



## **Shire of Coolgardie**

### **Operational Audit and Asset Management System Review Water Licence WL13 (Non-potable and sewerage)**

**Report**  
Economic Regulation Authority  
8 May 2015

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**Limitations of this Report**

This report was prepared for distribution to the Economic Regulation Authority and the Shire of Coolgardie for the purpose of fulfilling the Shire's operational audit and asset management system effectiveness review obligations under its Water Services Operating Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Economic Regulation Authority and the Shire of Coolgardie, or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the licence obligations of the Water Services Operating Licence, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

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# 1. Executive Summary

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## 1.1 Background

The Economic Regulation Authority ('the Authority') has engaged Quantum Management Consulting and Assurance (Quantum) to undertake an operational audit and asset management system effectiveness review of the Shire's sewerage and non-potable water supply, to comply with the licensing requirements of the Authority.

Coolgardie has a fairly stable population of about 1,000 people, is 570 km. east of Perth and 38 km. south-west of Kalgoorlie. The limited effluent sewerage scheme was established in 1984. Further extensions of the system occurred in 1988, 1992 and 1997.

Approximately half of the sewage flows by gravity to the waste water treatment plant (WWTP). The other flows by gravity to a pumping station from which it is pumped to the WWTP. The WWTP is comprised of two parallel trains each with a primary and secondary oxidation pond. Treated effluent is stored in a separate lagoon prior to pumping to two enclosed storage tanks, which supply non-potable water for irrigating the Coolgardie sports oval and the Coolgardie Park respectively. The annual sewage flow to the WWTP is approximately 73,000 m<sup>3</sup>. Due to the 2.3 m. excess of evaporation over rainfall in the area, some 40% of the effluent flow is lost through evaporation in the treatment ponds and storage lagoon. Consequently, the volume of non-potable water available for irrigation is in the order of 29,000 m<sup>3</sup> per annum.

The Shire is required to comply with the terms and conditions of their licence. There were two versions of the Water Operating License WL13 in force over the audit period - Version 2 (under the previous *Water Licensing Act 1995*) and Version 3 being a "substituted licence" under the *Water Services Act 2012 (WA)* from 18 November 2013. Not less than once in every period of 24 months, the Authority requires an operational audit of compliance with the licence conditions and a review of the asset management system to comply with the licensing requirements of the Authority.

The previous operational audit period was for the period from 1 November 2008 to 31 October 2011. Due to significant deficiencies in the asset management system, the Authority requested a further review of the asset management system for the period from 1 November 2011 to 31 October 2012. This review resulted in a Section 39 notice being issued requiring rectification of the asset management system by 31 October 2013. This was subsequently extended to 31 October 2014. A review was undertaken from 1 November 2012 to 31 October 2013.

This audit covers the period from 1 November 2011 to 31 October 2014 (compliance with licence conditions) and the asset management system review covers the period from 1 November 2013 to 31 October 2014.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual – April 2014) and the Audit and Review Guidelines: Water Licences - July 2014.

## 1.2 Operational Audit

The audit has been conducted to assess the licensee's level of compliance with the conditions of its licence.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Coolgardie has:

- a) complied with its licence obligations during the audit period from 1 November 2011 to 31 October 2014 with the exception of:
  - the Shire's Financial Hardship Policy due to be approved by the Authority by 18 May 2014 under the *clause 26(3) of the Water Services Regulation 2012* was not approved until 3 July 2014 due to a delay in its submission.
  - no evidence was provided by the Shire to confirm that 90% of the 10 new connections in 2013/14 were completed within the timeframes required. Therefore,

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without any evidence to the contrary, this needs to be treated as a non-compliance with the *Water Services Code of Conduct (Customer Service Standards) 2013*.

