenance - Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</p> <p>A maintenance check sheet is issued to the operator covering fortnightly maintenance tasks over an eight weeks period. Each task is ticked and signed off by and the operator. The check sheet has spaces for recording flow meter readings, general comments and breakdowns The frequency of the maintenance tasks differs from that indicated in the AMIS</p>	<p>Previous auditor recommended that the licensee review the range and timing of maintenance tasks in the AMIS and edit both the schedule , list of tasks and reporting sheets as necessary</p> <p>The licensee has updated the maintenance schedule to match the planned works program and financial management.</p>	17/07/2014.	No further action required
7(1)/2013	<p>B2</p> <p>Asset Management Information System – Adequate system documentation for users and IT operators</p> <p>The package is supported by recently developed spread sheets within the Shire’s Synergy system for recording maintenance and various reports. Further development of these spread sheets is required in order to support the changes recommended to the Asset maintenance system in Item 6 above.</p>	<p>Previous auditor recommended that the licensee continue and update input to the AMIS package to keep records etc. up to date.</p> <p>Section 7 of the licensee’s AMP addresses review and improvement to the AMS and AMP to continue and update input to the AMIS package to keep records etc. up to date. Completed inspection and maintenance records date from April 2013.</p>	17/07/2014.	No further action required
7(2)/2013	<p>B2</p>	<p>Previous auditor recommended that the licensee edit</p>	17/07/2014.	No further action



**B. Resolved during current review period**

	Asset Management Information System – Adequate system documentation for users and IT operators	and expand existing spread sheets to support the changes recommended to the Asset Maintenance system		required
	The package is supported by recently developed spread sheets within the Shire's Synergy system for recording maintenance and various reports. Further development of these spread sheets is required in order to support the changes recommended to the Asset maintenance system in Item 6 above.	Amendments to the spreadsheets has been made to reflect the relevant asset maintenance recommendations.		
8(1)/2013	B2 Risk Management - Risks are documented in a risk register and treatment plans are actioned and monitored	Previous auditor recommended that the licensee adopt the AMIS Risk Analysis template to determine the risks relevant to its water services facilities / operations.	17/07/2014.	No further action required
	The AMIS contains an excellent template Risk Analysis, from which the user can choose applicable risk situations for automatic evaluation. Reviewer prefers use of the AMIS risk analysis.	Template adopted in AMP revision 3 onwards.		
8(2)/2013	B2 Risk Management - Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system	Previous auditor recommended that the risk analysis text from the 2013 AMP be deleted and either: 1. Attach a copy of the completed template analysis to the AMP as an appendix , or 2. Add a reference to the relevant AMIS package	17/07/2014.	No further action required
	The Risk Management section of the 2013 AMP is essentially unchanged from the previous review.	Amendments made to AMP.		
9(1)/2013	C3 Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	Previous auditor recommended that the licensee review and broaden the contingency plans as recommended in the previous review. Change the section title from Emergency Response to Contingency Plans	17/07/2014	No further action required
	Contingency Plans are covered in the AMP as Emergency Procedures and appear unchanged from the previous review, except that some contact details have been amended. The plans are too inclusive and generic.	Amendments made, contingency plan included in Appendix F, Operational manual.		
11(1)/2013	C2 Capital Expenditure Planning – There is a capital	Previous auditor recommended that the licensee review and edit the capital expenditure template and	17/07/2014.	No further action required

**B. Resolved during current review period**

	<p>expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</p> <p>A five year Capital Expenditure Plan is presented in the 2013 AMP. A second (template) capital expenditure plan is also presented in the AMIS. There is no similarity or agreement between the capital expenditure estimates of these documents. The Shire should decide which financial system to continue using. Reviewer prefers the Capex plan presented in the AMIS, as it is directly linked to other elements of the AMIS. The document can be simplified by deleting / editing template items which are irrelevant or incorrectly described.</p>	<p>estimates contained in the AMIS. Ensure that estimates in the AMS are derived from the AMIS.</p> <p>The licensee has aligned capital expenditure plan as required throughout AMS components.</p>		
12(1)/2013	<p>C3 Review of Asset Management System - A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</p> <p>A basic revision and sign-off table is provided inside the front of the 2013 AMP. There is provision for recording the date of revision and the Reviewer's identity. However, there is no provision for recording the nature of the revision or its number.</p>	<p>Previous auditor recommended that the licensee provide a face sheet sign-off table as per the previous review.</p> <p>Licensee has made appropriate amendment to the AMP with sign off sheet included and records included of the nature of the review and the associated revision number.</p>	17/07/2014	No further action required
12(2)/2013	<p>C3 Review of Asset Management System - A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</p> <p>The 2013 AMP contains a statement requiring an annual review of the capital expenditure and financial plans, together with the asset register – following each year's budget preparation. This approach is agreed subject to all other areas of the AMP being reviewed at the same time each second year.</p>	<p>Previous auditor recommended that the licensee make provision for the AMP to be fully reviewed at two year intervals, concurrently with the annual reviews of the financial and asset register documents.</p> <p>Section 7 of the licensee's AMP addresses review and improvement to the AMS and AMP. It is noted from the document control form on the AMP that the document has been reviewed six times since 26/11/2007, four of which since 20/06/2014.</p>	17/07/2014	No further action required

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	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
4(2)/2013	<p>B2 Environmental Analysis – Compliance with statutory regulatory requirements</p> <p>Section 1 of the 2013 AMP describes the Community, Climatic and Regulatory environment associated with the system. These include details of ERA and DOR licenses (both of which are out of date) and relevant health and safety requirements.</p>	<p>Previous auditor recommended that the number and date of the ERA and DER licences should be corrected to indicate the current licences</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>The date and license details for the licensee's DER Licence Number L7994/2003/03 has been corrected. Reference Water Licence details are still incorrect</li> </ul>	<p>Yes - Recommend that the number and date of the ERA licence be corrected to indicate the current licence. (refer to recommendation R3-2015)</p>
5(5)/2013	<p>C3 Asset Operations - Operational policies and procedures are documented and linked to service levels required</p> <p>While samples of treated water from the treatment plant are sampled, flow entering the plant is not. Consequently, the strength of sewage entering the plant cannot be compared with the outflow to determine the efficiency of the treatment plant. Similarly, the strength of the inflow cannot be compared with that expected from a septic tank in order to assess whether or not septic tanks connected to the system are (as a whole) operating effectively.</p>	<p>Previous auditor recommended that the licensee should compare BOD and SS analysis of incoming flows with expectation of these values for septic tanks. If differences are significant, consider action to enforce pump out of septic tanks connected to the system.</p> <p>The licensee undertook sampling of effluent inflow BOD and SS to the WWTP June 2014.</p>	<p>We recommend that as good operational practice an analysis of available flow data and water quality characteristics data be undertaken to determine the efficiency of the treatment plant including accounting for evaporative losses. A representative sample of WWTP inflow BOD and SS be undertaken over a representative short-term period as a reference point in time. Analysis to be documented in the AMP. The analysis to also include the strength of the inflow compared with that expected from a septic tank in order to assess whether or not septic tanks connected to the system were (as a whole) operating effectively. This should eventually form part of the Department of Health's Recycled Water Quality Management Plan. (refer to recommendation R11-2015)</p>
6(3)/2013	C2	<p>Previous auditor recommended that the licensee to install a telephone relay to notify them if a failure</p>	<p>Yes - Complete commissioning</p>

**C. Unresolved at end of current Review period**

	<p>Asset Maintenance - Regular inspections are undertaken of asset performance and condition</p>	<p>occurs at the pumping station.</p>	<p>exercise and retain records in AMIS. (refer to recommendation R12-2015)</p>
	<p>Arrange for the operating fault alarm condition at the pumping station to be automatically transferred to the Shire's emergency call number.</p>	<p>The licensee has procured services to upgrade electrical controls at the pump station. At audit, the electrical system was observed. The licensee advised that the system has not yet be fully commissioned as the service provider was yet to program the emergency contact numbers into the system.</p> <p>At Audit we ran a query to identify capital works undertaken in the 2013/14 and 2014/15 financial years from financial management system (Synergy). Query confirmed the licensee had made payment for services to install electrical panel UPG and Controller installation dated 07/10/2014 and 16/10/2014 respectively.</p> <p>A suitable telephone relay system has been installed as per previous recommendation. It has yet to be fully commissioned.</p>	
<p>6(4)/2013</p>	<p>C2 Asset Maintenance - Regular inspections are undertaken of asset performance and condition</p> <p>The Shire has no formal procedure for assessment of the condition of all of its assets, including pumping and treatment facilities. Such a program should be implemented, including asset life condition.</p>	<p>Previous auditor recommended that although the licensee has recently undertaken a CCTV inspection of its collection system pipework and commenced the implementation of a replacement program, the Shire has no formal procedure for assessment of the condition of all of its assets, including pumping and treatment facilities. Such a program should be implemented.</p> <p>The licensee has included a requirement in Section 7.1.1 of the AMP (Revision 3 onwards) that formal inspections to assess condition and performance using Asset Condition &amp; Performance Assessment Form (Form Asset 02, Appendix D) is be undertaken annually on each asset.</p> <p>This has yet to be implemented, although, it is noted that based on the revision dates of the AMP, condition assessments are to be completed by July 2015.</p>	<p>Yes – implement formal inspections to assess condition and performance using Asset Condition &amp; Performance Assessment Form (Form Asset 02, Appendix D) (refer to recommendation R8-2015)</p>
<p>6(5)/2013</p>	<p>C2 Asset Maintenance - Regular inspections are undertaken of asset performance and condition</p>	<p>Previous auditor recommended that a program for assessing the condition of all assets and necessary action should be addressed in the AMP and implemented.</p>	<p>Yes – implement formal inspections to assess condition and performance using Asset Condition &amp; Performance Assessment Form (Form Asset 02,</p>

**C. Unresolved at end of current Review period**

	<p>The Shire has no formal procedure for assessment of the condition of all of its assets, including pumping and treatment facilities. Such a program should be implemented, including asset life condition.</p>	<p>The licensee has included a requirement in Section 7.1.1 of the AMP (Revision 3 onwards) that formal inspections to assess condition and performance using Asset Condition &amp; Performance Assessment Form (Form Asset 02, Appendix D) is to be undertaken annually on each asset.</p>	<p>Appendix D) (refer to recommendation R8-2015)</p>
<p>6(6)/2013</p>	<p>C2 Asset Maintenance - Maintenance policies and procedures are documented and linked to service levels required</p> <p>The Shire's Works Manager advised that both pumping station pumps are replaced at four yearly intervals and that spare pumps are held for emergency use if required. Reviewer was unable to verify this advice in discussion with other officers or in associated documentation</p>	<p>Previous auditor recommended that the licensee should ensure that the procedures and documentation for asset creation and acquisition are followed. Also, the Shire should confirm that main pump sets are replaced on a four yearly basis and prepare the associated documentation</p> <p>The licensee has addressed the recommendation through the following actions:</p> <ul style="list-style-type: none"> <li>▪ The pump effective life has been updated to 4 years, asset register and capital annuity has been adjusted accordingly.</li> <li>▪ Asset creation and acquisition forms are available in Appendix D of the AMP.</li> <li>▪ The Shire has not undertaken asset creation or acquisition works during the review period requiring the use of this form.</li> </ul>	<p>Yes – Implement the use of Asset Planning &amp; Acquisition Form (Form Asset 03) when appropriate project need arises. (refer to recommendation R13-2015)</p>
<p>10(1)/2013</p>	<p>C2 Financial Planning - The financial plan states the financial objectives and strategies and actions to achieve the objectives</p> <p>The financial plan contained in the new AMIS and the 2013 AMP is not reflected in the current official financial papers.</p>	<p>Previous auditor recommended that the licensee ensure that future financial papers reflect the financial planning of the AMIS.</p> <p>The licensee's Council adopted annual budget for 14/15 included a 4 year projection of both capital and operating expenditure. The operating expenditure and reserve provisions included in the annual budget are consistent with the AMP. Budget was adopted on 31 July 2014.</p> <p>The licensee advised that at the time of budget preparation it became apparent from the tendering of a relining of gravity mains pilot study that the current capital expenditure provision for the relining of gravity mains was going to be insufficient. Since the budget</p>	<p>Yes –document process in AMP. (Refer to recommendation R10-2015)</p>

C. Unresolved at end of current Review period

		<p>was adopted more financial information become available. Therefore, in the budget review process, a budget amendment is going to Council in February 2015 to include \$100,000 to commence this project.</p>	
<p>11(2)/2013</p>	<p>C2 Capital Expenditure Planning – The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</p> <p>The 2013/2014 budget papers contain figures based on a separate AMP prepared by consultants in 2009 - which includes capital expenditure amounts which match neither the 2013 AMP or the AMIS estimates. Whilst Reviewer is not disputing the adequacy of figures in the Shire's financial papers, there is clearly a need for consistency between the AMP, AMIS and the annual financial documents.</p>	<p>Previous auditor recommended that the licensee ensure that future financial papers reflect the financial planning of the AMIS.</p> <p>As previously noted, Council adopted annual budget for 14/15 included a 4 year projection of both capital and operating expenditure. The operating expenditure and reserve provisions included in the annual budget are consistent with the AMP.</p> <p>The licensee advised that at the time of budget preparation it became apparent from the tendering of a relining of gravity mains pilot study that the current capital expenditure provision for the relining of gravity mains was going to be insufficient. Since the budget was adopted more financial information become available. Therefore, in the budget review process, a budget amendment is going to Council in February 2015 to include \$100,000 to commence this project.</p>	<p>Yes –document process in AMP. (Refer to recommendation R10-2015)</p>

## 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 Brookton 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

**Table 4-2 Asset management process and policy definition adequacy rating**

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> <li>▪ Processes and policies are documented.</li> <li>▪ Processes and policies adequately document the required performance of the assets.</li> <li>▪ Processes and policies are subject to regular reviews, and updated where necessary.</li> <li>▪ The asset management information system(s) are adequate in relation to the assets that are being managed.</li> </ul>
B	Requires some improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation requires improvement.</li> <li>▪ Processes and policies do not adequately document the required performance of the assets.</li> <li>▪ Reviews of processes and policies are not conducted regularly enough.</li> <li>▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).</li> </ul>
C	Requires significant improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation is incomplete or requires significant improvement.</li> <li>▪ Processes and policies do not document the required performance of the assets.</li> <li>▪ Processes and policies are significantly out of date.</li> <li>▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).</li> </ul>

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

**Table 4-3 Asset management performance ratings**

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> <li>The performance of the process meets or exceeds the required levels of performance.</li> <li>Process effectiveness is regularly assessed, and corrective action taken where necessary.</li> </ul>
2	Opportunity for improvement	<ul style="list-style-type: none"> <li>The performance of the process requires some improvement to meet the required level.</li> <li>Process effectiveness reviews are not performed regularly enough.</li> <li>Process improvement opportunities are not actioned.</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>The performance of the process requires significant improvement to meet the required level.</li> <li>Process effectiveness reviews are performed irregularly, or not at all.</li> <li>Process improvement opportunities are not actioned.</li> </ul>
4	Serious action required	<ul style="list-style-type: none"> <li>Process is not performed, or the performance is so poor that the process is considered to be ineffective.</li> </ul>

## 4.2 Operational Audit Compliance Summary

Table 4-4 provides a summary of the Shire of Brookton's compliance rating against each licence obligation, and an adequacy of controls rating where the item has been found to be non-compliant.

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
<b>Water Services Licensing Act 1995</b>												
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	4						N/A				✓



Compliance Obligation Ref No		Audit Priority applied	Adequacy of Controls Rating		Compliance Rating
	(d)				
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	✓		✓
	<b>Fees (Clause 4)</b>				
155	Clause 4	5	✓		✓
	<b>Compliance (Clause 5)</b>				
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	✓		✓
19	Section 87(2)	4	✓		✓
20	Section 90(7)	5	✓		✓
21	Section 95(3)	2		N/A	✓

Compliance Obligation Ref No		Audit Priority applied	Adequacy of Controls Rating	Compliance Rating
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	N/A	✓
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	✓	✓
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	✓	✓

Compliance Obligation Ref No		Audit Priority applied	Adequacy of Controls Rating		Compliance Rating
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	✓		✓
<b>Water Services Regulations 2013</b>					
74	Regulation 60(2)	4	✓		✓
75	Regulation 63	4	✓	✓	
89	Regulation 85	4	✓		✓
157	Clause 5.2	4	N/A		✓
158	Clause 5.3	4	✓		✓
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>					
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	Clause 10(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	✓		✓
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	✓		✓

Compliance Obligation Ref No		Audit Priority applied	Adequacy of Controls Rating		Compliance Rating
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	✓		✓
149	Clause 35(6)	4	✓		✓
150	Clause 36(1)	4		✓ ✓	
151	Delete row				
152	Clause 36(2)	4		✓ ✓	
153	Clause 37(1)	4	✓		✓
<b>Water Services Act 2012</b>					
<b>Accounting Records (Clause 12)</b>					
160	Section 12	5		✓ ✓	
<b>Individual Performance Standards (Clause 13)</b>					

Compliance Obligation Ref No		Audit Priority applied	Adequacy of Controls Rating		Compliance Rating
161	Section 12	4	N/A		✓
<b>Operational Audit (Clause 14)</b>					
9	Section 25	4	✓	✓	
162	Section 12	4	✓	✓	
<b>Reporting a Change in Circumstance (Clause 15)</b>					
163	Section 12	4	✓		✓
164	Section 12	4	✓		✓
<b>Provision of Information (Clause 16)</b>					
165	Section 12	5	✓		✓
166	Section 12	5	✓		✓
167	Section 12	5	✓	✓	
<b>Publishing Information (Clause 17)</b>					
168	Section 12	4	✓		✓
<b>Notices (Clause 18)</b>					
169	Section 12	4	✓	✓	
<b>Asset Management System (Clause 20)</b>					
170	Section 12	4	✓	✓	
171	Section 12	4	✓		✓
172	Section 12	4	✓	✓	
6	Sections 24(1)(a) & 24(2)	5	✓	✓	
7	Section 24(1)(b)	4	✓	✓	
8	Section 24(1)©	4	✓	✓	
<b>Water Services Ombudsman Scheme (Clause 21)</b>					
173	Section 12	4	✓	✓	
15	Section 66	4	✓	✓	
<b>Standard Terms &amp; Conditions of Service (Clause 22)</b>					
174	Section 12	4	N/A		✓
<b>Customer Contract (Clause 23)</b>					
175	Section 12	5	✓		✓
176	Section 12	5	✓		✓
177	Section 12	5	✓		✓

Compliance Obligation Ref No		Audit Priority applied	Adequacy of Controls Rating		Compliance Rating
178	Section 12	5	✓		✓
<b>Non Standard Terms &amp; Conditions of Service (Clause 24)</b>					
179	Section 12	5	N/A		✓
180	Section 12	5	N/A		✓
<b>Supplier of Last Resort (Clause 25)</b>					
181	Section 12	4	N/A		✓
14	Section 60	4	N/A		✓
<b>Duties of the licensee (Clause 26)</b>					
12	Section 29	4	✓		✓
<b>Provision of Water Services (Clause 27)</b>					
1	Section 21(1)(a)	4	✓	✓	
2	Section 21(1)(b)	4	✓	✓	
3	Section 21(1)(c)	4	✓	✓	
<b>Provision of Water Services Outside Operating Area (Clause 28)</b>					
182	Section 12	4	✓		✓
4	Section 22	4	✓		✓
<b>Works Holding Arrangements (Clause 29)</b>					
5	Section 23	4	✓	✓	
<b>Hardship Policy (Clause 30)</b>					
183	Section 12	4	✓		✓
<b>Memorandum of Understanding (Clause 31)</b>					
184	Section 12	N/A	N/A		✓
185	Section 12	N/A	N/A		✓
186	Section 12	N/A	N/A		✓
<b>Performance Standards (Schedule 3)</b>					
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.

**Table 4-5 Asset management review effectiveness summary**

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<b>Asset planning</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>▪ Asset management plan covers key requirements</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ Service levels are defined</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Non-asset options (e.g. demand management) are considered</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ Lifecycle costs of owning and operating assets are assessed</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ Funding options are evaluated</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ Costs are justified and cost drivers identified</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ Likelihood and consequences of asset failure are predicted</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Plans are regularly reviewed and updated</li> </ul>	A	2
<b>Asset creation/acquisition</b>	<b>A</b>	<b>2</b>
<ul style="list-style-type: none"> <li>▪ Full project evaluations are undertaken for new assets</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Evaluations include all life-cycle costs</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Projects reflect sound engineering and business decisions</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Commissioning tests are documented and completed</li> </ul>	B	3
<ul style="list-style-type: none"> <li>▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</li> </ul>	B	2
<b>Asset disposal</b>	<b>B</b>	<b>1</b>

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>Under-utilised and under-performing assets are identified as part of a regular systematic review process</li> </ul>	B	1
<ul style="list-style-type: none"> <li>The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Disposal alternatives are evaluated</li> </ul>	B	1
<ul style="list-style-type: none"> <li>There is a replacement strategy for assets</li> </ul>	A	2
<b>Environmental analysis</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Opportunities and threats in the system environment are assessed</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Compliance with statutory and regulatory requirements</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Achievement of customer service levels</li> </ul>	B	2
<b>Asset operations</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Operational policies and procedures are documented and linked to service levels required</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise operations tasks</li> </ul>	A	1
<ul style="list-style-type: none"> <li>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</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Operational costs are measured and monitored</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Staff resources are adequate and staff receive training commensurate with their responsibilities</li> </ul>	A	2
<b>Asset maintenance</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Maintenance policies and procedures are documented and linked to service levels required</li> </ul>	B	2



Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>Regular inspections are undertaken of asset performance and condition</li> </ul>	B	3
<ul style="list-style-type: none"> <li>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Failures are analysed and operational / maintenance plans adjusted where necessary</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise maintenance tasks</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Maintenance costs are measured and monitored</li> </ul>	B	2
<b>Asset management information system</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Adequate system documentation for users and IT operators</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Input controls include appropriate verification and validation of data entered into the system</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Logical security access controls appear adequate, such as passwords</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Physical security access controls appear adequate</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Data backup procedures appear adequate and backups are tested</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Key computations related to licensee performance reporting are materially accurate</li> </ul>	B	3
<ul style="list-style-type: none"> <li>Management reports appear adequate for the licensee to monitor licence obligations</li> </ul>	B	2
<b>Risk management</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Risks are documented in a risk register and treatment plans are actioned and monitored</li> </ul>	B	2

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>▪ The probability and consequence of risk failure are regularly assessed</li> </ul>	A	2
<b>Contingency planning</b>	<b>A</b>	<b>2</b>
<ul style="list-style-type: none"> <li>▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	A	2
<b>Financial planning</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>	B	2
<b>Capital expenditure planning</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>▪ There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ The plan provides reasons for capital expenditure and timing of expenditure</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> </ul>	B	2
<ul style="list-style-type: none"> <li>▪ There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	B	2

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<b>Review of AMS</b>	<b>A</b>	<b>2</b>
<ul style="list-style-type: none"> <li>▪ A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</li> </ul>	A	2
<ul style="list-style-type: none"> <li>▪ Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	A	2

## 5 Observations

### 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 (Include Contact)	Compliance Rating
<b>Water Services Licensing Act 1995</b>						
<p>The licensee must comply with the service and performance standards as set out in Schedule 4. These are:</p> <p><b>Sch 4, CI 1.1 Telephone Answering – Emergency Response</b></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><b>Target:</b></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><b>Sch 4, CI 1.2 Customer Complaints</b></p> <p>The licensee shall respond to customer complaints in accordance with the licence standard</p>	2012/7	Clause 20.1	2	<ul style="list-style-type: none"> <li>The licensee manually collects flow meter readings fortnightly on an Asset Condition and Maintenance Form. These forms are manually entered into spreadsheets and signed by the Officer entering the data. This spreadsheet is used for annual performance reporting to the Authority. It was advised at audit that a new document filing system had been implemented with records dating back to August 2013. It was noted that this aligns to the revisions of Shire’s AMP and inclusion of the worksheet.</li> <li>The licensee advised that over the audit period the EHO had changed and it was possible a loss of information could have occurred.</li> </ul> <p><u>Emergency response</u></p> <ul style="list-style-type: none"> <li>The Shire has not reported any customers reporting an emergency.</li> <li>The Shire has a 24-hour telephone service provided for by the front counter receiving all calls during the business hours and re-directed to the appropriate department to address. An afterhours message re-directs the caller to the Shire CEO’s mobile phone who then initiates response as required. Contact details for key Shire staff are also</li> </ul>	<ul style="list-style-type: none"> <li>Performance reporting and monitoring folder number ADM0592 Sewerage &amp; Drainage - Drainage Maintenance.</li> <li>Performance reports (2012, 2013, 2014)</li> <li>File ADM 0199 – Sewerage and Drainage Compliance/ reporting.</li> <li>Brookton Maintenance Management 2013 rev4.xlsx</li> <li>Correspondence with ERA</li> <li>Interviews with licensee staff</li> <li>Financial Hardship Policy (ADM 0564, No 2.21)</li> <li>Complaints Handling Policy (ADM 0564, No 2.22)</li> <li>Complaints Handling Policy, Unconfirmed</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<p><b>Target:</b> 90% of customer complaints resolved within 15 business days.</p> <p><b>Sch 4, CI 3.1 Sewerage Service Standards</b> The number of sewer blockages per 100km of sewer mains. Percentage of connected properties experiencing a wastewater overflow.</p> <p><b>Target:</b> In the preceding 12 month period 90% of customers receive the standard for the licensee's schemes. In the preceding 12 months there were fewer than 40 blockages per 100km of sewer main</p>				<p>provided on the Shire's website for customers to contact.</p> <ul style="list-style-type: none"> <li>The 24 hr contact number is detailed in Section 1.5 of the Customer Service Charter.</li> <li>Incoming calls are manually recorded within the Shire's complaints and maintenance worksheet. The worksheet records the day and time that the customer call was taken, it does not record the time that the Shire's staff arrived at site.</li> <li>The Shire records details of sewer blockages and overflows it attends in a Brookton Maintenance Management 2013 rev4.xlsx worksheet in its AMS and uses this to report against its performance standards.</li> <li>Given that the performance target is based on the customer being advised of the nature and timing of the action to be undertaken by the Shire to rectify the emergency, rather than the time to respond, repair or rectify, it would be expected that the Shire would meet its requirement in the initial telephone conversation with the customer, i.e. what time the Shire would expect to be on site and what work they will carry out to resolve the emergency.</li> <li>However, as no emergency responses are recorded it was not possible to confirm that the required target is being met. The Shire considers that it attends all emergencies within an hour, and although this is likely given the size of the scheme, essentially there is no evidence to confirm or otherwise. Daily maintenance records were</li> </ul>	<p>Draft, March 2014</p> <ul style="list-style-type: none"> <li>Complaints &amp; Maintenance Folder</li> <li>Complaint Sheet</li> <li>Verbal Complaints System Procedure</li> <li>Complaints Register Procedure.xlsx</li> <li>Complaints Register File # ADM0199</li> <li>Shire of Brookton Wastewater Customer Service Charter, 2009, 2011 and 2014</li> <li>Brookton Maintenance Management 2013 rev4.xlsx</li> <li>Complaints &amp;</li> <li>Interviews with licensee staff</li> <li>Permit to Use Apparatus template</li> </ul>	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>examined and confirmed that there were no responses to rectify emergencies on the scheme since August 2013.</p> <p><u>Customer complaints</u></p> <ul style="list-style-type: none"> <li>▪ Section 2.9 of the licensee’s Customer Service Charter sets out the complaints process.</li> <li>▪ Complaints may be made in writing, email, by telephone, in person at the Shire administration building.</li> <li>▪ The Shire manages complaints through a formalised manual system that is managed by the Shire’s administration staff. This system consist of: <ul style="list-style-type: none"> <li>▪ Complaints Handling Policy</li> <li>▪ Wastewater Customer Charter</li> <li>▪ Verbal Complaints System Procedure</li> <li>▪ Complaints Register Procedure</li> <li>▪ Complaints Register</li> <li>▪ Complaint Sheet/ Form</li> </ul> </li> <li>▪ The Shire maintains a complaint registration form and complaints tracking register. This is for general complaints and for water services.</li> <li>▪ No complaints have been received during the audit period. Therefore, the licensee has complied with this performance standard. At audit, we interrogated the customer complaints registered and confirmed that over the audit period no water service related customer complaints were recorded.</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
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Continuity and overflows

- The licensee reports that it maintains 4.69km of sewers and that the length of sewer has been calculated manually from as-built drawings prior to this audit period. The length each year is amended to account for changes in pipe length.
- Properties connected to the licensee’s sewer reticulation network have a licensee approved effluent disposal system installed between the dwelling and the licensee connection point. The property owner is responsible for the effluent disposal system on their property as detailed in their Permit to Use Apparatus.
- At audit we tracked back the number of residents connected and charged within the licensee’s billing system and noted for the 2013-14 period the total number of customers charged was 198, with 183 connected to the scheme. The 2013/14 performance report submitted to the Authority reports indicator SS8 as 165 total connected properties – sewerage. We consider this to be incorrectly reported.
- The licensee maintains a worksheet register for tracking all operational events.

For the audit period, the Shire recorded and reported no blockages in its annual Compliance Report to the Authority. There were no overflows to connected properties during the audit period. Therefore, the licensee has complied with this performance standard.

The licensee must establish a	2012/9	Clause 6.1	4	▪ Section 2.9 of the licensee’s Customer	▪ Habitual or Vexatious	1
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Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
customer complaints process as set out in Schedule 3.				<p>Service Charter details the complaints procedure.</p> <ul style="list-style-type: none"> <li>The licensee has adopted a complaints handling policy which can be found in its Policy Manual available on the website <a href="http://www.brookton.wa.gov.au">www.brookton.wa.gov.au</a>. This policy outlines how complaints are handled by the licensee and the actions you may take if you feel your complaint has not been handled correctly. An unresolved complaint may be arbitrated by an independent third party such as the Government Ombudsman or the Energy and Water Ombudsman.</li> <li>Complaints may be made in writing, by email, by telephone, in person at the licensee Administration Centre.</li> <li>The Shire maintains a register for tracking complaints and another separate register related to its water services</li> <li>No complaints have been received during the audit period</li> </ul>	<p>Complainants Policy, Policy 1.15</p> <ul style="list-style-type: none"> <li>Compliant procedure - Financial Hardship Policy 2.21, file No. ADM 0564</li> <li>Complaints Handling Policy (ADM 0564, No 2.22)</li> <li>Complaints &amp; Maintenance Folder</li> <li>Complaint Sheet</li> <li>Complaints Register Procedure.xlsx</li> <li>Complaints Register File # ADM0199</li> <li>Shire of Brookton Wastewater Customer Service Charter, 2009, 2011 and 2014</li> </ul>	
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"> <li>No complaints have been recorded by the licensee within the audit period. Therefore, this obligation cannot be rated</li> </ul>	<ul style="list-style-type: none"> <li>Performance reports (2012, 2013, 2014)</li> <li>Complaints &amp; Maintenance Folder</li> <li>Complaints Register Procedure.xlsx</li> <li>Complaints Register File # ADM0199</li> </ul>	NR
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"> <li>The Shire CEO is authorised to make decisions to respond to complaints, this authority is delegated to senior staff under their relevant department. The Principal Works Supervisor is responsible for</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>management of the water service and is authorised to respond to complaints.</p> <ul style="list-style-type: none"> <li>Complaints relating to the sewerage service are forwarded in the first instance to the licensee's reception and office administrator, this is then forwarded to the appropriate persons. The office administrator is currently completing certificate level 3 local government training.</li> <li>The Shire CEO is ultimately responsible for ensuring that complaints are dealt with and would respond to complaints. The office administrator administers and manages the complaints management system.</li> </ul>		
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"> <li>This obligation is not applicable as Clause 3.2 is not included in the licensee's previous licence.</li> <li>The Shire does however operate a complaints management system to monitor and record the number, nature of and outcomes to complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Complaints Register Procedure.xlsx</li> <li>Complaints &amp; Maintenance Folder</li> <li>Complaints Register File # ADM0199</li> <li>Complaints Handling Policy (ADM 0564, No 2.22)</li> <li>Complaint Sheet</li> </ul>	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"> <li>Section 2.9 of the licensee's Customer Service Charter details the option to refer a disputed complaint to the Department of Water. Full contact details for the Department are provided in the Charter. It was noted at audit that the address for the Department of Water was incorrect although this version has now been superseded.</li> <li>As no complaints relating to the water service have been received in the audit</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Brookton Wastewater Customer Service Charter, 2009 and 2014 Draft</li> <li>Complaints Register Procedure.xlsx</li> <li>Complaints &amp; Maintenance Folder</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				period it is not possible to test other ways that the licensee may inform customers.		
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"> <li>The Shire did not receive any requests from the Department of Water to provide supplementary information or requests to consider alternative solutions to a complaint in the period being audited.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Customer Service Charter</li> <li>Review of Complaint register</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	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"> <li>The Shire did not receive any requests from the Department of Water to provide supplementary information or requests to consider alternative solutions to a complaint in the period being audited.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Complaint register</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
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"> <li>A Customer Service Charter has been established in accordance with the ERA's guidelines and Schedule 3 of licence number 12, OL2 and was approved by the Authority 12 February 2009.</li> </ul>	<ul style="list-style-type: none"> <li>ERA Approval correspondence</li> <li>Approval of Shire of Brookton Customer Service Charter Decision dated 12 February 2009</li> <li>Shire of Brookton Wastewater Customer Service Charter, 2009 and Draft 2014</li> <li>Correspondence licensee and ERA</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<p>The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.</p> <p>(a) By prominently displaying it in those parts of the licensee's 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>	2012/20	Schedule 3 Clause 2.5	4	<ul style="list-style-type: none"> <li>The Customer Service Charter was not displayed in the Shire's reception at the time of the audit. However, this obligation was only in effect until November 2013.</li> <li>The Customer Service Charter is available on the Shire's website and is provided if customers request it</li> <li>At audit it was advised that a brochure version of the Customer Service Charter was distributed to customers with the rates notice in February 2007. However, a copy was unable to be located on the licensee's mail register.</li> <li>We consider this a minor non-compliance but note that this obligation is no longer in effect.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Customer Service Charter</li> </ul>	2
<p>The licensee must review its Customer Service Charter at least once in every three year period.</p>	2012/21	Schedule 3 Clause 2.6 or 2.7	5	<ul style="list-style-type: none"> <li>Under Schedule 3 of the licensee's Water Licence Number 12 Version OL2, that was valid until replaced by the latest version dated 18 November 2013, the Charter was required to be reviewed by 12 February 2012.</li> <li>It was noted in the previous Audit that: "The Authority has provided a 12 month extension to the deadline for the next review to 12 February 2013."</li> <li>At Audit, the licensee advised that the Charter was being revised.</li> <li>The licensee advised that it will retain a Customer Service Charter to continue to inform its customers and aid in demonstrating achievement of its requirements under the Water Services Code of Conduct (Customer Service</li> </ul>	<ul style="list-style-type: none"> <li>ERA Approval correspondence</li> <li>Shire of Brookton Wastewater Customer Service Charter, 2009 and Draft 2014</li> <li>Correspondence licensee and ERA</li> <li>2012 Audit and Review Report</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				Standards) 2013.		
				<ul style="list-style-type: none"> <li>We consider this a minor non-compliance but note that this obligation is no longer in effect.</li> </ul>		
The licensee must provide its services consistent with its Customer Service Charter.	2012/22	Schedule 3 Clause 2.7 or 2.8	4	<ul style="list-style-type: none"> <li>The Customer Service Charter reflects the relevant conditions outlined in the licence and was revised in December 2014.</li> <li>The Shire operates with the intention to provide services as outlined in the licence and in the Customer Service Charter.</li> <li>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.</li> <li>We have seen no instances of where the licensee has provided its services inconsistent with the Customer Service Charter.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Customer Service Charter</li> </ul>	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"> <li>The licensee holds an annual electors meeting to review the previous 12 months of operations. This annual meeting provides a forum for customer consultation and feedback.</li> <li>The licensee conducts Council meetings monthly that can be attended by the general public. Public questions can be taken at the general meetings. Agendas and minutes are downloadable from the Shire's website and public question time is a fixed agenda item.</li> <li>We consider that the above two items meet the requirements of Clause 4.1(b)(iii) of Schedule 3 of the Licence (Version 2), however, we consider that the licensee has not provided one of the other two</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of licensee's website</li> <li>Review of sample of Council meeting agendas and minutes 2013-14</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>consultation mechanisms identified in clause 4.1(b). Therefore we consider that this constitutes a minor non-compliance.</p> <ul style="list-style-type: none"> <li>We note however that this obligation is no longer in effect and also that the licensee has a close working relationship with its community.</li> </ul>		
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"> <li>As noted above, we consider that the licensee has not fully met the requirements of Schedule 3, Clause 4.1.</li> <li>We note however that this obligation is no longer in effect and also that the licensee has a close working relationship with its community.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of licensee's website</li> <li>Review of sample of Council meeting agendas and minutes 2013-14</li> </ul>	2
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"> <li>There has been no change to the type and extent of the customer consultation undertaken by the licensee from those detailed within the Customer Service Charter that was approved by the Authority in February 2009.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of customer charter 2009 and Draft 2014 versions</li> </ul>	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"> <li>The Shire was not requested by the ERA to establish a forum for consultation during the audit period. We reviewed the available correspondence between the Shire and the Authority over the audit period and confirmed that no request was made. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must prior to making a major change to the operation of a water service hold a public meeting and seek written submissions.	2012/28	Schedule 3 Clause 4.5 Sewerage licensee	N/a	<ul style="list-style-type: none"> <li>The licensee has not made a major change to the operation of its water service during the audit period. Therefore, this obligation cannot be rated</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must allow customers to	2012/29	Schedule 3	4	<ul style="list-style-type: none"> <li>The licensee makes allowance for public</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
raise matters of concern regarding Council public question time in accordance with the Local Government Act 1995.		Clause 4.6 LGA sewerage providers		question time during all monthly Council meetings. It was advised that no matters of concerns regarding the licensee's water services have been raised at questions time. At audit we reviewed a sample of Council meeting minutes and confirmed that no matters relating to the licensee's water services had been raised.	staff <ul style="list-style-type: none"> <li>Review of a sample of Council minutes over the 2013-14</li> </ul>	
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"> <li>The Shire advises that they have not received direction from the ERA to conduct a customer survey. Therefore, this obligation cannot be rated</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	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"> <li>The licensee's Sewerage Connection Policy, Policy 3.6 and Section 2.7 of the licensee's Customer Service Charter sets out details of connecting to the licensee sewer service. Both of these documents are available on the licensee's website.</li> <li>The licensee advises that the majority of applications for connection are in relation to applications for subdivision. This is detailed further in the observations to Compliance Manual Reference Number 17.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of policy and charter</li> </ul>	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"> <li>Section 2.7 of the licensee's Customer Service Charter restricts connections to where a "wastewater reticulation main is available" and where this main "has the capacity for the required service". The Sewerage Connection Policy restricts connection to within the "Brookton township boundary" and "when Council deems it necessary or economically feasible to extend the sewerage scheme". This is a</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				reasonable condition for connection.		
The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable.	-	Schedule 6 Clause 2.3	4	<ul style="list-style-type: none"> <li>There have been no instances of the water service being discontinued due to it being not commercially viable. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Fees (Clause 4)</b>						
The licensee must pay the applicable fees in accordance with the Regulations.	155	Clause 4	5	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Compliance (Clause 5)</b>						
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"> <li>The licensee lists legislation and regulations applicable to the operation of their organisation and provision of the services in Section 2.3 of the licensee's Sewerage Scheme Asset Management Plan 2014. Some of the information in Section 2.3 of the licensee's AMP does not reflect the current legislative environment.</li> <li>The licensee's CEO is ultimately responsible for the organisation's asset management activities and any revisions or exemptions as well as keeping staff informed of these changes.</li> <li>The licensee advised that they have received notifications from the ERA regarding breaches to its licence obligations and its associated legislative requirements. The following were identified:</li> <li>The licensee's 2014 compliance report stated that Financial Hardship Policy was not approved by 18 May 2014 due to revision changes not made by the Shire and</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence between the licensee and the Authority.</li> <li>Correspondence between the licensee and the Department of Health.</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>approved by the ERA in required timeframes.</p> <ul style="list-style-type: none"> <li>▪ A Notice pursuant to Section 39(1) of the Water Services Licensing Act 1995 was issued to the licensee for deficiencies with the Shire's asset management system under Clause 17.1 of Operating Licence Number 12 Version 2. A number of deficiencies remain unaddressed from the audit period, as set out in Section 3 of this document.</li> <li>▪ The 2012 compliance report was submitted after the 31 August 2012 deadline and should have been recorded as a non-compliance in the 2013 compliance report.</li> <li>▪ The licensee was issued a notice by the Environmental Health Directorate in response to the Department's assessment under the Shire's Licence under the Environmental Protection Act 1986 (Licence number L7994/2003/3). A number of rectification actions were undertaken by the Shire to address the Department's findings.</li> <li>▪ We have identified a number of non-compliances with applicable legislation as follows: <ul style="list-style-type: none"> <li>– Clause 5.4 – Direction from the Authority (Obligation 159)</li> <li>– Section 82 (4)&amp;(5) – Notification and requirements as to building work (Obligation 17)</li> <li>– Section 12, Clause 16 – Provision of information (Obligation 165 and 166)</li> </ul> </li> <li>▪ With the exception of the above, the Auditor has no reason to believe that Shire have</li> </ul>		