- the Shire does not have a written procedure for review of a bill on the customer's request as required under the *Water Services Code of Conduct (Customer Service Standards) 2013*.
  - the Shire's complaints handling procedure in the Customer Service Charter does not contain all the information required under the *Water Services Code of Conduct (Customer Service Standards) 2013*.
  - the "prescribed information" under the *Water Services Code of Conduct (Customer Service Standards) 2013* is not available on the Shire's website and in hardcopy at the Shire's office.
  - Compliance and Performance reports are not always submitted by the due dates, records of reports submissions are not always kept and there is no Compliance Breach Register.
  - action under a Section 39 Notice from the Authority that was required to be completed by 31 October 2013 was not completed until 30 June 2014.
  - non-compliance with the services and performance standards set out in Schedule 4 of the previous licences (in operation until 17 November 2013) during the 2012/13 reporting period in relation to a number of blockages per 100 km of the sewer main (166.7 blockages per 100 km of sewer main reported) and less than 90% of customers within one hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the Shire (80% of customers advised).
- b) implemented three out of seven recommended actions from the previous audit including developing and implementing a Complaints Procedure, updating the Customer Service Charter for emergency contact details and ensuring that Post Audit Implementation Plan updates are submitted to the Authority by the due dates. Two recommendations concerning the availability of the Customer Service Charter and Operational Audit and Asset Management System Review are no longer required. Two recommendations had not yet been implemented as follows:
- update the Compliance Schedule with the required timeframes for notification of changes to the asset management system to the Authority and other regulatory requirements and due dates.
  - ensure that annual Compliance reports are submitted by the due date and a Compliance Breach register is maintained.
- c) established an adequate control environment for ongoing compliance apart from the non-compliance issues noted above and the inadequate controls noted in this report.
- d) maintained the data integrity of reporting to the Authority apart from the exceptions noted above.

The audit recommended that the Shire:

- a) develop a written procedure for review of bills (rates notices with sewerage charges) and the procedure should be made publicly available on the Shire's website and in hardcopy;
- b) update the complaints handling procedure in the Customer Service Charter to include the details required by the *Water Services Code of Conduct (Customer Service Standards) 2013*;
- c) ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and keep a record of the dates the reports were submitted.
- d) maintain a Compliance Breach register in respect of the licence.
- e) ensure the timeliness of connections requirement is complied with and update the Asset Management Plan for the timeliness of connections requirement;
- f) make available the "prescribed information" under the *Water Services Code of Conduct (Customer Service Standards) 2013* on the Shire's website and in hardcopy at the Shire's office;

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- g) develop and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works; and
  - h) update the Compliance Schedule in section 3.5 of the AMP for the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the next policy review due date; the requirement to notify the Authority of any significant changes to the asset management system within 10 business days, the requirement for timeliness of connections etc, to ensure regulatory timeframes are met.

### 1.3 Asset Management System Review

The review has been conducted to assess the effectiveness of the licensee's asset management system.

The assets are as described above with new flow meters and chlorination equipment being installed in the review period. The asset management system, including the Asset Management Plan, was also substantially improved.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Coolgardie:

- a) has implemented 11 out of 12 recommendations from the previous review mostly concerning the update and implementation of the Asset Management Plan and the Asset Management Information System. The remaining recommendation was to implement a forward program for ongoing assessment of the condition and performance of assets. The Shire has commenced a program of manual inspections and condition assessment of the access chambers and gravity sewers and it is intended that all inspections will be completed and the asset condition recorded by April 2015. The Shire has advised that they also intend undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020.
- b) established an adequate control environment for ongoing compliance in respect of the asset management system with the only exception being:
  - the Compliance Schedule in the Section 3.5 Table 1 of the AMP does not stipulate the requirement for submission of the annual Compliance and Performance Reports to the Authority by their due dates.

The review recommended that the Shire:

- a) update the Asset Register for the asset additions (flow meters and new chlorination equipment) and ensure that all future asset additions are recorded in the Asset Register in a timely manner.
- b) as planned, complete the condition assessment of the access chambers and pipes and undertake and complete the progressive program of jetting and CCTV inspection of all gravity sewers.
- c) update the Asset Condition Register Excel spreadsheet for the condition assessment and date inspected for future reference.
- d) prioritise the maintenance tasks resulting from the asset condition appraisal and complete any further action required, whether immediate repairs or as part of the planned maintenance program over the next 12 months. If planned maintenance is required, it needs to be included in the Shire's planned work programme and marked off as it is completed.
- e) implement a forward program for ongoing assessment of condition and performance of all assets.