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				not complied with required legislative requirements.		
<b>Water Services Act 2012</b>						
<b>Requirements for Licences</b>						
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	<ul style="list-style-type: none"> <li>▪ No code(s) of practice have been made by the Minister that apply to the licensee. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	NA
<b>Requirements for Licences</b>				<ul style="list-style-type: none"> <li>▪ Obligations 92 – 153 in this table relate to specific requirements of the licensee relating to the Code of Conduct</li> <li>▪ We have found through this audit that the licensee has not complied with all requirements of the Code of Conduct, specifically:               <ul style="list-style-type: none"> <li>– Clause 7 – Information about connections (Obligation 92)</li> <li>– Clause 18(2) – Procedure for review of bills (Obligation 114)</li> <li>– Clause 21(1) – Payment methods (Obligation 119)</li> <li>– Clause 22 – Consent for direct debits (Obligation 121)</li> <li>– Clause 26(3) – Timing for Financial Hardship Policy (Obligation 126)</li> <li>– Clause 35(2),(3)&amp;(4) – Complaints procedure (Obligations (Obligation 146, 147, 148)</li> <li>– Clause 37(1) – Information to be publically available (obligation 153)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	2
The licensee must comply with a direction from the Authority in relation	159	Clause 5.4	4	<ul style="list-style-type: none"> <li>▪ The licensee received a Notice under Section 39(1) of the Water Services Licensing Act following its previous asset</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
to a breach of applicable legislation.				<p>management system review. This Notice was for deficiencies within the licensee's asset management system. The Notice required the licensee to undertake appropriate actions to rectify the asset management system deficiencies by 30 November 2013.</p> <ul style="list-style-type: none"> <li>▪ The Authority issued a Notice to the licensee to undertake review of the asset management system for the period 1 December 2012 to 30 November 2013 by the 28 February 2014. The licensee appointed Barry Robbins Engineering &amp; Project Management to undertake the review in December 2013. The licensee's response to addressing the observed deficiencies was reviewed in this review. A Post Implementation Plan was developed and issued in the review's final version dated 11 March 2014.</li> <li>▪ An evaluation of the licensee's compliance with the requirements of the Section 39 Notice is detailed in Section 3 of this report. A number of deficiencies were not addressed within the audit period.</li> <li>▪ The licensee received a Notice for late submission of the 2012 compliance report. The compliance report was submitted.</li> </ul>		
<p><b>Provision of a water service ceasing — duty to leave system in safe condition</b></p> <p>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</p>	13	Section 36	4	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interview with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<p>except with the approval of the Minister.</p> <p><b>Interruption of water services</b> The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.</p>	16	Section 77(3)	4	<ul style="list-style-type: none"> <li>The licensee has not reported any blockages as a result of the scheme. At Audit, maintenance records were reviewed and no blockages were recorded.</li> <li>It is noted that blockages would primarily occur within the effluent disposal systems located on the private property upstream of the connection point to the scheme. In the event of a blockage, the occupant would likely contact a local plumber to assess the blockage. If the blockage was assessed as the licensee's responsibility the plumber would contact the licensee to rectify the situation.</li> <li>Section 2.4 of the licensee's AMP specified levels of service for continuity which states a target of "90% of customers/ properties will not experience disruption to their service from wastewater overflow". The licensee also set targets for blockages and other faults to be attended to within 6 hours of being reported.</li> <li>The Shire is the only user of the non-potable water supply service.</li> <li>Section 2.3 of the Customer Service Charter states the Shire will respond to sewer overflows within 3 hours of being notified.</li> <li>The sewerage scheme and non-potable water scheme has a dedicated Works Officer to oversee ongoing operation and maintenance activities. The Shire's works team undertake daily inspection of the sewer and non-potable works to proactively</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of AMP</li> <li>Review of schematics of the scheme</li> <li>Review of Customer Service Charter</li> <li>Review of complaints register spreadsheet</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				identify potential interruptions to supply. <ul style="list-style-type: none"> <li>The Shire has a number of standard maintenance procedures and contingency plans defined within the AMP.</li> <li>The Shire has installed an emergency power supply connection point to the rising main pump station in the event of power supply loss.</li> <li>The Shire has established a service contract for the ongoing operation and maintenance of the main pump station and the service contract for the operation of the Shire's irrigation network.</li> <li>The Auditor considers the above to demonstrate that the Shire has reasonable steps in place to minimise the extent or duration of any interruption of its water services.</li> </ul>		
<b>Notification of and requirements as to building work</b> 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	<ul style="list-style-type: none"> <li>As a local government, the licensee is responsible for the control of land use and the design and siting of all buildings proposed to be constructed within its boundaries, notably through managing development approvals.</li> <li>Notice of any building work is provided to the licensee through its Application for Planning Approval Form. This form is available on the licensee's website and at its offices.</li> <li>When an application is lodged, the licensee's Planner will assess the information provided by the applicant against the Sewerage Connection Policy and decide whether it requires public notification (advertising), for which a 21-day</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Environmental Health septic system / effluent disposal system application form.</li> <li>Customer Service Charter and Sewerage Connection Policy</li> <li>Building application procedure</li> <li>Review of the Building Act 2011</li> <li>Building Application Checklist</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>period is given for submissions to be received. Applications are determined at an Ordinary Meeting of Council (third Thursday of each month).</p> <ul style="list-style-type: none"> <li>▪ The licensee's new dwelling Certified Building Application requires provision of scaled site plans providing location of septic tanks and leach drains. Completed Environmental Health septic system / effluent disposal system application form. Once the licensee approves the commission the installation, the licensee issues a Permit to Use Apparatus, forming a signed agreement between the owner and licensee.</li> <li>▪ Under Section 107(2) of the Health Act 1911 it is an offence to start works on the construction or installation of an apparatus without approval. Construction of the apparatus is required to be in accordance with the requirements of the Health (treatment of sewage and disposal of effluent and liquid waste) Regulations 1974.</li> <li>▪ The Shire states in its planning and building information pack that Applications that are required to be presented to a Council Meeting and may take between 30 and 60 days to obtain Planning, or "land use" Approval depending on what it is being proposed and whether neighbours are required to be given the opportunity to provide comment.</li> <li>▪ Building Permit Application may take up to 25 days for an uncertified building plan or 10 days for a certified building plan application to be processed. The Shire may specify up to 21 calendar days for further</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>information to be supplied. Once the information is supplied, the clock is restarted from the beginning.</p> <ul style="list-style-type: none"> <li>The Building Act 2011 govern building works within the Shire. The timeframe for returning plans in the Act is more strict than that in the Building Act 2011.</li> <li>However, the Building Act 2011 (Regulation 20, Clause 10 of the Building Act 2011.) is the primary legislation in this area. The Shire complies with the Building Act 2011 but does not comply with this obligation in the Water Service Act.</li> </ul>		
<p><b>Ensuring water service works are done</b></p> <p>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 licensee must give the person 21 days notice of its intention to commence the works.</p>	18	Section 84(2)	4	<ul style="list-style-type: none"> <li>The licensee has not issued a notice under section 83(3)(a) of the Act to any proponent, applicant or owner of the land during the audit period. Therefore, this obligation is unable to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<p><b>Review of certain decisions under or relating to Development and building control, and infrastructure contributions</b></p> <p>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</p>	19	Section 87(2)	4	<ul style="list-style-type: none"> <li>The licensee advises that no applications have been made by persons within its operating area with the State Administrative Tribunal for a review of a decision made by licensee on building application. Therefore, this obligation is unable to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of State Administrative Tribunal website and Decision Bulletin database</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
with, except in limited circumstances.						
<b>Construction etc. over or in vicinity of water service works of licensee</b> 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"> <li>The licensee has not issued any compliance notices under the Act during the audit period. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
<b>Disconnection or reduction in rate of flow etc.</b> 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"> <li>The licensee does not provide water supply services to dwellings. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Corporate Business Plan</li> <li>Review of AMP</li> <li>Review of Annual Report 2012 - 2013</li> </ul>	NA
<b>Fire hydrants</b> 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 works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	22	Section 96(1)	4	<ul style="list-style-type: none"> <li>The licensee does not provide water supply reticulation works to fire hydrants. . Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Annual Report 2012 - 2013</li> </ul>	NA
<b>Fire hydrants</b> The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent	23	Section 96(5)	5	<ul style="list-style-type: none"> <li>The licensee does not provide water supply reticulation works to fire hydrants. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Annual Report</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
practicable and within a reasonable time.					2012 - 2013	
<b>Minister may require connection to sewerage works</b> 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"> <li>The licensee 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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Tradewaste Compliance Notice</b> 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"> <li>The licensee has not issued a compliance notice for trade waste. Therefore, this obligation cannot be rated.</li> <li>Section 2.2 of the licensee's Customer Service Charter states that "Industrial and commercial wastewater may be accepted for discharge to the Shire of Brookton 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 of Brookton shall be documented in an industrial waste permit issued by the Shire."</li> <li>There are currently no industrial businesses connected to the scheme and the licensee issues 'A Permit to Use Apparatus' to connected customers under the Health (treatment of Sewerage &amp; Disposal of Effluent &amp; Liquid Waste) Regulations 1974. This effectively regulates trade waste discharges to its sewerage reticulation system from its residential and commercial customers.</li> <li>This system receives predominantly residential discharges following primary treatment through individual effluent</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				disposal systems.		
<b>Compliance Notices</b> 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"> <li>The licensee has not issued any compliance notices under the Act. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
<b>Review of decision relating to giving compliance notices</b> 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"> <li>The licensee has not issued any compliance notices under the Act and therefore there have been no applications to the Tribunal. Therefore, this obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
<b>Supplying groups of dwellings</b> 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"> <li>The licensee's fees are developed in accordance with the Local Government Act 1995 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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of financial management system – query run on rates levied for rates levied against sewerage</li> </ul>	NA
<b>Prohibition on dealings in land</b> 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"> <li>The licensee advised that it has not made any lodgments to the Registrar of Titles or Registrar of Deeds and Transfers, therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<b>Reading meters etc. and routine inspection and maintenance</b> 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 occupier of the place unless the occupier agrees otherwise.	32	Section 129(5)	4	<ul style="list-style-type: none"> <li>The licensee issues works notices 48 hours prior to works or inspection commencing.</li> <li>The majority of the sewerage network has been developed with access through dedicated easements/ access ways for easy access of the reticulation network and sewer connections.</li> <li>Scope of works set out in the licensee's Town Sewerage Relining tender documents provide conditions to provide 48 hours notice of proposed entry and for the site to be made good has been included in the licensee's current tender template for sewer pipeline rehabilitation.</li> </ul>	<ul style="list-style-type: none"> <li>Review of notice of entry dated 21/06/2013 for works commencing 24/06/2013 for planned rehabilitation works to a section of the sewer system</li> <li>Review of current tender template for pipeline rehabilitation.</li> <li>Interviews with licensee staff</li> </ul>	1
<b>Ancillary works powers</b> 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"> <li>The licensee has included Notification of Entry conditions within its current tender template documents for sewer pipeline rehabilitation works.</li> </ul>	<ul style="list-style-type: none"> <li>Review of tender documents 11 November 2013 for Town Sewerage Relining and current tender template for pipeline rehabilitation.</li> <li>Interviews with licensee staff</li> </ul>	1
<b>Special provisions applicable to road works</b> 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"> <li>Shire is the public authority managing the road, and holds delegated rights to undertake works on main roads within the operating area. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Prerequisites to provision of major</b>	35	Sections	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<b>works</b> 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.		142		constructed any major works (as defined by Section 133 of the Act) during the audit period. A review of AMP and the financial records works verifies this. Therefore, this obligation is not able to be rated.	staff <ul style="list-style-type: none"> <li>Review of AMP</li> <li>Review of financial management system for capital expenditure over the audit period.</li> </ul>	
<b>licensee to prepare plans and publish and give notice of major works</b> 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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of AMP</li> <li>Review of financial management system for capital expenditure over the audit period.</li> </ul>	NR
<b>licensee to prepare plans and publish and give notice of major works</b> 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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of AMP</li> <li>Review of financial management system for capital expenditure over the audit period.</li> </ul>	NR
<b>Objections and submissions</b> 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"> <li>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.</li> </ul>	Interviews with licensee staff Review of AMP Review of financial management system for capital expenditure over the audit period.	NR
<b>licensee may amend proposal</b> If the licensee makes alterations to the plans or details referred to in section	39	Section 145(2)	5	<ul style="list-style-type: none"> <li>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</li> </ul>	Interviews with licensee staff Review of AMP Review of financial	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.				to be rated.	management system for capital expenditure over the audit period.	
<b>Powers of Minister in respect of proposal</b> 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"> <li>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.</li> </ul>	Interviews with licensee staff Review of AMP Review of financial management system for capital expenditure over the audit period.	NR
<b>Powers of Minister in respect of proposal</b> 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"> <li>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.</li> </ul>	Interviews with licensee staff Review of AMP Review of financial management system for capital expenditure over the audit period.	NR
<b>licensee to prepare plans and give notice of general works</b> 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"> <li>The licensee has not planned for or constructed any general works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	Interviews with licensee staff Review of AMP Review of financial management system for capital expenditure over the audit period.	NR
<b>licensee to prepare plans and give notice of general works</b> 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"> <li>The licensee has not planned for or constructed any general works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	Interviews with licensee staff Review of AMP Review of financial management system for capital expenditure over the audit period.	NR
<b>Objections and submissions</b> The licensee must have regard to an	44	Section 152(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined</li> </ul>	Interviews with licensee staff Review of AMP	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
objection or submission lodged by the date specified in the notice given under section 151(2).				by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.	Review of financial management system for capital expenditure over the audit period.	
<b>licensee may amend proposal</b> 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"> <li>The licensee has not planned for or constructed any general works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	Interviews with licensee staff Review of AMP Review of financial management system for capital expenditure over the audit period.	NR
<b>Taking of interest in land for purposes of licensee</b> 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"> <li>The Shire has not been required to take an interest in land under the Act. Therefore, this obligation is not able to be rated.</li> </ul>	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"> <li>The Shire has not been required to take an interest in land under the Act. Therefore, this obligation is not able to be rated..</li> </ul>	Interviews with licensee staff Review of annual budget 2014-15	NR
<b>Sale of land</b> 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"> <li>The Shire is bound by Local Government requirements for asset sale including land.</li> <li>The Shire has not sold an interest in land under the Act. Therefore, this clause is not able to be rated.</li> </ul>	Interviews with licensee staff Review of annual budget 2014-15	NR
<b>Entry with consent or under notice or warrant</b> In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is	49	Section 173(4)	4	<ul style="list-style-type: none"> <li>The licensee has developed its conditions within planned works tender documents to satisfactorily meet the requirements of this obligation.</li> <li>Section 3.0 of the licensee's Customer</li> </ul>	Review of tender documents 11 November 2013 for Town Sewerage Relining and current tender template for pipeline rehabilitation.	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
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.				<p>Service Charter, which has been retained for information purposes to aid the licensee meet obligations under Clause 7 of the Water Services Code of Conduct (Customer Service Standards) 2013, sets out the licensee's powers in relation to entry of property.</p> <ul style="list-style-type: none"> <li>Further, the licensee has entry powers under other legislation that it may use if necessary.</li> </ul>	<p>Interviews with licensee staff</p> <p>Review of notice of entry dated 21/06/2013 for works commencing 24/06/2013 for planned rehabilitation works to a section of the sewer system</p>	
<p><b>Notice of entry</b></p> <p>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.</p>	50	Section 174(1)	4	<ul style="list-style-type: none"> <li>The licensee issues a works notice using the Shire's standard letter template on a case-by-case basis. We viewed a notice of entry issued for works undertaken in relation to planned rehabilitation works to the sewer pipelines and were satisfied that it meets the requirements of this obligation.</li> <li>Section 3.0 of the licensee's Customer Service Charter, which has been retained for information purposes to aid the licensee meet obligations under Clause 7 of the Water Services Code of Conduct (Customer Service Standards) 2013, sets out the licensee's powers in relation to entry of property. This is publically available on the licensee's website.</li> <li>The licensee has developed scope of work conditions within planned works tender documents to meet this obligation.</li> </ul>	<p>Review of tender documents 11 November 2013 for Town Sewerage Relining and current tender template for pipeline rehabilitation.</p> <p>Interviews with licensee staff</p> <p>Review of notice of entry dated 21/06/2013 for works commencing 24/06/2013 for planned rehabilitation works to a section of the sewer system</p>	1
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	51	Section 174(3)	4	<ul style="list-style-type: none"> <li>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</li> </ul>	<p>Customer Service Charter</p> <p>Interviews with licensee staff</p> <p>Maintenance records</p>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
notice of entry to the occupier.				<p>rated.</p> <ul style="list-style-type: none"> <li>Section 3.0 of the licensee's Customer Service Charter, which has been retained for information purposes to aid the licensee meet obligations under Clause 7 of the Water Services Code of Conduct (Customer Service Standards) 2013, sets out the licensee's powers in relation to entry of property. This does however not address this obligation. This is publically available on the licensee's website.</li> </ul>		
<p><b>Rights of occupier of dwelling</b></p> <p>If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.</p>	52	Section 175(2)	4	<ul style="list-style-type: none"> <li>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 were made during the audit period. Therefore, this obligation is not able to be rated.</li> <li>The licensee staff are required to comply with a Code of Conduct in relation to communicating and dealing with members of the public.</li> <li>The Scope of Works set out in the licensee's tender documents for sewer relining states that "The Contractor is to ensure that all persons entering onto land which is not public land or land which is not owned by the Principal, carry identification, present the identification whenever requested by the occupier and cause as little disruption and inconvenience as possible."</li> </ul>	<p>Code of Conduct for Elected Members and Staff</p> <p>Review of tender documents 11 November 2013 for Town Sewerage Relining and current tender template for pipeline rehabilitation.</p> <p>Interviews with licensee staff</p>	NR
<p>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</p>	53	Section 175(5)	4	<ul style="list-style-type: none"> <li>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 were made during the audit period. Therefore, this obligation is not</li> </ul>	<p>Interviews with licensee staff</p>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
dwelling.				able to be rated.		
<b>When authorised person must leave etc.</b> 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"> <li>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 were made during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	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"> <li>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 were made during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	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 do so unless the owner or occupier agrees otherwise.	56	Section 176(4)	4	<ul style="list-style-type: none"> <li>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 were made during the licence period. Therefore, this obligation is not able to be rated.</li> </ul>	Interviews with licensee staff	NR
<b>Actions of authorised persons and others</b> 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"> <li>Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property.</li> <li>The licensee advised that the only works undertaken to the water service works that may have inconvenienced property owners/occupiers was as part of the sewer mains relining project. This work was tendered November 2014. This tender's contract terms and conditions addresses the requirements of Section 181 of the Act.</li> <li>No complaints were received during the</li> </ul>	Interviews with licensee staff	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				audit period regarding the Shire's water services.		
<b>Contents of application</b> If the licensee applies for a warrant, the application must contain the prescribed information.	58	Section 186	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>How application to be made</b> 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"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Execution of warrant</b> 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"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	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"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Designation of inspectors and compliance officers</b> 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"> <li>The licensee has not designated any person as an inspector or compliance officer. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Liability of certain persons for damage caused in exercise of powers</b>	63	Section 218(2)	5	<ul style="list-style-type: none"> <li>The licensee sets out appropriate conditions within tender documents to meet the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of tender</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
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.					documents 11 November 2013 for Town Sewerage Relining and current tender template for pipeline rehabilitation.	
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"> <li>The Shire advised that no works powers or power of entry for water services was exercised during the audit period. Therefore, this obligation is not able to be rated.</li> <li>The licensee sets out appropriate conditions within tender documents to meet the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of tender documents 11 November 2013 for Town Sewerage Relining and current tender template for pipeline rehabilitation.</li> </ul>	NR
<b>Water Services Regulations 2013</b>						
<b>Altering position of service infrastructure in roads</b>						
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"> <li>The licensee has not exercised a works power in a road during the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
<b>Roads broken up to be reinstated</b>						
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	75	Regulation 63	4	<ul style="list-style-type: none"> <li>The licensee, as a local authority, is also the roads owner and manager. The exception of relevance is for the small section of State controlled road that coincides with the sewerage network.</li> <li>The licensee advised that the only works undertaken to the water service works that</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
hazardous.				required roads to be broken and reinstated was as part of the sewer mains relining project. This work was tendered November 2014. This tender's contract terms and conditions addresses the requirements of this obligation. <ul style="list-style-type: none"> <li>The licensee advises that it has a good working relationship with the relevant Department and undertakes works on roads in accordance with industry standards. This includes its obligations to make good roads following works.</li> </ul>		
<b>Compliance Notices</b>						
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"> <li>The licensee has not issued any compliance notices during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	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"> <li>Refer to observations detailed in Compliance Manual Reference 10.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	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 inconsistent with the terms and conditions of the licence.	158	Clause 5.3	4	<ul style="list-style-type: none"> <li>Refer to observations detailed in Compliance Manual Reference 11.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>						
<b>Information about connections</b>						
The licensee must have written information for customers about the	92	Clause 7	4	<ul style="list-style-type: none"> <li>The licensee's Customer Service Charter made under its previous licence fulfils some of the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Customer</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
specified matters.				<ul style="list-style-type: none"> <li>The licensee makes publically available a Customer Service Charter, Sewerage Connections Policy, and rates notices information, which together, these documents fulfil most of the requirements of this obligation. However, these documents do not adequately address: <ul style="list-style-type: none"> <li>the duty of the licensee under Section 21 of the Act to provide services and do works.</li> <li>the regulations that prescribe requirements for the purpose of section 21(2)(c) or (3)(c) of the Act.</li> <li>entitlements under section 73 of the Act to the provision of sewer services.</li> </ul> </li> <li>We consider that the extent of information not addressed in the Customer Service Charter constitutes a minor non-compliance.</li> </ul>	Service Charter, Sewerage Connection Policy, and rates notice information.	
<p><b>Minimum performance standards for standard water supply connections</b></p> <p>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.</p>	93	Clause 8	4	<ul style="list-style-type: none"> <li>The licensee does not provide water supply services. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of annual report 2013-14</li> </ul>	NA
<p><b>Bills other than for quantities supplied, discharged</b></p> <p>The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.</p>	94	Clause 9	4	<ul style="list-style-type: none"> <li>The licensee issues water service charges along with its general Council rates in a manner consistent with the Local government Act 1995. This is undertaken annually.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review Local Government Act 1995, Part 6 Financial Management</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<b>Bills for quantities supplied, discharged</b> 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"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review Local Government Act 1995, Part 6 Financial Management</li> </ul>	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"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of a sample of bills issued</li> </ul>	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"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of a sample of bills issued</li> </ul>	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"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of a sample of bills issued</li> </ul>	NA
<b>Sending bills</b> 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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of rates notice</li> <li>Review of a sample of bills issued</li> </ul>	1
<b>Estimates: licensees' obligations</b> 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"> <li>The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
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"> <li>The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Requested meter readings, revised bills: licensee's obligations</b> 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"> <li>The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Leaks</b> 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"> <li>The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Undercharging in bills</b> 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"> <li>The licensee's charging is unit rate based on property valuation set through an annual rates setting process. There are no usage charges.</li> <li>Section 2.6 of the licensee's Customer Service Charter states that "If an error is made in the charges which results in the customer paying less than the correct amount, the customer may be required to pay the correct amount upon request or have the additional amount added to the next billing."</li> <li>The licensee advised that it was not aware</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				of any undercharged customers within the audit period 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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Finance Monthly Reconciliations records</li> </ul>	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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Finance Monthly Reconciliations records</li> </ul>	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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Finance Monthly Reconciliations records</li> </ul>	NR
<p><b>Overcharging in bills</b></p> <p>If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.</p>	111	Clause 17(1)	4	<ul style="list-style-type: none"> <li>The licensee's charging is unit rate based on property valuation set through an annual rates setting process. There are no usage charges. Overcharging could occur as a result of an incorrect valuation, in which case the licensee re-directs the customer to the appropriate authority to raise issue with the customer's valuation. However, the licensee advises that it uses the latest</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Finance Monthly Reconciliations records</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				available property valuations available from the state valuer and would not retrospectively change the valuation. <ul style="list-style-type: none"> <li>Section 2.6 of the licensee's Customer Service Charter states that "If an error is made resulting in the customer paying more than the correct amount, the excess amount shall be held in credit for a future charge, or refunded, at the discretion of the customer."</li> <li>The licensee is not aware of any instances of where it has overcharged customers for water services during the audit period. Therefore this obligation cannot be rated.</li> </ul>		
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"> <li>Section 2.6 of the licensee's Customer Service Charter states that "If an error is made resulting in the customer paying more than the correct amount, the excess amount shall be held in credit for a future charge, or refunded, at the discretion of the customer."</li> <li>The licensee is not aware of any instances of where it has overcharged customers for water services during the audit period. Therefore this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Finance Monthly Reconciliations records</li> </ul>	NR
<b>Review of bills</b> The licensee must review a bill on the customer's request.	113	Clause 18(1)	4	<ul style="list-style-type: none"> <li>The licensee reviews bills when requested to by customers. This occurs on a case-by-case basis.</li> <li>Rates bills are issued with information regarding objections and appeal provisions.</li> <li>The licensee advises very few reviews were requested over the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of complaints register</li> </ul>	1
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"> <li>The licensee does not have a written procedure for review of a bill consistent with the requirements of Clause 18(3) of the Code.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>▪ Stated on the back of Shire's Rates Notice is:</li> <li>▪ <b>OBJECTIONS AND APPEAL PROVISIONS</b></li> <li>▪ The assessment of rates or taxes is based on an equitably assessed value provided by the Valuer-General, Landgate. Under the Valuation of Land Act 1978 any person liable to pay any rate or tax assessed in respect of land (for local government rates, the owner) including the authorised representative of such a person may object to the value used as a base and may serve upon the Valuer General a written objection to the valuation, within 60 days after the date of the issue of this rate or tax assessment. All enquiries to: vs@landgate.wa.gov.au, call 08 9273 7341, or visit Landgate's website at www.landgate.wa.gov.au</li> <li>▪ A person who is dissatisfied with the decision of the Valuer General in respect of the objection may, within 60 days of service of notice of that decision serve notice on the Valuer General requiring the objection to be treated as an appeal and referred to the Land Valuation Tribunal.</li> <li>▪ Section 6.76 of the Local Government Act 1995 provides the grounds on which, and the time and manner in which, individual objections and appeals to the Rate Book may be instituted. An objection to the Rate Book shall be made in writing to the Council within 42 days of the date of issue of this rate notice. Section 6.82 relates to general appeals.</li> <li>▪ If an objection or appeal is lodged the full</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				amount of rates is still due and payable within 35 days of the issue of the rate notice.		
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"> <li>The licensee does not have a written procedure.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	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"> <li>The licensee does not have a written procedure.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	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"> <li>The licensee advised that it informs 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.</li> <li>The licensee also advised that given the low number of these, it endeavours to respond to the review immediately, typically at the time of the review itself.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>When payment due if not set under regulations</b> 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"> <li>The licensee requires bill payment within 35 days, consistent with Section 6.5 of Part 6, Division 6 the Local Government Act 1995.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example bill</li> </ul>	1
<b>Payment methods</b> The licensee must allow a customer to pay a bill using any of the prescribed	119	Clause 21(1)	4	<ul style="list-style-type: none"> <li>The licensee accepts payments by all the prescribed methods except for direct debit. This is a minor non-compliance as</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example bills</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
methods selected by the customer.				<ul style="list-style-type: none"> <li>customers have multiple other ways to pay a bill. Details of options to pay are set out on the bills issued.</li> <li>The Financial Hardship Policy sets out that the licensee provides direct debit services.</li> </ul>	<ul style="list-style-type: none"> <li>issued</li> <li>Review of Financial Hardship Policy</li> </ul>	
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"> <li>The fees and charges associated with payment method for Instalment plan options are detailed on the licensee's bills that it issues. Other payment options do not have fees.</li> <li>The licensee does not currently offer direct debit however has informed customers of the fees and charged associated with the bill payment methods that it does offer.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example bill</li> <li>Review of Financial Hardship Policy</li> </ul>	1
<b>Consent for direct debits</b> 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"> <li>The licensee does not accept payment by direct debit therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of direct debit forms</li> <li>Review of Financial Hardship Policy</li> </ul>	NR
<b>Payment in advance</b> The licensee must accept payment in advance from a customer on a customer's request.	122	Clause 23(1)	4	<ul style="list-style-type: none"> <li>The licensee accepts payment in advance. This provision is also set out in the licensee's Financial Hardship Policy</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of billing system for customers in credit from payment in advance</li> </ul>	1
<b>Free redirection in absence, illness</b> 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"> <li>The licensee is able to redirect customer's bills on request and at no charge</li> <li>This provision is also set out in the licensee's Financial Hardship Policy</li> <li>The licensee advises that no occurrence of</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				this has occurred under the new licence.		
<b>Assistance for customers experiencing payment difficulties</b> 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"> <li>The licensee allows customers to pay bills under a payment plan or other arrangement</li> <li>Information on payment plans is set out in its Financial Hardship Policy</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Financial Hardship Policy</li> <li>Review of payment plan letter and sample payment plans</li> <li>Review of sample of instalment plans of customers under hardship</li> </ul>	1
<b>Financial hardship policy</b> 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"> <li>The licensee has in place a Financial Hardship Policy that was approved by the ERA</li> <li>The Financial Hardship Policy is available on the licensee's website</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Financial Hardship Policy</li> <li>Approval from ERA dated 28/5/2014</li> </ul>	1
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.	126	Clause 26(3)	4	<ul style="list-style-type: none"> <li>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.</li> <li>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 and therefore the licensee was required to have a Financial Hardship Policy by 18 May 2014.</li> <li>The licensee's financial hardship policy had not been approved by this date and has</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence between the ERA and licensee</li> <li>Interviews with licensee staff</li> <li>Compliance reports</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				reported this as a non-conformance in the 2014 compliance report. The licensee's Financial Hardship Policy was approved 28 May 2014 and therefore it has therefore not complied with this obligation.		
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"> <li>The licensee was granted a licence before commencement of the Act. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
The licensee's financial hardship policy must be publicly available.	128	Clause 26(5)	4	<ul style="list-style-type: none"> <li>The Financial Hardship Policy is available on the licensee's website</li> <li>We accessed the Financial Hardship Policy at audit</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> <li>Access to the licensee's website</li> </ul>	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"> <li>The licensee's Financial Hardship Policy was in place on 28 May 2014 and therefore needs to be reviewed before May 2019. Therefore, this obligation cannot be rated for the audit period.</li> <li>Section 8 of the Financial Hardship Policy states that the licensee will review and update the policy at least every five years.</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> </ul>	NR
<b>Assistance for customers experiencing financial hardship</b> 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"> <li>The Shire's financial hardship policy was approved by the ERA 3 July 2014. Section 5 of the Shire's policy that states that customers in financial hardship will not be charged any fees or interest as part of their payment arrangement.</li> <li>The Shire advised that there were no financial hardship special payment arrangement since this obligation came into effect.</li> <li>At audit we ran a query on the Shire's</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Financial Hardship Policy</li> <li>Review of sample of payment plan arrangements and arrangements for customers under hardship</li> <li>All Properties Special</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				financial management system (SynergySoft) for all payment arrangements in-place over the audit period and confirmed that no arrangements were entered into under the terms of the Shire's financial hardship policy over the audit period.	Payment Arrangements query from SynergySoft system.	
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"> <li>Consideration is made by the CEO's under delegated authority, outside of the CEO authority the decision on sums written off would have to go through Council for approval.</li> <li>Section 5 of the licensee's financial hardship policy addresses the requirements of this obligation.</li> <li>The Shire advised that there were no financial hardship special payment arrangement have been established since this obligation came into effect. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Financial Hardship Policy</li> <li>Review of levels of authority in Policy Manual</li> </ul>	NR
<b>Matters relating to customers experiencing payment difficulties or financial hardship</b> 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"> <li>The licensee only bills owners of lands for water services and therefore meets the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
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"> <li>This information is available in the licensee's Financial Hardship Policy that is publically available on the licensee's website.</li> <li>Information on instalment plans is issued on</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> <li>Review of Financial Hardship Policy</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				rates bill. <ul style="list-style-type: none"> <li>The licensee advises that it makes information available over the counter or through enquiry.</li> </ul>	<ul style="list-style-type: none"> <li>Access to the licensee's website</li> </ul>	
<b>No debt collection in certain cases</b> 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"> <li>The licensee does not collect debts where a customer is in a payment arrangement</li> <li>Section 6 of the licensee's financial hardship policy addresses the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>Water flow not to be reduced below minimum rate</b> 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"> <li>The licensee does not provide a potable water supply service. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Minimum performance standards for restoration of water supply</b> 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"> <li>The only customer for the licensee's water supply (recycled water) service is the licensee. Therefore, the licensee will always be in agreement with itself regarding water restoration timeframes. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	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"> <li>The only customer for the licensee's water supply (recycled water) service is the licensee. Therefore, the licensee will always be in agreement with itself regarding water restoration timeframes and therefore the specified timeframes are not relevant. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Procedure for dealing with complaints about water services</b>	145	Clauses 35(1)	4	<ul style="list-style-type: none"> <li>The licensee's Customer Service Charter details the Shire's complaints procedure.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.				<ul style="list-style-type: none"> <li>▪ The financial hardship policy outlines the Shire's complaints handling policy. It also refers the reader to the Shire's website.</li> <li>▪ At audit we viewed the complaints handling procedure – Policy Manual reference 2.22 (File No. ADM0564, Minute No 13.03.14.01).</li> <li>▪ The draft complaints handling policy was approved in the Council Meeting on 20 March 2014.</li> <li>▪ Shire to provide written complaints handling policy, complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services.</li> <li>▪ If a complaint is received, a Complaint Sheet form is to be completed. Customer complaints and their outcomes are recorded on the Complaints Sheets and maintained on a central Complaint Register spreadsheet to ensure that the completed Complaints Sheets don't get lost and all complaints are reported to the Authority in the annual Performance Reports.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Policy 2.22, Complaints Handling Policy</li> <li>▪ Complaints Register, forms and procedure</li> <li>▪ Hardcopy complaints and maintenance folder</li> <li>▪ <i>Shire of Brookton, Minutes for Ordinary Meeting of Council, 20 March 2014.</i> (ATTACHMENT 13.03.14.01AB)</li> </ul>	
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).	146	Clause 35(2)	4	<ul style="list-style-type: none"> <li>▪ The main components of a complaints procedure under AS ISO10002-2006 (now superseded by the 2014 version) are:               <ul style="list-style-type: none"> <li>– Commitment</li> <li>– Supporting policy and procedures</li> <li>– Defined responsibilities</li> <li>– Staff awareness</li> </ul> </li> <li>▪ The Complaints Handling Policy 2.22 is consistent with the main components under ISO10002 although does not fully address</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Policy 2.22, Complaints Handling Policy</li> <li>▪ Complaints Register, forms and procedure Verbal Complaints System Procedure</li> <li>▪ Hardcopy complaints and maintenance folder</li> <li>▪ Habitual or Vexatious</li> </ul>	2