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- f) prepare a more detailed estimate of likely operating and maintenance costs in order to allow adjustment of the assessment of the Coolgardie Sewerage System financial status if necessary.
  - g) update the Capital Expenditure and Annuity Assessment worksheet based on the results of the asset condition and performance assessment, if required.

Overall, the scheme is being well-maintained and is in good working order. There is an effective asset management system in place.

We confirm that the Authority's Audit and Review Guidelines: Water Licences (July 2014) have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.

**Quantum Management Consulting & Assurance**

Geoff White  
Director

8 May 2015



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## 2. Operational Audit

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### 2.1 Introduction

The Shire of Coolgardie has a Water Services Operating Licence, issued by the Economic Regulation Authority ('the Authority') for the provision of non-potable water supply and sewerage services in the operating area that is centred on the townsite of Coolgardie.

There were two versions of the Water Operating License WL13 in force over the audit period - Version 2 (under the previous *Water Licensing Act 1995*) and Version 3 being a "substituted licence" under the *Water Services Act 2012 (WA)* from 18 November 2013.

The audit approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual – April 2014) and the Audit and Review Guidelines: Water Licences - July 2014.

### 2.2 Objectives and Scope

The objective of the audit was to provide an assessment of the effectiveness of measures taken by the licensee to meet the obligations referred to in the Licence.

The audit has applied a risk-based approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the Licence. The approach is set out in a detailed Audit Plan approved by the Authority that was designed to focus on the higher risk areas with less intensive coverage of medium and low risk areas. Refer audit approach in Appendix A.

The scope of the audit covered the following areas:

- **Process compliance** - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls.
- **Outcome compliance** – the actual performance against standards and Codes of Conduct prescribed in the licence throughout the audit period.
- **Output compliance** – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **Integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the Authority and to other regulatory organisations providing licences to the Shire for the water services.
- **Compliance** with any individual licence conditions – the requirements imposed on the Licensee by the Authority or specific issues advised by the Authority.

The highest priority areas based on inherent risk and the previously assessed controls/processes were:

- **Compliance with licence** – the Authority issued a Section 39(1) Rectification Notice under the previous Water Services Licensing Act 1995 after the 2012 audit and review.
- **Customer Service Charter in previous licence** - previous audit noted the contact details in the Charter were out-of-date and emergency assistance process not complete.
- **Provision of water services in accordance with the licence** – high inherent risk and Type 1 reporting obligation (obligation 1).
- **Asset Management System** – high inherent risk and weak controls (obligation 6).
- **Customer Complaints Procedure** – previous audit noted there was no written complaints procedure (obligations 145 to 149).

- **Reporting to the Authority** – previous audit noted some delays in annual performance and compliance reporting, no Compliance Schedule (obligations 165, 166 and 167) and no process to notify major changes in the asset management system (obligation 171).
- **Compliance with the service and performance standards** - area of high inherent risk (obligation 190).

The audit aimed to identify any areas where improvement is required and to recommend corrective action as necessary. This included reviewing the status of the previous audit recommendations.

The audit covered the period from 1 November 2011 to 31 October 2014.

## 2.3 Audit Compliance and Controls Rating Scale

The adequacy of controls and compliance with the legislative obligations was assessed using the following ratings.

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

## 2.4 Status of Previous Audit Recommendations

The previous audit covered the period 1 November 2008 to 31 October 2011 and was reported in March 2012.