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>all of the provisions of AS ISO 10002.</p> <ul style="list-style-type: none"> <li>The licensee has an established complaints procedures (Verbal Complaints System Procedure and Habitual or Vexatious Complainants) which at audit was understood by staff.</li> <li>No complaints regarding water services have been recorded and reported during the audit period. At audit we reviewed all complaints over the audit period and confirmed this.</li> </ul>	Complainants Policy (Policy 1.15)	
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"> <li>The licensee Complaint Procedure in Policy 2.22 and Verbal Complaints System Procedure address most of the matters under Clause 35(3) of the Code. However, these documents combined do not sufficiently address all the matters under Clause 35(3) of the Code, including dispute resolution arrangements and resolving complaints.</li> <li>No complaints regarding water services have been recorded and reported during the audit period. At audit we reviewed all complaints over the audit period and confirmed this.</li> <li>We consider this to be a minor non-conformance.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Policy 2.22, Complaints Handling Policy</li> <li>Complaints Register, forms and procedure</li> <li>Hardcopy complaints and maintenance folder</li> </ul>	2
<p>The licensee's complaints procedure must inform the customer that they</p> <ul style="list-style-type: none"> <li>do not have to use the licensee's complaints procedure,</li> <li>provide details of procedures under the Act, and</li> <li>set out the costs and benefits to</li> </ul>	148	Clauses 35(4)	4	<ul style="list-style-type: none"> <li>The licensee Complaint Procedure in Policy 2.22 does not satisfactorily set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act as required under Clause 35(4) of the Code.</li> <li>No complaints regarding water services have been recorded and reported during</li> </ul>	<ul style="list-style-type: none"> <li>Policy 2.22, Complaints Handling Policy</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
the customer if the use the complaint resolution procedure or instead of the procedures under the Act.				the audit period. At audit we reviewed all complaints over the audit period and confirmed this.		
The licensee's complaints procedure must be publicly available.	149	Clauses 35(6)	4	<ul style="list-style-type: none"> <li>The licensee's procedure is detailed in Policy - Complaints Handling reference 2.22 (File No. ADM0564, Minute No 13.03.14.01). This policy was omitted from the 2014/15 Policy Manual and therefore is not publically available on the licensee's website.</li> <li>The policy is outlined in the Financial Hardship Policy and in the Customer Service Charter which are publically available.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review Shire's website</li> <li>Policy 2.22, Complaints Handling Policy</li> <li>Shire of Brookton, Minutes for Ordinary Meeting of Council, 20 March 2014. (ATTACHMENT 13.03.14.01AB)</li> </ul>	2
<b>Services to be provided without charge</b> The licensee must provide a customer with the specified services on request and at no charge.	150	Clause 36(1)	4	<ul style="list-style-type: none"> <li>The licensee makes these services available to customers at no charge.</li> <li>The licensee has in place a disability access and inclusion plan</li> <li>The licensee advises it has not received request for these services during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Disability access and inclusion plan</li> <li>Financial Hardship Policy</li> </ul>	1
The licensee must provide a customer with the specified services on request and at no charge.	151	Clause 36(1)	4	<ul style="list-style-type: none"> <li>Obligation is a repeat of above</li> </ul>		
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"> <li>The licensee provides account information such as current account balance when requested. The licensee advises that requests of this nature are only addressed by senior licensee financial staff.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>Information to be publicly available</b> The licensee must make the prescribed information publicly available.	153	Clause 37(1)	4	The licensee makes the required information publically available as follows: (a) Fees and charges are publically available on	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Disability access and</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>the licensee's website in the annual budget</p> <p>(b) Bill payment methods are available on the customer's bill. The website makes Bpoint payment facilities available, however there appears to be limited information available on the website although we consider this to be a minor non-conformance as this information is issued in rates notice</p> <p>(c) The Customer Service Charter and Financial Hardship Policy only partly address the matters detailing exemptions, rebates, and discounts are on the customer's bill. We consider this to be a minor non-conformance</p> <p>(d) This information does not appear to be publically available and therefore consider that this is a non-compliance. The licensee does however offer this service.</p> <p>(e) Authorised person powers – not applicable as the licensee does not have meters connected to its water service.</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>	<p>inclusion plan</p> <ul style="list-style-type: none"> <li>▪ Financial Hardship Policy</li> </ul>	
<b>Water Services Act 2012</b>						
<b>Accounting Records (Clause 12)</b>						
The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board	160	Section 12	5	<ul style="list-style-type: none"> <li>▪ Accounting records are prepared in accordance with AASB standards.</li> <li>▪ Financial records are included in the Shire's</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Review of previous</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
Standards or equivalent International Accounting Standards.				annual reports and are published on the internet. <ul style="list-style-type: none"> <li>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 regulations under that Act related to Financial Management.</li> </ul>	operational audit report (Quantum Assurance, May 2012)	
<b>Individual Performance Standards (Clause 13)</b>						
The licensee must comply with any individual performance standards prescribed by the Authority.	161	Section 12	4	<ul style="list-style-type: none"> <li>There are no individual performance standards specified in Schedule 3 of the licensee's licence. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Operational Audit (Clause 14)</b>						
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	Section 25	4	<ul style="list-style-type: none"> <li>The last operational audit was undertaken in 2011 by Quantum Assurance (report prepared in May 2012) which covered the period from 1 December 2008 to 30 November 2011.</li> <li>The next operational audit (this audit) covers the period from 1 December 2011 to 30 November 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of 2011 Audit Report</li> </ul>	1
The licensee must cooperate with the independent expert and comply with the Authority's standard audit guidelines dealing with the operational audit.	162	Section 12	4	<ul style="list-style-type: none"> <li>The Auditor considers the licensee and its staff to be cooperate and helpful</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>Reporting a Change in Circumstance (Clause 15)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
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	Section 12	4	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	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	Section 12	4	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Provision of Information (Clause 16)</b>						
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	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has generally provided the required information to the Authority. The Auditor noted that the licensee has responded to correspondence from the Authority sighted during Audit although not always within specified timeframes.</li> <li>An Asset Management System Review was requested from the licensee by the Authority to be provided by the 28 February 2013 and subsequent Post Implementation Review on the 28 February 2014 following serving notice under section 39(1) of the Act.</li> <li>The Authority requested provision of the 2011 compliance report due to late submission.</li> <li>We consider that although the licensee has responded in an appropriate manner and form to the Authority there is sufficient evidence to indicate responses have not been in the time specified by the Authority</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of correspondence</li> <li>Correspondence register</li> <li>Annual compliance reports</li> <li>Annual performance report</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
over the audit period.						
The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	166	Section 12	5	<ul style="list-style-type: none"> <li>The licensee did not provide a compliance report to the Authority for 2011/12 reporting period on time. We consider this to be a minor non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Compliance Reports 11/12, 12/13, 13/14</li> <li>Review of correspondence</li> <li>Correspondence register</li> </ul>	2
The licensee must provide the Authority with the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual, and the National Performance Framework that apply to the licensee.	167	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has provided the Authority with performance reporting data</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Performance reporting data for 11/12, 12/13, 13/14</li> </ul>	1
<b>Publishing Information (Clause 17)</b>						
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	Section 12	4	<ul style="list-style-type: none"> <li>The Authority has not directed the licensee to publish information related to this obligation. Therefore the obligation cannot be rated.</li> <li>Note that publication of the Financial Hardship Policy followed timing under legislation, not at the Authority's direction.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of correspondence</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
<b>Notices (Clause 18)</b>						
Unless otherwise specified, all notices must be in writing.	169	Section 12	4	<ul style="list-style-type: none"> <li>The licensee issues all formal correspondence in writing using their standard Shire letter template. A sample of correspondence was reviewed.</li> <li>Planned works notices are delivered to customers in relation to the planned sewer maintenance program to inform them of the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Annual Compliance reports</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				work taking place in their area. Contact details are provided to arrange access to their property if the Shire has not been able to contact the customer.	Compliance / Reporting	
<b>Asset Management System (Clause 20)</b>						
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	Section 12	4	<ul style="list-style-type: none"> <li>▪ The licensee provided details of the asset management system at the time of its licence application, 2011 Review and 2013 Review and Post Implementation Review.</li> <li>▪ In the Review period 1 December 2013 to 30 November 2014, the licensee has had an Asset Management System that uses a series of linked Excel spreadsheets. The system is simplistic and was developed by David Wills and Associates in collaboration with Shire staff under ERA instruction for use by small service providers. The licensee uses the financial management system to raise and track works orders and other water service expenditure.</li> <li>▪ During the Audit period the licensee has had notice under section 39(1) due to deficiencies in its asset management system. A review of the deficiencies addressed by the licensee are set out in Section 3 of this document.</li> <li>▪ The licensee's asset management system has been reviewed with findings set out Section 5.2 of this document. The timing of this review was specified under a 12 month extension of the Section 39(1) Notice period issued by the Authority. This review is in effect notification of the licensee's asset management system to the Authority in</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				accordance with this obligation.		
The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	171	Section 12	4	<ul style="list-style-type: none"> <li>Significant revision and amendment to the AMP has been undertaken during the audit period. Details of these changes were provided in the 2014 Post Implementation Review. At audit, we noted that the AMP document is undergoing revision and is considered to reflect a commitment from the licensee to maintain a 'living' document.</li> <li>At audit we reviewed correspondence between the Authority and the licensee on amendments the licensee has made to asset management system dated 19 May 2014. We considered this appropriate notification of changes to the Authority. However, this correspondence indicates that the notification was longer than 10 business days. We consider this to be a minor non-conformance.</li> <li>The licensee's asset management system has been reviewed with findings set out Section 5.2 of this document. The timing of this review was specified under a 12 month extension of the Section 39(1) Notice period issued by the Authority. This review is in effect notification of material changes in licensee's asset management system to the Authority in accordance with this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	172	Section 12	4	<ul style="list-style-type: none"> <li>The current asset management system review follows the ERA Audit Guidelines – Electricity, Gas and Water Licences (August 2010) and subsequent superseding 2014 Review and Audit Guideline for water licences.</li> <li>An audit plan consistent with these</li> </ul>	<ul style="list-style-type: none"> <li>Audit and review plan</li> <li>Audit and review guidelines</li> <li>Interviews with licensee staff</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>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.</p> <ul style="list-style-type: none"> <li>▪ The Auditor notes that the licensee was cooperative, helpful and forthcoming with information throughout the Review.</li> <li>▪ The outcomes of the asset management system review are in a later section of this report.</li> </ul>		
<p>The licensee must have an asset management system that provides for the operation and maintenance of the water service works.</p>	6	Sections 24(1)(a) & 24(2)	5	<ul style="list-style-type: none"> <li>▪ The licensee has an asset management system that provides and is implemented for the operation and maintenance of the licensee sewerage scheme and non-potable services for the Review period 1 December 2013 to 30 November 2014.</li> <li>▪ The main components of the asset management system are:               <ul style="list-style-type: none"> <li>– Asset Management Policy</li> <li>– A comprehensive asset management plan that is updated annually and includes operations and maintenance procedures</li> <li>– Detailed asset register</li> <li>– Financial management system comprised of interlinked spreadsheet for long-term capital investment, O&amp;M, and planned works</li> <li>– 5 Year Forward Capital Works Plan</li> <li>– Inspection, monitoring and operation procedures and checklists</li> <li>– Staff training and awareness</li> </ul> </li> <li>▪ A review of this asset management system has been completed at the same time as this operational audit and the outcomes are</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Asset management plan</li> <li>▪ Weekly operator checklist</li> <li>▪ Maintenance and operations procedures</li> <li>▪ Supporting tools</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>presented in a later section of this report.</p> <ul style="list-style-type: none"> <li>During the Audit period the licensee has had notice under section 39(1) due to deficiencies in its asset management system. Deficiencies addressed have been reviewed in Section 3 of this document.</li> <li>The asset management system has been reviewed and details are provided in Section 5.2 of this document.</li> </ul>		
The licensee must give details of the asset management system and any changes to it to the Authority.	7	Section 24(1)(b)	4	<ul style="list-style-type: none"> <li>The licensee provided details of its asset management system in correspondence to the Authority dated 19 May 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of correspondence from licensee's CEO and the Authority dated 19 May 2014</li> </ul>	1
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)	4	<ul style="list-style-type: none"> <li>An asset management system review was conducted by Barry Robbins Engineering &amp; Project Management in December 2013 (report prepared 11<sup>th</sup> May 2014 with post implementation review), which covered the period from 1 December 2012 to 30 November 2013.</li> <li>The next asset management system review (this review) covers the period from 1 December 2013 to 30 November 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of 2013 Review</li> </ul>	1
<b>Water Services Ombudsman Scheme (Clause 21)</b>						
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	Section 12	4	<ul style="list-style-type: none"> <li>The licensee is a member of the scheme. In becoming a member the licensee has agreed to be bound by and compliant with any decision or direction of the Ombudsman.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Ombudsman website</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	15	Section 66	4	<ul style="list-style-type: none"> <li>No complaints concerning the licensee have been referred to the Ombudsman during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Complaints register</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	1
<b>Standard Terms &amp; Conditions of Service (Clause 22)</b>						
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	Section 12	4	<ul style="list-style-type: none"> <li>There are no Standard Terms and Condition of Service that apply to the licensee. This obligation is not applicable.</li> <li>The licensee has only rateable customers and seeks to comply with obligations under the Local Government Act 1995.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Customer Contract (Clause 23)</b>						
If directed by the Authority, the licensee must submit a draft customer contract for approval.	175	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	176	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
The licensee may only amend the customer contract with the Authority's approval.	177	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 -</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
					Sewerage & Drainage Compliance / Reporting	
The licensee must comply with any direction by the Authority to amend the customer contract.	178	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NR
<b>Non Standard Terms &amp; Conditions of Service (Clause 24)</b>						
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	Section 12	5	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	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	Section 12	5	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review correspondence folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> </ul>	NA
<b>Supplier of Last Resort (Clause 25)</b>						
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	181	Section 12	4	<ul style="list-style-type: none"> <li>The licensee has not been appointed as a supplier of last resort. This obligation is not applicable.</li> <li>The Act does not provide for the establishment of a supplier of last resort scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Recommendation Report – Review of Water Services Licences, March 2008.</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
plan in accordance with the Act.						
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"> <li>The licensee has not been appointed as a supplier of last resort. This obligation is not applicable.</li> <li>The Act does not provide for the establishment of a supplier of last resort scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Recommendation Report – Review of Water Services Licences, March 2008.</li> </ul>	NA
<b>Duties of the licensee (Clause 26)</b>						
The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	12	Section 29	4	<ul style="list-style-type: none"> <li>The duties of the licensee are set out in Division 3 of the Act. The compliance of the licensee with these obligations has already been tested in this audit.</li> <li>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.</li> <li>The licensee has not received any complaints regarding its water services in the audit period.</li> <li>During the audit period the licensee has been issued a Notice by the Authority due to deficiencies in the licensee's asset management system. Although the licensee has operated and maintained the system the licensee under its licence must provide for an asset management system. The asset management system review of the system in place by 30 November 2014 is considered to be effective although further opportunity for improvement exist.</li> <li>The licensee advises it has not refused</li> </ul>	Interviews with licensee staff	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				<p>provision of sewerage services nor suspended provision of sewerage services in the audit period.</p> <ul style="list-style-type: none"> <li>▪ A summary of the licensee’s compliance with its duties under the Act is as follows: <ul style="list-style-type: none"> <li>– Section 21: Must provide service – the licensee provides the water service required. See obligations 1, 2 and 3</li> <li>– Section 22: Provision of service outside of operating areas – this obligation was not rated as there were no requests for services to be provided outside of the operating area. See obligation 4.</li> <li>– Section 23: Works holding – the licensee holds its works and therefore complies with this duty. See obligation 5.</li> <li>– Section 24: Asset Management System – the license has in place an effective asset management system. See obligations 6 – 8</li> <li>– Section 25: Operational audit – the licensee has conducted operational audits as required. See obligation 9</li> <li>– Section 26: Compliance with code of practice: No code(s) of practice have been made and therefore this obligation cannot be rated. See obligation 10</li> <li>– Section 27: Compliance with code of conduct: we have noted some non-compliances with the requirements of the Code of Conduct as summarised under obligation 11</li> </ul> </li> </ul>		
<b>Provision of Water Services (Clause 27)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
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)	4	<ul style="list-style-type: none"> <li>Under Schedule 1 of Water Licence Number 12, Version 3, the licensee is authorised to provide non- potable water supply services and Sewerage services to persons with operating area as set out in plan number OWR-OA-017(C).</li> <li>The Shire advised that services are provided within the confines of the operating area. All rateable properties with connections are listed in the corporate billing system, Synergy.</li> <li>Sewerage customers are entitled to services as detailed in the licensee's Customer Service Charter and Sewerage Connection Policy. In processing building applications, the licensee requires the customer to make applications to construct or install a septic tank effluent disposal system between the dwelling and the sewer reticulation network and enter into an agreement with the licensee in the form of Permit to Use Apparatus.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
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"> <li>The licensee's Wastewater Customer Service Charter together with the licensee's Sewerage Connection Policy and building approval process provide the terms for provision of sewerage services in the operating area in a manner consistent with the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Wastewater Customer Service Charter and Sewerage Connection Policy</li> </ul>	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"> <li>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 time as this operational audit and the findings of this review are</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				presented later in this report.		
				<ul style="list-style-type: none"> <li>We inspected the licensee's assets at the time of audit</li> </ul>		
<b>Provision of Water Services Outside Operating Area (Clause 28)</b>						
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	Section 12	4	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of operating area map</li> <li>Inspection of assets</li> </ul>	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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Works Holding Arrangements (Clause 29)</b>						
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"> <li>The licensee owns all water service works used for the provision of the water service.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of financial asset register</li> </ul>	1
<b>Hardship Policy (Clause 30)</b>						
The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	183	Section 12	4	<ul style="list-style-type: none"> <li>The licensee's Financial Hardship Policy was approved by Authority on 28 May 2014 outside of the Authority's required 18 May 2014. The licensee Policy was not submitted and approved within specified timeframes set out in the Authority's</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence between the Authority and the licensee</li> <li>Minutes of Council</li> </ul>	2