Table of Previous Non Compliances and Audit Recommendations				
Reference (no./year)	Compliance rating/ Legislative Obligation/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
<b>A. Resolved before end of previous audit</b>				
	Nil			
<b>B. Resolved during current audit period</b>				
01/2011	<b>Operational Audit and Asset Management System Review</b> <i>Compliant - 1</i> <i>Water Services Licensing Act 1995 Clause 16.1 &amp; 17.3</i> The Operational Audit and Asset Management System Review is now being undertaken. However, there is no Compliance Schedule to ensure that reviews are undertaken by the prescribed time.	<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>	N/A	No further action. Audits and review are now initiated and undertaken as required by the Authority.
02/2011	<b>Customer Complaints System</b> <i>Compliant - 1</i> <i>Licence condition Schedule 3 Clause 3.2(d)</i> The complaints policy is set out in the Customer Service Charter and a complaints file is kept. However, there is no internal procedure or register to track complaints and their outcome. Annual Performance Reports to the Authority indicate there are minimal sewerage related complaints.	<ul style="list-style-type: none"> <li>Develop and document a Complaints Procedure including staff responsibilities, forms, register and general procedures.</li> </ul>	June 2014	Completed

Table of Previous Non Compliances and Audit Recommendations				
Reference (no./year)	Compliance rating/ Legislative Obligation/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
03/2011	<b>Customer Service Charter – Emergency Assistance</b> <i>Compliant - 1</i> <i>Licence condition Clause 7.1</i> The Shire's Customer Service Charter was approved by the Authority on 29 June 2009. The emergency contact names and telephone numbers are out-of-date. Also, as noted in the previous audit, the wording of Section 1.5 is confusing between emergency and non-emergency contacts.	<ul style="list-style-type: none"> <li>Redraft Section 1.5 of the Customer Service Charter to clarify the Emergency Assistance process.</li> <li>Update the emergency contact names and numbers in the Charter.</li> </ul> (Note: The entire Charter is due for review by June 2012).	June 2014	Completed
04/2011	<b>Customer Service Charter – Availability</b> <i>Non-compliant - Minor impact</i> <i>Water Coordination Regulation 1996 Schedule 3 Clause 2.5</i> At the date of the audit, the Charter was not displayed in the Administration Office in Coolgardie. A copy of the Charter is provided upon request and at no charge to customers. A copy of the Charter or advice on its availability have not been provided to customers at least in the past 2 years, such as a summary with the annual rates notices. The Charter is not available on the Shire's website.	<ul style="list-style-type: none"> <li>Display the Customer Service Charter in the Shire's Coolgardie Office (with copies available to visitors).</li> <li>Publish the Charter on the Shire's website.</li> <li>Provide a summary (with a reference to the full copy on the website) to customers with the annual rates notice.</li> </ul>	N/A	No further action. Customer Service Charter is no longer a compliance obligation.
06/2011	<b>Provision of Information to the Authority</b> <i>Non-compliant - Minor impact</i> <i>Licence condition Clause 21.1</i> In addition to the reporting requirements under the Water Compliance Reporting Manual, the Shire has	<ul style="list-style-type: none"> <li>Ensure that future Post Audit Implementation Plan (PAIP) updates are submitted to the Authority by the due dates</li> </ul>	Ongoing	No further action.

Table of Previous Non Compliances and Audit Recommendations				
Reference (no./year)	Compliance rating/ Legislative Obligation/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>been requested several times to provide updates on the Post Audit Implementation Plan.</p> <p>It appears that due to staff turnover (at least three Manager Technical Services with the current Manager being appointed six months ago) that this requirement has not been met. As noted in this report, there was very little progress in implementing the previous audit recommendations.</p>	required or extension of time should be sought from the Authority.		
<b>C. Unresolved at end of current audit period</b>				
05/2011	<p><b>Notify Changes to Asset Management System</b></p> <p><i>Compliant - 1</i></p> <p><i>Water Services Licensing Act 1995 Clause 17.2</i></p> <p>The audit confirmed with the Shire's Manager Technical Services that there were no material changes made to the asset management system that would require notification to the Authority.</p> <p>The Monitoring and Review Procedures section of the Asset Management Plan does not include the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p>	<ul style="list-style-type: none"> <li>Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority within 10 business days of any changes to the asset management system.</li> <li>Note the required timeframe for the notification of any asset management system changes to the Authority, in the Compliance Schedule to ensure regulatory timeframes are met.</li> </ul>	-	<p>Yes - The Shire should update a Compliance Schedule in section 3.5 of the AMP for the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the next policy review due date; the requirement to notify the Authority of any significant changes to the asset management system within 10 business days, the requirement for timeliness of connections etc. to ensure regulatory timeframes are met.</p> <p><i>Refer recommendation 08/2014.</i></p>
07/2011	<b>Performance and Compliance Reporting</b>	Ensure that future Performance and Compliance Reports are submitted to the	-	Review of the Compliance and Performance reports for the