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
				Financial Hardship Policy Guidelines. We consider this to be a minor non-compliance. <ul style="list-style-type: none"> <li>The Financial Hardship Policy was endorsed by Council in the Council meeting 20 March 2014 requiring the policy to have been open to comment from the licensee residents and general public during public question time.</li> <li>Approval of the Financial Hardship by the Authority indicates that the reviewed and approved content of the Policy was sufficient to meet the requirements of the Authority's Financial Hardship Policy Guidelines.</li> </ul>	Meeting 20 March 2014 <ul style="list-style-type: none"> <li>Authority's Financial Hardship Policy Guidelines</li> <li>licensee's Financial hardship Policy</li> </ul>	
<b>Memorandum of Understanding (Clause 31)</b>						
The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date.	184	Section 12	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review asset management plan</li> <li>Inspection of assets</li> </ul>	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	Section 12	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review asset management plan</li> <li>Inspection of assets</li> </ul>	NA
The licensee must comply with the terms of the Memorandum of Understanding.	186	Section 12	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review asset management plan</li> <li>Inspection of assets</li> </ul>	NA
<b>Performance Standards (Schedule</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (Include Contact)	Compliance Rating
<b>3)</b>						
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"> <li>▪ Schedule 3 is blank, this is obligation is therefore not applicable</li> </ul>	Review of Water licence Number 12 Version 3	NA