Table of Previous Non Compliances and Audit Recommendations				
Reference (no./year)	Compliance rating/ Legislative Obligation/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p><i>Non-compliant - Minor impact</i></p> <p><i>Licence condition Clause 21.2</i></p> <p>In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority:</p> <ul style="list-style-type: none"> <li>• Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>• Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> <p>The audit reviewed the Shire's Compliance and Performance Reports for 2009/10 and 2010/11 (2008/09 was unable to be located) and relevant correspondence between the Shire and the Authority and noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• The 2010/11 Performance Report was submitted late to the Authority (due 31 July 2011, submitted 21 October 2011).</li> <li>• The 2010/11 Compliance Report was submitted late to the Authority due 31 August 2011, submitted 1<sup>st</sup> November 2011).</li> </ul>	Authority by the due dates (reminder system in the Compliance Register).		<p>current audit period noted some late and incomplete reports.</p> <p><i>Refer recommendation 05/2014.</i></p> <p>Also there is no Compliance Breach Register being maintained.</p> <p><i>Refer recommendation 06/2014.</i></p>

## 2.5 Summary of Audit Ratings of Controls and Compliance

The audit assessment of the ratings for the adequacy of controls and compliance with the legislative obligations is shown below.

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
Water Licensing Services Act 1995 (repealed 17 October 2013)													
-	Customer Service Charter (no longer mandatory)	Previous licence	3	✓					✓				
-	Customer consultation process (no longer mandatory)	Previous licence	4	✓					✓				
Water Services Act 2012													
1	Nature of services	Sec. 21(1)(a)	2	✓					✓				
2	Terms of service	Sec. 21(1)(b)	4					✓					✓
3	Provision of services	Sec. 21(1) (c)	4	✓					✓				
4	Operating area	Sec. 22	4					✓					✓
5	Outsourcing of services	Sec. 23	4	✓					✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	4	✓					✓				
7	Changes to asset management system	Sec. 24(1)(b)	4			✓			✓				
8	Asset management system review	Sec. 24(1)(c)	1	✓					✓				
9	Operational audit	Sec. 25	4	✓					✓				
10	Code of Practice	Sec. 26(3)						✓					✓
11	Code of Conduct	Sec. 27	4		✓					✓			
12	Compliance generally	Sec. 29	4		✓					✓			
13	Termination of service	Sec. 36	4					✓					✓
14	Supplier of last resort	Sec. 24(1)(b)						N/A					N/A
15	Ombudsman scheme	Sec. 66	4	✓					✓				
16	Interruption of water supplies	Sec. 77(3)	4					✓					✓
17	Notification of building works	Sec. 84(4)&(5)	4				✓						✓
18	Ensuring water service works are done	Sec. 84(2)	4				✓						✓
19	Review of decisions	Sec. 87(2)	4				✓						✓
20	Construction near water service works	Sec. 90(7)	4				✓						✓
21	Termination of water supply (irrigation)	Sec. 95(3)	4					N/A					N/A
22-23	Fire hydrants	Sec. 96(1)&(5)	4					✓					✓
24	Sewer connections	Sec. 98(3)	4					✓					✓

<sup>1</sup> The number refers to the item reference in the Water Compliance Reporting Manual, ERA April 2014

<sup>2</sup> Refer Controls and Compliance Rating Scales in Section 2.3.

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
25	Compliance notice issued by licensee re not maintaining pipes	Sec. 106(2)	4					✓					✓
26-27	N/A to this licence												
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4				✓						✓
29	Review of decisions	Sec. 122(2)	4				✓						✓
30	Apportionment of fees between properties	Sec. 125(2)	4					N/A					N/A
31	Lodging memorial to secure fees owing	Sec. 128(4)	4				✓						✓
32-33	Notice to property owner	Sec. 129(5) & 139(3)	4				✓						✓
34	Notice to roads authority	Sec. 141(1)	4					N/A					N/A
35-41	Proposal for major works	Sec. 142, 143(2)&(3), 144(3), 145(2), 147(3)&(4)	4				✓						✓
42-45	Proposal for general works	Sec. 151(1)-(3), 153(3),	4				✓						✓
46-48	Interest in land	Sec. 166(5)-(6), 170	4				✓						✓
49-57	Notice of entry to property and authority to enter	Sec. 174(1),(3)&(4) Sec. 175(2)&(5), 176(1),(3)&(4), 181	4				✓						✓
58-61	Warrant to enter property	Sec. 186, 187(1)-(3), 190(4)-(5), 210(5), 218(2)-(3).	4				✓						✓
62	Compliance Officer	Sec. 210(5)	4					✓					✓
63	Minimum disruption	Sec. 218(2)	4				✓						✓
64	Physical damage	Sec. 218(3)	4					✓					✓
<b>Water Services Regulations 2012</b>													
74-75	Work affecting roads	Reg. 60(2), 63	4					✓					✓
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4				✓						✓
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>													
92	Information for customers	Cl. 7	4	✓					✓				
93	Timeliness of connections	Cl. 8	4				✓			✓			
94	Annual service charges	Cl. 9	4	✓					✓				
95-98	Usage bills at least 6 monthly	Cl.10(2)-(5)	4					N/A					N/A
99	Address for billing	Cl. 11	4	✓					✓				
103-104	Basic of billing estimate	Cl. 13(1)&(2)	4					N/A					N/A



No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
105	Request for meter reading	Cl. 14(1)	4					N/A					N/A
106	Higher than normal charge	Cl. 15	4					N/A					N/A
107-112	Under and over charges	Cl. 16(2)-(5), 17(1)-(2)	4				✓						✓
113	Review of bill - requests	Cl. 18(1)	4				✓						✓
114-117	Review of bill - procedures	Cl. 18(2)-(6)	4				✓			✓			
118	At least 14 days for payment	Cl. 20	4	✓					✓				
119-121	Payment methods	Cl. 21(1)-(2), 22	4	✓					✓				
122	Payment in advance	Cl. 23(1)	4					✓					✓
123	Redirection of bills	Cl. 24	4					✓					✓
124	Payment plan	Cl. 25	4					✓					✓
125	Financial hardship policy - written	Cl. 26(1)-(2)	4	✓					✓				
126	Financial hardship policy - approval	Cl. 26(3)	4	✓						✓			
127	Financial hardship policy - approval	Cl. 26(4)	4					N/A					N/A
128	Financial hardship policy – publicly available	Cl. 26(5)	4	✓					✓				
129	Financial hardship policy – 5 year review	Cl. 26(6)	4		✓								✓
130-132	Financial hardship policy – payment variations	Cl. 27(2)-(3), 28(1)	4	✓									✓
133	Financial hardship policy – written information	Cl. 28 (4)&(5)	4	✓					✓				
134	Debt recovery	Cl. 29	4	✓									✓
139,142 .144	Reducing flow rates	Cl. 33, 34(4)&(6)	4					N/A					N/A
145-147 .	Complaints procedure - written	Cl. 35(1)-(3)	4	✓					✓				
148	Complaints procedure - details	Cl. 35(4)	4			✓				✓			
149	Complaints procedure – public availability	Cl. 35(6)		✓					✓				
150,151	No charge for information	Cl. 36(1)	4	✓									✓
152	Access to customer information	Cl. 37(1)	4	✓									✓
153	All Code of Conduct information to be publicly available in hardcopy and website	Cl. 37(1)	4			✓					✓		
<b>Licence Conditions – Specific Clauses</b>													
155	Fees to regulator	Cl. 4	5					✓					✓
156	Compliance with legislation	Cl. 5.1	4	✓						✓			
157	Compliance with Code of Practice	Cl. 5.2	4					N/A					N/A
158	Compliance with Code of Conduct	Cl. 5.3	4		✓					✓			