## 5.2 Asset management system review

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

**Table 5-2 Asset management system review observations**

Description	Observations	Evidence
<p><b>Asset planning</b></p> <ul style="list-style-type: none"> <li>▪ Asset management plan covers key requirements</li> <li>▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning</li> <li>▪ Service levels are defined</li> <li>▪ Non-asset options (e.g. demand management) are considered</li> <li>▪ Lifecycle costs of owning and operating assets are assessed</li> <li>▪ Funding options are evaluated</li> <li>▪ Costs are justified and cost drivers identified</li> <li>▪ Likelihood and consequences of asset failure are predicted</li> <li>▪ Plans are regularly reviewed and updated</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revision 5 of the licensee's asset management plan (AMP) dated 14 November 2014 covers key requirements expected of a document of this nature for the size and scale of local authority and water service works. The AMP addresses key aspects such as:               <ul style="list-style-type: none"> <li>▪ Organisational mission and objectives from its asset base</li> <li>▪ Environmental analysis including:                   <ul style="list-style-type: none"> <li>▪ External impacts to the service</li> <li>▪ Regulatory requirements</li> <li>▪ Levels of Service</li> </ul> </li> <li>▪ Risk management</li> <li>▪ Lifecycle management</li> <li>▪ Financial management                   <ul style="list-style-type: none"> <li>▪ Including long term financial forecasts for capital investment and O&amp;M activities including planned works.</li> </ul> </li> <li>▪ Asset description and detailed asset register</li> <li>▪ Continuous improvement</li> <li>▪ Standard operations and maintenance procedures, schedules, forms and checklists</li> <li>▪ Contingency planning</li> <li>▪ Training requirements</li> </ul> </li> <li>▪ The AMP and AMS have been developed by engineering consultancy David Wills and Associated (DWA) in collaboration with licensee's staff. The licensee advised that it will engage the services of DWA to assist in asset planning activities, preparation of forward works programs and AMP updating for the next two to three years or until this function can efficiently and effectively be undertaken by licensee staff.</li> <li>▪ The AMP includes an assessment of future population growth based on historical data and indicates stable to low population growth is forecast. The current sewer scheme has sufficient capacity to meet demand and stable growth is expected to result in stable demand for water services from the licensee. The capacity of the non-potable scheme was increased in 2009. This indicates that there are no capacity upgrades required or planned in the planning horizon.</li> <li>▪ An opportunity for improvement in Asset Creation/ Acquisition Section (Section .1) of the AMP is to align with the licensee's asset management policy to provide greater definition between asset creation and asset renewal/ replacement in a manner consistent with industry standard definition.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revision 5 of the licensee's asset management plan (AMP) dated 14 November 2014</li> <li>▪ Asset Management Plan - Brookton Town Sewerage Scheme (dated 19 March 2008)</li> <li>▪ Asset Management Plan - Brookton Town Sewerage Scheme (dated 17 July 2014) Revision 3</li> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Waste Water Asset Management Plan FINAL, September 2012 (Developed under the Integrated Planning and Reporting Framework)</li> <li>▪ Correspondence between the Shire and Department of Environment and Conservation</li> <li>▪ Brookton Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-017(C)</li> <li>▪ Shire of Brookton Forward Capital Works Plan 2011-2016</li> <li>▪ Shire of Brookton Waste Water Assets Management System – Asset Register spreadsheets.</li> <li>▪ Financial Asset Register</li> <li>▪ Shire of Brookton Budget 2011-12, 2012-13, 2013-14</li> <li>▪ FINAL_Policy_Manual_14-</li> </ul>

Description	Observations	Evidence
	<ul style="list-style-type: none"> <li>▪ The AMP indicates that licensee will undertake an annual formal inspection to assess condition and performance of each asset. Inspection forms have been attached in Appendix D to support this activity. At audit, there was not sufficient evidence to indicate that this has been implemented across the asset base with the exception of the sewer reticulation network. In accordance with the AMP, inspections are to be completed by November 2015.</li> <li>▪ For a scheme of this size, age and utilisation it is the Auditor's view that an annual CCTV inspection for the entire sewerage reticulation network is not warranted or prudent use of Council's available resources.</li> <li>▪ The current capital investment plan appears to be predominately age based with renewal forecasts for sewer mains informed by recent CCTV inspections. The licensee advises that the consultant has used the outputs from the CCTV inspection to inform the capital investment program. The AMS forecasts a capex program out to 50 years based on the asset lives assigned to each type of asset.</li> <li>▪ Expenditure is subject to review through the annual budgeting process</li> <li>▪ Funding for capital expenditure works is sourced from the sewerage scheme reserve fund. Funding for special projects, such as the upgrade of the assets is sourced from government grants.</li> <li>▪ The licensee prepares a 5 year forward capital works plan. This was first prepared for the period 1 July 2011 to 30 June 2016. The plan details the licensee's sewer pipe replacement program and sewer pump station refurbishment project. The licensee advises that it has begun the process of developing the next version to better coordinate available asset management planning information including the wastewater AMP.</li> <li>▪ The licensee's Planning department is responsible for overall planning and develop the Planning Scheme document and Local Planning Strategy that identifies what infrastructure and facilities are required.</li> <li>▪ The licensee commissioned URS to undertake a study in April 2009 on conceptual designs for the expansion of the sewerage system to cater for urban expansion within the town site. The report recommended adoption of a pressure sewerage system to service staged urban development for Brookton. The report identified asset requirements and associated conceptual cost estimates.</li> <li>▪ The licensee commissioned DWA to undertake a study in September 2013 to review and provide improvement recommendations for the licensee's water reuse system. The report identifies what infrastructure and facilities are required to enhance and optimise the efficiency of the scheme.</li> <li>▪ Service levels are defined in Section 2.4 of the AMP and are consistent with performance reporting indicators required by the Authority. Other parameters are associated with the licensee's licence under the Environmental protection Act 1986.</li> <li>▪ A detailed risk assessment has been undertaken and documented in Section 3 of the AMP. The assessment assesses potential risks of key asset failures within the water service works such as pipe failure, pump failure, chlorinator failure, pond failure.</li> </ul>	<ul style="list-style-type: none"> <li>15.pdf</li> <li>▪ Forward-Capital-Works-Plan-2011-2016</li> <li>▪ L-7994-2003-4 DEC Licence WWTP for Shire of Brookton</li> <li>▪ Final Report, Extension to the Brookton Sewerage Scheme, April 2009</li> <li>▪ Reuse Water Oval irrigation Plan</li> <li>▪ Shire of Brookton - Sewerage Relining Tender, November 2014</li> <li>▪ Brookton Water Reuse System Review and Improvement Recommendations, September 2013</li> <li>▪ Brookton Sewerage System - Asset Condition Maintenance Assessment Reports for 2013-14 and 2014-15</li> <li>▪ Brookton Maintenance Management 2013 rev4 (schedule and inspection form spreadsheet)</li> <li>▪ Brookton Long Term Financial Plan 2012-13 to 2021-22</li> <li>▪ Corporate Business Plan 2013-2017</li> <li>▪ Pump station maintenance contract, September 2005</li> <li>▪ Oval irrigation operations contract, February 2012</li> <li>▪ CCTV inspection report 2012</li> <li>▪ Interviews with staff</li> <li>▪ Records Folder ADM 0241 – Waste Water Treatment Plant</li> <li>▪ Records Folder ADM 0113 – Sewerage &amp; Drainage - Maintenance of Sewerage</li> </ul>

Description	Observations	Evidence
	<ul style="list-style-type: none"> <li>▪ The AMP details that review of the plan is to be undertaken internally each year, following the completion of the budget for the following year. Items to be updated include capital expenditure plan, financial plan, asset register, operating and maintenance procedures will be reviewed to determine if there are any improvements that could be made to improve efficiency.</li> <li>▪ An improvement opportunity for the Shire's AMP is for the annual review for the AMP to further clarify that the whole AMP will be reviewed with particular focus on the aspects.</li> <li>▪ The document control form indicates that the AMP has undergone five revisions since its first draft in 2007, with four revisions occurring in 2014.</li> <li>▪ Overall responsibility for asset management within the licensee's organisation resides with the CEO, who is supported by Deputy CEO, EHO, technical administration staff, works team, finance team and external support from DWA and service contracts for the O&amp;M of the pump station and an operating service contract for the oval's irrigation network.</li> <li>▪ The licensee's asset management planning has been continually improved since early-mid 2014.</li> </ul>	<p>Scheme</p> <ul style="list-style-type: none"> <li>▪ Records Folder ADM 0114 – Sewerage &amp; Drainage - ERA Review</li> <li>▪ Records Folder ADM 0172 – Sewerage &amp; Drainage - Public Health</li> <li>▪ Records Folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> <li>▪ Records Folder ADM 0334 – Sewerage &amp; Drainage – Planning</li> <li>▪ Records Folder ADM 0592 – Sewerage &amp; Drainage - Maintenance</li> </ul>
<p><b>Asset creation/acquisition</b></p> <ul style="list-style-type: none"> <li>▪ Full project evaluations are undertaken for new assets</li> <li>▪ Evaluations include all life-cycle costs</li> <li>▪ Projects reflect sound engineering and business decisions</li> <li>▪ Commissioning tests are documented and completed</li> <li>▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee asset creation/acquisition process is outlined in the AMP. Asset creation/acquisitions are subject to evaluation using Form ASSET 03 in Appendix D once a need or issue has been identified from sources such as risk assessment, condition assessment, defect reports. Form 01 considers alignment with key drivers and objectives, assesses impacts on the organisation from the project, non-asset solutions, whole life cost considerations, investment justification and potential funding options.</li> <li>▪ No new assets were created during the review period. The most recent asset creation project was associated with the upgrade of effluent re-use system in connection with a new storage dam for the water harvesting project. This project was undertaken in 2009 and as such not in the Review period.</li> <li>▪ Once the preferred solution has been established the required capital works expenditure and timeframes are determined for consideration into the licensee's budgeting process.</li> <li>▪ Expenditure is subject to review through the annual budgeting process</li> <li>▪ The licensee's capital expenditure is almost exclusively for renewals. Therefore, the need for the works is genuinely quite clear.</li> <li>▪ The licensee seeks to comply with the requirements of the Local Government Act regarding purchase/acquisition of goods and services. Asset creation and acquisition is undertaken in accordance with the licensee's procurement policies and budgeting process. The licensee's purchasing policy, purchasing and tender guide and buy local policy require at least three quotes to be obtained for expenditure over \$1,001.</li> <li>▪ Form ASSET 01 in the AMP provides the registration of new assets and form ASSET 03 provides a simple commissioning checklist. This has yet to be tested. An improvement opportunity is to align form ASSET 01 with the licensee's capitalisation policy where the licensee asset capitalisation threshold is \$1,000.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Shire of Brookton Forward Capital Works Plan 2011-2016</li> <li>▪ Financial Asset Register</li> <li>▪ Shire of Brookton Budget 2013-14</li> <li>▪ FINAL_Policy_Manual_14-15.pdf</li> <li>▪ Forward-Capital-Works-Plan-2011-2016</li> <li>▪ FINAL Shire of Brookton Strategic Community Planv4 5 MAY2013</li> <li>▪ Final Report, Extension to the Brookton Sewerage Scheme, April 2009</li> <li>▪ Brookton Water Reuse System Review and Improvement Recommendations, September 2013</li> <li>▪ Shire of Brookton - Sewerage</li> </ul>

Description	Observations	Evidence
	<ul style="list-style-type: none"> <li>▪ The licensee's Plant and Works Committee has been established to provide advice and assistance to Senior Staff and make recommendations to Council in relation to major plant acquisition and disposal and any major works that are planned to be undertaken.</li> <li>▪ Works tendering documents for sewer relining works detail the licensee's conditions of contract for testing and commissioning. The licensee advises the current tender document for sewer relining will form a template for future sewerage scheme procurement activities.</li> <li>▪ Legal, environmental and safety obligations are documented in the AMP. The Operations Manual outlines specific operational and maintenance procedures supported by inspection checklists. The licensee is required to meet industry standard health and safety requirements as well as the obligations under its Environmental Protection Act 1986 licence L7994/2003/03.</li> </ul>	<ul style="list-style-type: none"> <li>Relining Tender, November 2014</li> <li>▪ CCTV inspection report 2012</li> <li>▪ Interviews with staff</li> </ul>
<p><b>Asset disposal</b></p> <ul style="list-style-type: none"> <li>▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process</li> <li>▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</li> <li>▪ Disposal alternatives are evaluated</li> <li>▪ There is a replacement strategy for assets</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee undertakes inspections of its assets on a daily basis in combination with scheduled planned inspection and maintenance activities. Asset deficiencies, poor performance and utilisation issues are recorded on inspection forms and entered into a reporting spreadsheet for review by EHO and Principal Works Officer.</li> <li>▪ The licensee has recently undertaken a CCTV inspection on the entire sewer network. The licensee has yet to condition inspect the remaining asset base.</li> <li>▪ The water service system (both sewer and non-potable water service works) are considered relatively basic in concept and nature. Demand is within capacity and population forecasts indicate stable but low growth for the Shire. 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.</li> <li>▪ The licensee is bound by Local Government and Australian Accounting Standards requirements for asset disposal. Disposal of sewerage assets are undertaken in accordance with Section 3.58 of the Local Government Act 1995.</li> <li>▪ 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.</li> <li>▪ Assets are inspected on a regular basis, enabling the identification of potentially under-utilised or under-performing assets. This information can be used to inform the AMP review and asset renewal strategy. Reactive asset replacements due to unforeseen failures are actioned in accordance with delegated levels of authority and are typically replaced on a like-for-like basis.</li> </ul> <p>The shire advises that disposal of Shire owned assets would be undertaken on a case-by-case basis with approval sought from the Council. The Council delegates its authority and power to the CEO to sell, by calling for expressions of interest or any other fair means, items of surplus plant, light vehicles, equipment, materials, tools etc. which are no longer required, are deemed outmoded or no longer serviceable.</p>	<ul style="list-style-type: none"> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ FINAL_Policy_Manual_14-15.pdf</li> <li>▪ Local Government Act 1995</li> <li>▪ Local Government and Australian Accounting Standards requirements for asset disposal</li> <li>▪ CCTV inspection report 2012</li> <li>▪ Interviews with staff</li> </ul>

Description	Observations	Evidence
<b>Environmental analysis</b> <ul style="list-style-type: none"> <li>▪ Opportunities and threats in the system environment are assessed</li> <li>▪ Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved</li> <li>▪ Compliance with statutory and regulatory requirements</li> <li>▪ Achievement of customer service levels</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Shire has identified statutory and regulatory requirements in its asset management plan. However, it makes reference to the Water Services Licensing Act 1995 which has been superseded by the Water Services Act 2012.</li> <li>▪ We recommend that the asset management plan be updated to reflect the new legislative framework.</li> <li>▪ We recommend that the Shire prepare a compliance register and compliance reporting procedure based on the Authority's Compliance Report Manual to assist in keeping track of its statutory and regulatory obligations. The observations table in this audit report may be used as the basis for this.</li> <li>▪ Levels of services have been developed for availability of service, continuity, odours, emergency response, blockages, capacity (reticulation sewers, headworks, and treatment plant). A number of these are required for reporting purposes to the Authority and the Department of Health.</li> <li>▪ Outside of reporting requirements there does not appear to be further historical analysis of the licensee's performance against these measures. A further improvement opportunity for the Shire would be for past records on the performance measures be documented in the AMP with any significant deviation from the standard justified.</li> <li>▪ The AMP describes the location and population, climatic, regulatory environment and levels of service associated with the system. The risk assessment contains a SWOT analysis to assist in understanding the opportunities and threats associated with the system as well as potential management strategies.</li> <li>▪ The licensee has completed a risk assessment that assesses potential risks of key asset failures within the water service works such as pipe failure, pump failure, chlorinator failure, pond failure. The assessment considers possible impacts and causes of failure, the risk of each failure and control measures. The assessment has informed the development of control measures to manage the higher risk issues.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Interviews with staff</li> <li>▪ Records Folder ADM 0241 – Waste Water Treatment Plant</li> <li>▪ Records Folder ADM 0113 – Sewerage &amp; Drainage - Maintenance of Sewerage Scheme</li> <li>▪ Records Folder ADM 0114 – Sewerage &amp; Drainage - ERA Review</li> <li>▪ Records Folder ADM 0172 – Sewerage &amp; Drainage - Public Health</li> <li>▪ Records Folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> <li>▪ Records Folder ADM 0334 – Sewerage &amp; Drainage – Planning</li> <li>▪ Records Folder ADM 0592 – Sewerage &amp; Drainage - Maintenance</li> </ul>
<b>Asset operations</b> <ul style="list-style-type: none"> <li>▪ Operational policies and procedures are documented and linked to service levels required</li> <li>▪ Risk management is applied to prioritise operations tasks</li> <li>▪ 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</li> <li>▪ Operational costs are measured</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee has an overarching Asset Management Policy (Policy No.24) which provides a very high-level overview of the asset life cycle including operations and maintenance.</li> <li>▪ The AMP describes the operational objectives from each major asset type which is supported by an Operations Manual attached in Appendix F and contains operational procedures, maintenance procedures and contingency plans. The AMP also details key operational safety procedures.</li> <li>▪ Section 1.1 of the AMP includes a Mission Statement that provides the licensee's overarching objective in the provision of the wastewater collection, treatment and disposal services.</li> <li>▪ Operational checks and flow measurements and recordings are undertaken by an appropriately trained and competent operator, on a daily or fortnightly basis as appropriate. Operational data is entered into a compliance reporting spreadsheet and aligned with reported service levels.</li> <li>▪ The licensee maintains drawings detailing asset locations. This can be used to measure</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with staff</li> <li>▪ Site visit of water service works</li> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Brookton Sewerage System - Asset Condition Maintenance Assessment Reports for 2013-14 and 2014-15</li> <li>▪ Pump station maintenance contract, September 2005</li> <li>▪ Oval irrigation operations</li> </ul>