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
159	Compliance re any breaches	Cl. 5.4	4		✓						✓		
160	Compliance with Accounting Standards	Cl. 12	4	✓					✓				
161	Compliance with performance standards	Cl. 13.1	4	✓						✓			
162	Operational audit	Cl. 14.4	4	✓					✓				
163	External administration	Cl. 15.1(a)-(c)	4					✓					✓
164	Advise Authority of major or general works	Cl. 15.1(d)	4				✓						✓
165	Provision of information to the Authority	Cl. 16.1	3			✓				✓			
166	Compliance reporting to Authority	Cl. 16.1	3			✓				✓			
167	Performance reporting to Authority	Cl. 16.3	3			✓				✓			
168	Publishing information	Cl. 17.2	4					✓					✓
169	Notices in writing	Cl. 18.1	4	✓					✓				
170	Notify Authority of asset management system (AMS)	Cl. 20.1	4					N/A					N/A
171	Notify Authority of material change to AMS	Cl. 20.2	3			✓			✓				
172	AMS review	Cl. 20.6	4	✓					✓				
173	Ombudsman scheme	Cl. 21.1	4	✓					✓				
174	Customer contract – standard terms	Cl. 22.1	4					✓					✓
175-180	Customer contract approval and amendment	Cl. 23.1-23.3, 23.6, 24.1-2 24.4.	4					✓					✓
181	Obligations of supplier of last resort	Cl. 25.1	4					N/A					N/A
182	No services outside operating area	Cl. 28.1(b)	4					N/A					N/A
183	Financial hardship policy guidelines	Cl. 30.3	4	✓					✓				
190	Service and performance standards (if applicable)	Schedule 3	2	✓						✓			

Note: Obligations 65 to 88 (except 74 to 75) that were included in the Audit Plan have been excluded from this report as these obligations only apply to “water corporations” and not local government authorities.

## 2.6 Audit Observations and Recommendations

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
<b>Additional Obligations under Licence WL 11 Versions 2 and 3 (applicable to 17 November 2013)<sup>6</sup></b>							
-	Customer Charter	Previous Licence	The licensee must establish a Customer Service Charter and make it available to customers.	3	The auditor confirmed with the Shire's Environmental Health Officer (EHO) that the Shire of Coolgardie Customer Service Charter for Wastewater Services existed and was made available to customers up to 17 November 2013 at request and at no charge in a hard copy, was prominently displayed at the Shire's reception and published on the Shire's website. The Shire's EHO also advised that the customers were advised of the availability of the Customer Service as part of the annual Rate Notices mail out. The auditor confirmed that the Shire of Coolgardie Customer Service Charter for Wastewater Services is still available on the Shire's website.	A	1
-	Customer consultation	Previous Licence	The licensee must establish a customer consultation process.	4	The auditor confirmed with the Shire's EHO that an adequate customer consultation process has been established (as per Schedule 3 of the operating licence Version 2) and existed for customers up to 17 November 2013 and continues.	A	1

<sup>3</sup> Number refers to the item reference in the Water Compliance Reporting Manual, Authority April 2014

<sup>4</sup> Controls Rating Scale: (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed).

<sup>5</sup> Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

<sup>6</sup> Licence WL13 Version 2 applied to the Shire until the new licence Version 3 was issued on 18 November 2013.