Description	Observations	Evidence
<p>and monitored</p> <ul style="list-style-type: none"> <li>▪ Staff resources are adequate and staff receive training commensurate with their responsibilities</li> </ul>	<p>quantities relating to the sewerage network.</p> <ul style="list-style-type: none"> <li>▪ The system's operator demonstrated a good level of understanding of the system, its assets and associated operating procedures.</li> <li>▪ As the licensee is maturing in its asset management approach, a further improvement opportunity would be for the simple Operations Manual be developed further into a more detailed and comprehensive manual. This Manual to be informed from information sources such as DWA's 2013 Brookton Water Reuse System Review and Improvement Recommendations Report, URS's 2009 Extension to the Brookton Sewerage Scheme report, the requirements of licensee's Department of Environmental Health Act 1986 licence, tacit knowledge of the operator, and industry standards for the management and O&amp;M of schemes of this nature and scale. This could be integrated into the development of the Shire's Recycled Water Quality Management Plan.</li> <li>▪ The operational/maintenance procedures in the Operations Manual for the sewerage scheme currently include: <ul style="list-style-type: none"> <li>▪ Safety procedures: <ul style="list-style-type: none"> <li>▪ Confined Spaces</li> <li>▪ Training</li> <li>▪ Rescue and first aid</li> <li>▪ Entry</li> <li>▪ Safety of the atmosphere</li> <li>▪ Initial cleaning</li> <li>▪ Purging</li> <li>▪ Evaluation of the atmosphere</li> <li>▪ Rest and/or monitoring</li> <li>▪ Ventilation</li> <li>▪ Sewer/drain cleaning</li> </ul> </li> <li>▪ Operational procedures: <ul style="list-style-type: none"> <li>▪ Gravity sewer main</li> <li>▪ Pumping station and pressure main</li> <li>▪ Chlorinator system</li> <li>▪ Wastewater treatment plant (oxidation pond)</li> </ul> </li> <li>▪ Maintenance procedure <ul style="list-style-type: none"> <li>▪ Gravity sewer main</li> <li>▪ Access chambers</li> <li>▪ Pumping station and pressure main</li> <li>▪ Wastewater treatment plant (oxidation pond)</li> <li>▪ Wastewater re-use scheme</li> </ul> </li> </ul> </li> </ul>	<p>contract, February 2012</p> <ul style="list-style-type: none"> <li>▪ Rehabilitation works to the sewer system works notice issued June 2013</li> <li>▪ Final Report, Extension to the Brookton Sewerage Scheme, April 2009</li> <li>▪ Reuse Water Oval irrigation Plan</li> <li>▪ Shire of Brookton - Sewerage Relining Tender, November 2014</li> <li>▪ Brookton Water Reuse System Review and Improvement Recommendations, September 2013</li> <li>▪ Records Folder ADM 0241 – Waste Water Treatment Plant</li> <li>▪ Records Folder ADM 0113 – Sewerage &amp; Drainage - Maintenance of Sewerage Scheme</li> <li>▪ Records Folder ADM 0114 – Sewerage &amp; Drainage - ERA Review</li> <li>▪ Records Folder ADM 0172 – Sewerage &amp; Drainage - Public Health</li> <li>▪ Records Folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> <li>▪ Records Folder ADM 0334 – Sewerage &amp; Drainage – Planning</li> <li>▪ Records Folder ADM 0592 – Sewerage &amp; Drainage – Maintenance</li> <li>▪ Review of finance management system - SyndergySoft</li> </ul>



Description	Observations	Evidence
	<ul style="list-style-type: none"> <li>▪ Trouble shooting</li> <li>▪ Contingency plans               <ul style="list-style-type: none"> <li>▪ Bushfire</li> <li>▪ Pump failure</li> <li>▪ Electrical failure</li> <li>▪ Pipeline bursts</li> <li>▪ Pipeline blockages</li> <li>▪ Chlorinator failure</li> <li>▪ Extreme rainfall events/ water overflows from ponds.</li> </ul> </li> <li>▪ Operational and maintenance procedures have been developed from risk assessment undertaken as part of the AMP revision. Scheduling of O&amp;M activities has been undertaken to reflect the outcomes of the risk assessment.</li> <li>▪ Specific checklists and pro-formas are used to record operational data and wastewater test parameters. All data is transcribed onto a reporting spreadsheet.</li> <li>▪ The licensee like many other Local Authorities in rural Australia faces the constant challenge of attracting and retaining skilled staff. During the Review period the licensee has appointed a new part time EHO as a shared appointment with a neighbouring Shire.</li> <li>▪ The CEO is ultimately responsible for management and administration of the water service systems. He is principally supported by the Senior Works Officer, EHO, Operator (Works Officer), Works Administration Technical Officer, and Finance Team. External consulting support is engaged when needed with DWA.</li> <li>▪ Assets are documented in an asset register that includes asset attribute details appropriate to each major asset category. Detailed asset registers exist for the following asset categories:               <ul style="list-style-type: none"> <li>▪ Access chambers</li> <li>▪ Sewer pipes</li> <li>▪ Pump stations</li> <li>▪ Treatment plant</li> <li>▪ Effluent re-use</li> </ul> </li> <li>▪ 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. The asset registers also provide a provisional replacement value.</li> <li>▪ We recommend that the operational and financial asset registers be aligned using a unique asset identification number, alternatively a table inserted into the AMP clearly detailing the corresponding reference identification numbers between the two registers.</li> <li>▪ We recommend that a column be provided in the asset registers to accommodate asset condition rating scoring consistent with Form ASSET 02. We note from the AMP that the condition inspections of the asset base are to be undertaken annually (this indicates by</li> </ul>	

Description	Observations	Evidence
	<p>November 2015).</p> <ul style="list-style-type: none"> <li>▪ We recommend that sampling procedures for the scheme be detailed in the Operations Manual.</li> <li>▪ We recommend that an analysis of available flow data and water quality characteristics data be undertaken to determine the efficiency of the treatment plant including accounting for evaporative losses. Analysis to be documented in the AMP. The analysis to also include the strength of the inflow compared with that expected from a septic tank in order to assess whether or not septic tanks connected to the system were (as a whole) operating effectively.</li> <li>▪ Operational or maintenance activity is recorded in the daily operations and maintenance forms.</li> <li>▪ Operating and maintenance budgets have been developed in the AMP and align to the scheduled inspection and works requirements tabulated on the operation and maintenance forms.</li> <li>▪ Replacement costs for the sewer network are based on unit rates. The unit rates are being used to forecast future capital expenditure. The licensee advised that the unit rates for relining are out-of-date and need to be updated.</li> <li>▪ The licensee has a service agreement for the preventative maintenance of the sewerage pumps at the pump station.</li> <li>▪ The licensee has a contract to oversee and maintain the watering of the recreation oval.</li> <li>▪ Works Orders are raised through the licensee's finance system, Synergy. The Synergy finance system includes a cost centre for the capital works (SEWECAP) and O&amp;M costs (SEWEOP). The majority of costs are assigned to the SEWEOP cost centre using a number of sub categories. This allows recording and tracking of costs for the service.</li> <li>▪ Synergy can be used by staff to monitor expenditure against budget and make adjustments accordingly. Monthly reporting is undertaken as part of Council meetings.</li> <li>▪ The licensee has established a training manual for the water services including the requirement for system operators to complete Technical Training Certification from Water Corporation. Field staff are trained to meet their position responsibilities.</li> </ul>	
<p><b>Asset maintenance</b></p> <ul style="list-style-type: none"> <li>▪ Maintenance policies and procedures are documented and linked to service levels required</li> <li>▪ Regular inspections are undertaken of asset performance and condition</li> <li>▪ Maintenance plans (emergency, corrective and preventative) are documented and completed on</li> </ul>	<ul style="list-style-type: none"> <li>▪ An Operations Manual within the AMP contains maintenance procedures and supporting site inspection and recording checklist forms for scheduled maintenance activities. Maintenance records are entered into a compliance reporting spreadsheet aligned with reported service levels. Refer to previous section for details of policies and procedures.</li> <li>▪ The standard of maintenance and recording appears to have significantly improved since the previous Review. Completed records were available for review from April 2013.</li> <li>▪ Contingency plans have been developed, although an improvement opportunity would be to develop a plan in the event that the power line to the pump station is disconnected by passing oversized vehicle. The licensee may benefit from contacting the relevant power supplier to enquire into having this line appropriately marked for passing vehicles.</li> <li>▪ The licensee has installed a telephone message relay system to notify of a pump station</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with staff</li> <li>▪ Site visit of water service works</li> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Brookton Sewerage System - Asset Condition Maintenance Assessment Reports for 2013-14 and 2014-15</li> <li>▪ Pump station maintenance</li> </ul>

Description	Observations	Evidence
<p>schedule</p> <ul style="list-style-type: none"> <li>▪ Failures are analysed and operational / maintenance plans adjusted where necessary</li> <li>▪ Risk management is applied to prioritise maintenance tasks</li> <li>▪ Maintenance costs are measured and monitored</li> </ul>	<p>failure although this was not yet fully commissioned at the time of this Review. The emergency contact numbers for the system include the Operator and Senior Works Supervisor.</p> <ul style="list-style-type: none"> <li>▪ The licensee has a service agreement for the preventative maintenance of the sewerage pumps at the pump station.</li> <li>▪ The licensee has a contract to oversee and maintain the watering of the recreation oval.</li> <li>▪ The licensee recently commissioned a CCTV inspection of its collection system pipework and subsequently developed and implemented a re-lining program for the system.</li> <li>▪ The licensee has a procedure and supporting inspection form for the assessment of the condition of all of its assets, including pumping and treatment facilities. Although there is no evidence that inspections have been undertaken yet. It is noted that the AMP's inspection program states annually indicating that inspections are to be undertaken prior to November 2015.</li> <li>▪ The AMP includes a maintenance plan and records of completed maintenance actions dating back to April 2013.</li> <li>▪ The Operations Manual includes contingency plans for a number of potential scenarios. An improvement opportunity is to develop a plan for the event that the power line to the pump station is disconnected by passing oversized vehicle.</li> <li>▪ The annual revision of the AMP and associated AMS financial spreadsheets involves consultation with the licensee's Works team/ operator to inform the revision process of asset failures that occurred throughout the year. Maintenance records can be interrogated to identify maintenance trends on the asset base.</li> <li>▪ Risk Management, refer to previous section for details of risk management included in the AMS</li> <li>▪ A planned maintenance register and a works schedule is costed and built into the AMS. As with the operational costs, maintenance costs are recorded in the AMS against the different maintenance activities on the inspection forms.</li> <li>▪ The AMS budgeting process has yet to be fully integrated into the organisation wide operational budgeting process. An improvement opportunity is proposed to refine the current integrated planning and reporting framework approach to integrated budgeting development using the available AMPs. The licensee's Deputy CEO advises that she is currently refining this approach as part of the next revision of the 5 year capital expenditure plan for 2016 to 2021.</li> </ul>	<p>contract, September 2005</p> <ul style="list-style-type: none"> <li>▪ Oval irrigation operations contract, February 2012</li> <li>▪ Rehabilitation works to the sewer system works notice issued June 2013</li> <li>▪ Final Report, Extension to the Brookton Sewerage Scheme, April 2009</li> <li>▪ Reuse Water Oval irrigation Plan</li> <li>▪ Shire of Brookton - Sewerage Relining Tender, November 2014</li> <li>▪ Brookton Water Reuse System Review and Improvement Recommendations, September 2013</li> <li>▪ Records Folder ADM 0241 – Waste Water Treatment Plant</li> <li>▪ Records Folder ADM 0113 – Sewerage &amp; Drainage - Maintenance of Sewerage Scheme</li> <li>▪ Records Folder ADM 0114 – Sewerage &amp; Drainage - ERA Review</li> <li>▪ Records Folder ADM 0172 – Sewerage &amp; Drainage - Public Health</li> <li>▪ Records Folder ADM 0199 - Sewerage &amp; Drainage Compliance / Reporting</li> <li>▪ Records Folder ADM 0334 – Sewerage &amp; Drainage – Planning</li> <li>▪ Records Folder ADM 0592 – Sewerage &amp; Drainage – Maintenance</li> <li>▪ Review of finance management</li> </ul>

Description	Observations	Evidence
<p><b>Asset management information system</b></p> <ul style="list-style-type: none"> <li>▪ Adequate system documentation for users and IT operators</li> <li>▪ Input controls include appropriate verification and validation of data entered into the system</li> <li>▪ Logical security access controls appear adequate, such as passwords</li> <li>▪ Physical security access controls appear adequate</li> <li>▪ Data backup procedures appear adequate and backups are tested</li> <li>▪ Key computations related to licensee performance reporting are materially accurate</li> <li>▪ Management reports appear adequate for the licensee to monitor licence obligations</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee utilises the following asset information systems:               <ul style="list-style-type: none"> <li>– AMS – the Asset Management System, for the sewerage assets, consisting of interlinked spreadsheets for the asset register, and interlinked spreadsheet for financial planning.</li> <li>– Synergy Soft – corporate financial system.</li> </ul> </li> <li>▪ AMP, manuals and other documentation are maintained for the licensee’s corporate computer systems.</li> <li>▪ An improvement opportunity for the Shire would be the development of data entry procedures into each area of the AMS to be included in the operations manual.</li> <li>▪ Asset data, sampling data and performance data is generally input by the Works Administration Technical Officer. The data is only generally verified and validated on input, the Officer inputting the data signs the hardcopy site forms once the data is entered.</li> <li>▪ Synergy Soft, the corporate financial system is maintained by the licensee’s Finance department.</li> <li>▪ The updating of the AMS is currently undertaken by DWA consultants in collaboration with licensee’s staff.</li> <li>▪ 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. Access to the AMS folders on the server is restricted to a small number of staff.</li> <li>▪ For the scale of the scheme, the AMS is considered to be fit-for-purpose.</li> <li>▪ The previous review noted that the Shire did not have a suitable officer to implement the necessary ongoing management, administration, and control of the water services system, or the AMIS. Until such an appointment was made, improvements accomplished close to the time of publication of the review report would falter. The previous review recommended the active pursuing of the appointment of a suitable officer. The licensee advises that it has agreement from DWA for the provision of support in managing the AMIS until suitable Officer can be appointed. Day-to-day upkeep is undertaken by the Operator, Works Administration Technical Officer and EHO.</li> <li>▪ Performance standards are reported to the ERA annually and sampling and monitoring data provided to the Department of Health but the licensee does not have a formal regular internal reporting of performance to the CEO or the Council.</li> <li>▪ As noted previously, there is no regular internal management reporting related to the sewerage system. Licence obligations are continually monitored by the CEO but only reported upwards to Council when issues are experienced.</li> <li>▪ The Council’s annual operational review meeting provides a forum to report on the operational performance of the scheme.</li> </ul>	<p>system - SynergySoft</p> <ul style="list-style-type: none"> <li>▪ Review of finance management system – SynergySoft</li> <li>▪ Interviews with staff</li> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Review of AMS spreadsheets</li> <li>▪ FINAL_Policy_Manual_14-15.pdf</li> </ul>
<p><b>Risk management</b></p> <ul style="list-style-type: none"> <li>▪ Risk management policies and</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee has a Risk Management policy (Policy No. 2.7) and Corporate Risk Management Framework prepared by LGIS Risk Management in October 2014.</li> <li>▪ The AMP contains a risk management section (Section 3) and has undertaken a detailed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with staff</li> <li>▪ Asset Management Plan – Brookton Town Sewerage</li> </ul>

Description	Observations	Evidence
<p>procedures exist and are being applied to minimise internal and external risks associated with the asset management system</p> <ul style="list-style-type: none"> <li>▪ Risks are documented in a risk register and treatment plans are actioned and monitored</li> <li>▪ The probability and consequence of risk failure are regularly assessed</li> </ul>	<p>risk assessment that has informed the development of O&amp;M procedures and activities and continuity plans. Inspection forms for prescribed activities are undertaken with records dating from April 2013. However, this section does not align to the Corporate Risk Management Framework.</p> <ul style="list-style-type: none"> <li>▪ The risk assessment and subsequent SWOT analysis table include potential risks, risk ratings, and likelihood of risk occurrence, which appear to be sufficient for this system. The Risk Management controls and strategies appear to be implemented into day-to-day operations through the site inspection forms.</li> </ul>	<p>Scheme (dated 14 November 2014) Revision 5</p> <ul style="list-style-type: none"> <li>▪ Risk Management Framework, October 2014</li> </ul>
<p><b>Contingency planning</b></p> <ul style="list-style-type: none"> <li>▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee has developed contingency plans for each of the medium to high risk items identified in the risk assessment. These are for: <ul style="list-style-type: none"> <li>– Bushfire</li> <li>– Pump failure</li> <li>– Electrical failure</li> <li>– Pipeline bursts</li> <li>– Pipeline blockages</li> <li>– Chlorinator failure</li> <li>– Extreme rainfall events/ water overflows from ponds.</li> </ul> </li> <li>▪ Contingency plans are detailed in the AMP.</li> <li>▪ We reviewed a sample of the contingency plans and found them to be satisfactory for the risks identified and the scale of operations. There may be a benefit for the Shire to develop a contingency plan to specifically address loss of power to the rising main pump station. The Shire to request Western Power to install suitable signage/ marker/ indicators to the power line crossing the Brookton Highway supplying the rising main pump station.</li> <li>▪ The licensee has installed a power coupling for connection to an emergency generator at the pump station. The licensee does not have any back-up generators and would be required to hire one if an event occurred. However, the licensee is able to divert flows from an overflow in the wet well to a storage retention basin before overflowing into the Avon River.</li> <li>▪ The AMP states that “These plans should be tested/assessed at each AMP review to ensure that they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.” With the plans only recently being established, it is recognized that the Shire is on a journey to improved business continuity and contingency planning. Given the contingency plans were developed within Revision 2 of the AMP in 20 June 2014 they are not due to be tested until 20 June 2015.</li> <li>▪ There may be a benefit for the Shire to develop a schedule of activation exercises to test the contingency plans through desktop scenarios as part of its AMP review. This section to be included in the training and contingency plan sections of the AMP.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with staff</li> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Site visit of water service works</li> </ul>

Description	Observations	Evidence
<p><b>Financial planning</b></p> <ul style="list-style-type: none"> <li>▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> <li>▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> <li>▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> <li>▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> <li>▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> <li>▪ Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial planning is carried out in accordance with the requirements of the Local Government Act. Expenditure is monitored against the budget on a monthly basis.</li> <li>▪ The licensee advised that it undertakes its financial planning for its asset base in accordance with the licensee's Integrated Planning Framework used to develop a ten year Corporate Business Plan.</li> <li>▪ The licensee's Council adopted annual budget for 14/15 included a 4 year projection both Capital and Operating. The operating expenditure and reserve provisions included in the annual budget are consistent with the AMP.</li> <li>▪ The budget was adopted on 31 July 2014. The licensee's budget review process is a statutory requirement under Local Government (financial management) Regulations 1996 - Reg 33a. This requires the licensee to undertake a budget review of its annual budget between 1 January to 31 March for that year.</li> <li>▪ The licensee advised that at the time of budget preparation it became apparent that the capital expenditure provision for the relining of the sewer gravity mains was not going to be sufficient. Therefore, no original budget provision was made. Since the budget was adopted more financial information has become available. Therefore, in the budget review process, a budget amendment is going to Council in February 2015 to include \$100,000 to commence this project. As this expenditure is to be funded from the Reserve fund and is in the AMP, Council should approve this without any problems.</li> <li>▪ Although the capital expenditure in the AMP did not reflect the licensee's annual budget during the review period 1 December 2013 to 30 November 2014. We consider that there is sufficient evidence to indicate that alignment will occur during the licensee's mandatory budget review. As such we consider that the licensee has adequate asset management policy process and definition in place although there is an opportunity to improve the process performance.</li> <li>▪ As previously noted, the licensee advised that it is currently refining this approach to integrated budgeting process to be informed better by the licensee's AMPs as part of the next revision of the 5 year capital expenditure plan for 2016 to 2021.</li> <li>▪ The overall responsibility for financial planning lies with the CEO.</li> <li>▪ An overview to financial planning for the sewerage service is outlined in Section 5 of the AMP.</li> <li>▪ The AMS contains detailed 50 year financial planning forecasts.</li> <li>▪ Variances in Council's expenditure are identified and tracked typically monthly through Council meetings for operating expenditure and as needed for capital expenditure. As mentioned previously, there does not appear to be internal reporting specific to the sewerage scheme.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with staff</li> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ Shire of Brookton Forward Capital Works Plan 2011-2016</li> <li>▪ Shire of Brookton Waste Water Assets Management System – Asset Register spreadsheets.</li> <li>▪ Financial Asset Register</li> <li>▪ Shire of Brookton Budget 2011-12, 2012-13, 2013-14</li> <li>▪ Council meeting Minutes</li> <li>▪ Local Government (financial management) Regulations 1996 - Reg 33a.</li> <li>▪ Review of AMS spreadsheets</li> </ul>
<p><b>Capital expenditure planning</b></p> <ul style="list-style-type: none"> <li>▪ There is a capital expenditure plan that covers issues to be addressed, actions proposed,</li> </ul>	<ul style="list-style-type: none"> <li>▪ A five year Capital Expenditure Plan is included in the AMP and a 50 year O&amp;M and capital forecast plan is in the AMS which reconcile with the AMP.</li> <li>▪ The responsibility for developing the capital expenditure budget lies with external consultants DWA in collaboration with the CEO.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> </ul>

Description	Observations	Evidence
<p>responsibilities and dates</p> <ul style="list-style-type: none"> <li>▪ The plan provides reasons for capital expenditure and timing of expenditure</li> <li>▪ The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> <li>▪ There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	<ul style="list-style-type: none"> <li>▪ As previously noted, the licensee advised that at the time of budget preparation it became apparent from the tendering of a relining of gravity mains pilot study that the current capital expenditure provision for the relining of gravity mains was going to be insufficient.</li> <li>▪ Since the budget was adopted, more financial information has become available following the tendering of a pilot sewer relining project. Therefore, in the budget review process required to be undertaken by the licensee under Local Government (financial management) Regulations 1996 - Reg 33a, a budget amendment is going to Council in February 2015 to include \$100,000 to commence this project. The licensee advised that because this expenditure is to be funded from the Reserve fund and is in the AMP, Council should approve this without any problems.</li> <li>▪ The financial plan in the AMS has a capital renewal model where expenditure is based on the recent CCTV condition assessments and aged based modelling. The licensee advised that following initial rounds of tendering the unit rates for relining sewer mains was considered too low and would need to be amended.</li> <li>▪ The financial plan for the next five years will focus on the sewer relining program and pump station upgrade, notably pump replacements in 2017/18.</li> <li>▪ No new assets have been planned for in the next five years, with the focus of expenditure of asset refurbishment and ongoing scheme upkeep.</li> <li>▪ As noted in previous review, the appointment of an EHO or other suitable officer to coordinate and provide a consistent link between the estimates of the AM system and the annual budget papers and their associated projections is necessary. The licensee has appointed an EHO although the 'ownership' of the AMS between the CEO who has overall accountability and Operator is not clearly understood.</li> </ul>	<ul style="list-style-type: none"> <li>▪ AMS Financial</li> <li>▪ Local Government (financial management) Regulations 1996 - Reg 33a</li> <li>▪ Forward-Capital-Works-Plan-2011-2016</li> <li>▪ Brookton Long Term Financial Plan 2012-13 to 2021-22</li> <li>▪ Corporate Business Plan 2013-2017</li> <li>▪ Annual budget 2014-15</li> <li>▪ Council Meeting minutes</li> </ul>
<p><b>Review of the asset management system</b></p> <ul style="list-style-type: none"> <li>▪ A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</li> <li>▪ Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Section 7 of the AMP outlines the internal and external review requirements for the plan. Revisions are tracked on the document control form at the front of the document. The last revision is November 2014.</li> <li>▪ External review of the AMS is undertaken as part of Clause 20 of licensee's licence under the Act. The last review was undertaken in 2013 and subsequent post implementation review in 2014.</li> <li>▪ The AMIS is considered fit-for-purpose and suitable for the organisation.</li> <li>▪ The licensee advised it has engaged the services of DWA to provide ongoing support for the upkeep and revision of the AMS until such time that the licensee's staff have the capacity and capability to resume this function in-house.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset Management Plan – Brookton Town Sewerage Scheme (dated 14 November 2014) Revision 5</li> <li>▪ AMS Financial</li> </ul>

## 6 Recommendations

### 6.1 Performance Audit

**Table 6-1 Current audit non-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	<p><i>Non-compliant - B2</i> <i>Water Services Licensing Act 1995, Clause 20.1</i></p> <p><i>Inadequate reporting performance standard procedure/ control</i></p>	<p>We recommend that the licensee prepare a compliance register and reporting procedure based on the Authority's Compliance Report Manual to assist in keeping track of its statutory and regulatory obligations. The observations detailed in table 5-1 in this audit report may be used as the basis for this. With appropriate correspondence retained and logged in a suitable named and located folder on the licensee's server.</p> <p>Note: reporting procedure to detail how the data is collected, validated, reviewed/analysed and reported to the ERA including aspects such as a procedure for calculating length of sewer pipe, validating the number of customers for performance reporting purposes.</p>	
A2-2015	<p><i>Non-compliant – B2</i> <i>Water Services Licensing Act 1995, Licence Number 12, version OL2, Schedule 3 Clause 2.5</i></p> <p><i>Customer Service Charter not available to its customers in the three ways.</i></p>	<p>No further recommendation as this obligation is no longer in effect.</p>	



**B. Unresolved at end of current Audit period**

A3-2015	<p><i>Non-compliant – B2</i> <i>Water Services Licensing Act 1995, Licence Number 12, version OL2, Schedule 3 Clause 2.6 or 2.7</i></p> <p><i>Review of Customer Service Charter not undertaken at least once in every three year period.</i></p>	<p>No further recommendation as this obligation is no longer in effect.</p>
A4-2015	<p><i>Non-compliant –B2</i> <i>Water Services Licensing Act 1995, Clause 8</i></p> <p><i>Licensee has not provided one of the other two consultation mechanisms identified in clause 4.1(b).</i></p>	<p>No further recommendation as this obligation is no longer in effect.</p>
A5-2015	<p><i>Non-compliant – B2</i> <i>Water Services Licensing Act 1995, Schedule 3 Clause 4.1</i></p> <p><i>Licensee had not established 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.</i></p>	<p>No further recommendation as this obligation is no longer in effect.</p>
A6-2015	<p><i>Non-compliant – B2</i> <i>Water Services Licensing Act 1995, Clause 5.1</i></p> <p><i>Licensee has not complied with all applicable legislation.</i></p>	<p>Refer to recommendation A1-2015</p>
A7-2015	<p><i>Non-compliant – B2</i> <i>Water Services Act 2012, Clause 5.3</i></p> <p><i>Licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013</i></p>	<p>We recommend that the licensee address the recommendations A11-2015 to A21-2015</p>
A8-2015	<p><i>Non-compliant – B2</i> <i>Water Services Act 2012, Clause 5.4</i></p> <p><i>The licensee has not fully complied with a direction from the Authority in relation to a breach of applicable legislation, notably addressing all of the deficiencies identified in the Authority's Section 39(1) notice</i></p>	<p>Implement the remaining Section 39(1) Notice recommendations identified in Table 3-1 of this document.</p>

**B. Unresolved at end of current Audit period**

A9-2015	<p><i>Non-compliance – B2</i>  <i>Water Services Act 2012,</i>  <i>Sections 82(4) &amp; (5)</i></p> <p><i>The licensee to provide required notification of and requirements as to building work within 7 days of receiving the fee for dealing with the notification.</i></p>	<p>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.</p>
A10-2015	<p><i>Non-compliance – B2</i>  <i>Water Services Act 2012,</i>  <i>Clause 5.3</i></p> <p><i>Licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013</i></p>	<p>Refer to recommendation A7-2015</p>
A11-2015	<p><i>Non-compliance – B2</i>  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 7</i></p> <p><i>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.</i></p>	<p>Amend the latest version of the Customer Service Charter to reflect the required information about connections as required under section 21(2)(c) or (3)(c) and section 73 of the Act. (obligation 93 of the 2014 compliance manual).</p>
A12-2015	<p><i>Non-compliance – C2</i>  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(2)</i></p> <p><i>License does not have a formal written procedure for the review of a bill on the customer's request.</i></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>
A13-2015	<p><i>Non-compliance – C2</i>  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clauses 18(3) &amp; (6)</i></p> <p><i>License does not have a formal written procedure for the review of a bill on the customer's request.</i></p>	<p>Refer to recommendation A12-2015</p>
A14-2015	<p><i>Non-compliance – C2</i>  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(4)</i></p> <p><i>License does not have a formal written procedure for the review of a bill on the customer's request.</i></p>	<p>Refer to recommendation A12-2015</p>

**B. Unresolved at end of current Audit period**

A15-2015	<p><i>Non-compliance – B2</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 21(1)</i></p> <p><i>The licensee does not have direct debit payment method to allow a customer to pay a bill.</i></p>	<p>In addition to the other bill payment options, the licensee to make provision of direct debit services available as identified in Section 7 of 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>
A16-2015	<p><i>Non-compliance – B2</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 26(3)</i></p> <p><i>Licensee did not have the financial hardship policy in place by required timeframes.</i></p>	<p>No recommendation required as Financial Hardship Policy is now in place</p>
A17-2015	<p><i>Non-compliance – B2</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(2)</i></p> <p><i>Licensee's complaints procedure not developed using provisions of the AS ISO 10002</i></p>	<p>Amend the current complaints procedure to reflect the relevant provision of AS ISO 10002</p>
A18-2015	<p><i>Non-compliance – B2</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(3)</i></p> <p><i>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.</i></p>	<p>Amend the current complaints procedure to better align with the matters identified in clause 35(3) of the Water Code.</p>
A19-2015	<p><i>Non-compliance – B2</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)</i></p> <p><i>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.</i></p>	<p>Amend the current procedure to better align with the matters identified in clause 35(4) of the Water Code.</p>

**B. Unresolved at end of current Audit period**

A20-2015	<p><i>Non-compliant – B2</i> <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 policy 2.22 (Complaints Handling) in the Shire's Policy Manual</p>
A21-2015	<p><i>Non-compliance – B2</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)</i></p> <p><i>The licensee does not make all of the prescribed information publicly available</i></p>	<p>Provide more information on bill payment methods available on the Shire's website.</p> <p>Provide more information in the Customer Service Charter and Financial Hardship Policy for :</p> <ul style="list-style-type: none"> <li>• addressing the matters detailing exemptions, rebated, discounts are on the customer's bill, and</li> <li>• information on the services provided under Clause 36 of the Code.</li> </ul>
A22-2015	<p><i>Non-compliant - B2</i> <i>Water Services Act 2012, Section 12 (Clause 16)</i></p> <p><i>Responses to the Authority have not been in the time specified by the Authority over the audit period.</i></p>	<p>Refer to recommendation A1-2015</p>
A23-2015	<p><i>Non-compliant - B2</i> <i>Water Services Act 2012, Section 12 (Clause 16)</i></p> <p><i>The licensee did not provide a compliance report to the Authority for 2011/12 reporting period on time.</i></p>	<p>Refer to recommendation A1-2015</p>
A24-2015	<p><i>Non-compliant - B2</i> <i>Water Services Act 2012, Section 12 (Clause 20)</i></p> <p><i>The licensee notification to the Authority of a material change to the asset management system was longer than the prescribed 10 days following the post implementation review.</i></p>	<p>Refer to recommendation A1-2015</p>

**B. Unresolved at end of current Audit period**

*Non-compliant – B2*

*Water Services Act 2012,  
Section 29 (Clause 26)*

25-2015	<i>The licensee has not complied with all the duties imposed on it by the Act as it not fully addressed all asset management deficiencies under section 39(1) notice issued by the Authority and was unable to meet all Code requirements.</i>	Refer to recommendation A8-2015 and A7-2015
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*Non-compliant - B2*

*Water Services Act 2012,  
Section 12 (Clause 30)*

A26-2015	<i>Late approval of the Financial Hardship Policy does not comply with the Authority's guideline timeframes.</i>	Refer to recommendation A1-2015
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## 6.2 Asset Management System

**Table 6-2 Table of current review asset management 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><i>B2</i> <i>Asset planning - Asset management plan covers key requirements</i></p> <p><i>Process and policy documentation requires improvement</i></p>	<p>Although the AMP covers the licensee's sewerage scheme, we recommend that either additional section be added to the document to relate to the non-potable water assets and associated operations and maintenance requirements. We suggest this is informed by DWA's 2013 report titled Brookton Water Reuse System Review and Improvement Recommendations</p>	
R2-2015	<p><i>B2</i> <i>Asset planning - Asset management plan covers key requirements</i></p> <p><i>Process and policy documentation requires improvement</i></p>	<p>Revise the Risk Management Section of the AMP (including risk assessment) to better align with Shire's the corporate risk management framework and thus better reflect the requirements of ISO 31000.</p>	
R3-2015	<p><i>B2</i> <i>Environmental analysis - Opportunities and threats in the system environment are assessed</i></p> <p><i>Process and policy documentation requires improvement</i></p>	<p>We recommend that the AMP be updated to reflect the new legislative framework and that the number and date of the ERA licence be corrected to indicate the current licence.</p>	

**B. Unresolved at end of current Audit period**

R4-2015	<p><i>B2</i> <i>Environmental analysis - Opportunities and threats in the system environment are assessed</i></p> <p><i>Process and policy documentation requires improvement</i></p>	Refer to recommendation A1-2015
R5-2015	<p><i>B2</i> <i>Asset operations - 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</i></p> <p><i>Processes and policies do not adequately document the required performance of the assets.</i></p>	We recommend that a column be provided in the asset registers to accommodate asset condition rating scoring (1-5) consistent with Form ASSET 02.
R6-2015	<p><i>B2</i> <i>Asset operations - 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</i></p> <p><i>Process and policy documentation requires improvement.</i></p>	We recommend that the operational and financial asset registers be aligned using a unique asset identification number, alternatively a table inserted into the AMP clearly detailing the corresponding reference identification numbers between the two registers.
R7-2015	<p><i>B2</i> <i>Asset operations - Operational policies and procedures are documented and linked to service levels required</i></p> <p><i>Processes and policies do not adequately document the required performance of the assets.</i></p>	We recommend that sampling procedures for the scheme be detailed in the Operations Manual.

**B. Unresolved at end of current Audit period**

R8-2015	<p><i>B2</i> <i>Asset maintenance – Regular inspections are undertaken of asset performance and condition</i></p> <p><i>Inspections on whole asset base yet to be undertaken.</i></p>	<p>Undertake condition inspection of all non-gravity sewer main assets using forms in AMP and in a manner consistent with industry standards. Complete by 14 November 2015. Condition and performance inspections to be documented in the maintenance management inspection schedule / forms for appropriate person(s) to complete.</p> <p>It is advised that the rising main pipeline be inspected if leaks are detected or within the next 7 years at the latest.</p>
R9-2015	<p><i>B2</i> <i>Risk management - Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system</i></p> <p><i>Risk assessment needs to be updated to reflect corporate risk management framework to better reflect the requirements of ISO 31000.</i></p>	<p>Refer to recommendation R2-2015</p>
R10-2015	<p><i>B2</i> <i>Financial planning - The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</i></p> <p><i>Approach to integrated budget planning not detailed.</i></p>	<p>As previously noted, the licensee advised that it is currently refining this approach to integrated budgeting process to be informed better by the licensee's AMPs as part of the next revision of the 5 year capital expenditure plan for 2016 to 2021. A copy of the process to be included in the AMP. Finalised budgets are to be reflected back into respective AMPs with details of works not proceeding and why.</p>



**B. Unresolved at end of current Audit period**

R11-2015	<p><i>B3</i>  <i>Asset maintenance – Regular inspections are undertaken of asset performance and condition</i></p> <p><i>Improvement opportunity to enhance operation efficiency through assessment of WWTP and scheme performance</i></p>	<p>We recommend that as good operational practice an analysis of available flow data and water quality characteristics data be undertaken to determine the efficiency of the treatment plant including accounting for evaporative losses. A representative sample of WWTP inflow BOD and SS be undertaken over a representative short-term period as a reference point in time. Analysis to be documented in the AMP. The analysis to also include the strength of the inflow compared with that expected from a septic tank in order to assess whether or not septic tanks connected to the system were (as a whole) operating effectively. This should eventually form part of the Department of Health’s Recycled Water Quality Management Plan.</p>
R12-2015	<p><i>B3</i>  <i>Asset creation/acquisition – Commissioning tests are documented and completed</i></p> <p><i>Recent works on the pump station have not been thoroughly commissioned</i></p>	<p>Complete commissioning exercise and documentation for the recent pump station works and retain records in AMIS.</p>
R13-2015	<p><i>A2</i>  <i>Asset creation/acquisition - Full project evaluations are undertaken for new assets</i></p> <p><i>Use of Form Asset 03 not yet implemented</i></p>	<p>Implement the use of Asset Planning &amp; Acquisition Form (Form Asset 03) when appropriate project need arises.</p>

## 7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at the Shire of Brookton on 14 – 15 January 2015 and recorded in this report is an accurate presentation of our findings and opinions.

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John MacDonald  
Cardno (QLD) Pty Ltd  
515 St Paul's Terrace  
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24 February 2015

Shire of Brookton

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

## 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 Brookton

**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"> <li>▪ Processes and policies are documented.</li> <li>▪ Processes and policies adequately document the required performance of the assets.</li> <li>▪ Processes and policies are subject to regular reviews, and updated where necessary.</li> <li>▪ The asset management information system(s) are adequate in relation to the assets that are being managed.</li> </ul>
B	Requires some improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation requires improvement.</li> <li>▪ Processes and policies do not adequately document the required performance of the assets.</li> <li>▪ Reviews of processes and policies are not conducted regularly enough.</li> <li>▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).</li> </ul>
C	Requires significant improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation is incomplete or requires significant improvement.</li> <li>▪ Processes and policies do not document the required performance of the assets.</li> <li>▪ Processes and policies are significantly out of date.</li> <li>▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).</li> </ul>

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

**Asset Management Performance Ratings**

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> <li>▪ The performance of the process meets or exceeds the required levels of performance</li> <li>▪ Process effectiveness is regularly assessed and corrective action taken when necessary</li> </ul>
2	Opportunity for improvement	<ul style="list-style-type: none"> <li>▪ The performance of the process requires some improvement to meet the required level</li> <li>▪ Process effectiveness reviews are not performed regularly enough</li> <li>▪ Process improvement opportunities are not actioned</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>▪ The performance of the process requires significant improvement to meet the required level</li> <li>▪ Process effectiveness reviews are performed irregularly or not at all</li> <li>▪ Process improvement opportunities are not actioned</li> </ul>
4	Serious action required	<ul style="list-style-type: none"> <li>▪ Process is not performed or the performance is so poor that the process is considered to be ineffective</li> </ul>