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
<b>Water Services Act 2012</b>							
1.	Nature of services	Section 21(1)(a)	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.	2	The auditor confirmed with the Shire's EHO and review of Asset Management System documentation and drawings that during the audit period, the licensee provided a water service in accordance with the licence (ie sewerage and non-potable water services) to persons entitled to the service under the Act. The auditor confirmed with the Shire's EHO that services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.	A	1
2.		Section 21(1)(b)	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.	4	The auditor confirmed with the Shire's EHO that no request for connection was made to the licensee from a person within the operating area who is not entitled to the service.	NP	NR
3.		Section 21(1)(c)	The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	4	Confirmed by this audit and review.	A	1
4.	Operating area	Section 22	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	The auditor confirmed with the Shire's EHO, review of Asset Management System documentation and drawings and observation that the licensee does not provide a water service outside of the operating areas set out in Plan Number: OWR-OA-080(C).	NP	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
5.	Outsourcing of services	Section 23	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.	4	The auditor confirmed with the Shire's EHO and review of Asset Management System documentation that all water service works used by the licensee in the provision of a water service are provided by the licensee.	A	1
6.	Asset management system	Sections 24(1)(a) & 24(2)	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	1	This audit and review confirmed the licensee has an asset management system.	A	1
7.	Changes to asset management system	Section 24(1)(b)	The licensee must give details of the asset management system and any changes to it to the Authority.	4	<p>The audit noted that there have been major changes to the asset management system during the audit period as required by a Section 39 Notice from the Authority. These changes have been reported to the Authority in status reports and other correspondence.</p> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014). However the requirement to notify the Authority of any material change to the asset management system within 10 days of change is not stipulated.</p> <p>Continued.....</p>	C	1

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					<u>Recommendation 08/2014</u> <i>The Shire should update the Compliance Schedule in section 3.5 of the AMP for the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the next policy review due date and the requirements to notify the Authority of any significant changes to the asset management system or major and general building works within 10 business days.</i>		
8.	Asset management system review	Section 24(1)(c)	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.	4	Reviews undertaken as required by the Authority.	A	1
9.	Operational audit	Section 25	A licensee must, not less than once every 24 months, or such longer period as determined by the Authority, provide the Authority with an operational audit conducted by an independent expert acceptable to the Authority.	4	Audits undertaken as required by the Authority.	A	1
10.	Code of Practice	Section 26(3)	The licensee must comply with each <b>code of practice</b> made by the Minister to the extent to which it applies to the licensee.	4	No Codes of Practice have been issued by the Minister.	NP	NR
11.	Code of Conduct	Section 27	The licensee must comply with the <b>code of conduct</b> that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	<p>The auditor reviewed compliance with Code of Conduct as per obligations listed in this audit report, and concluded that the licensee generally complies with the Code of Conduct with the exception of non-compliances noted as in this audit.</p> <p><i>Refer recommendations.02/2014 to 04/2014.</i></p>	B	2

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
12.	Compliance	Section 29	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.	4	Reviewed Compliance reports to the Authority for 2011/12, 2012/13 and 2013/14 and underlying recording systems and ensured data is complete and accurate. There were some delays and omissions in the Compliance reports.	B	2
13.	Termination of service	Section 36	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	4	Confirmed with the Shire's EHO and review of the Asset Management System documentation and drawings and observation that the licensee didn't cease to provide a water service in the area.	NP	NR
14.	Supplier of last resort	Section 60	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.	4	Confirmed by with the Shire's EHO that the licensee is not a supplier of last resort.	N/A	N/A
15.	Ombudsman scheme	Section 66	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.	4	Confirmed by review of the correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited that the licensee is a member of the Water Services Ombudsman scheme.	A	1
16.	Interruption of water supplies	Section 77(3)	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	Confirmed with the Shire's EHO that no interruption to water services occurred during the audit period.	NP	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
17.	Notification of building works	Sections 82(4) & (5)	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.	4	<p>Confirmed with the Shire's EHO that, during the audit period, no notice of building work has been received by the Shire. However, there is no internal procedure for notification of building works in relation to the water services.</p> <p><u>Recommendation 07/2014</u></p> <p><i>The Shire should develop and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works</i></p>	D	NR
18.	Additional Water Services - Ensuring water service works are done	Section 84(2)	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.	4	<p>The auditor confirmed by interview with the Shire's EHO that, during the audit period, there was no requirement for additional water services. As such, no notice under section 83(3)(a) of the Act was given by the licensee. However, there is no internal procedure for additional water services and ensuring water services are done.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR



No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
19.	Review of decisions (Additional Water Services - Ensuring water service works are done)	Section 87(2)	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	4	As per item 18.	D	NR
20.	Construction near water service works	Section 90(7)	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.	4	The auditor confirmed by interview with the Shire's EHO that, during the audit period, no compliance notice was given by the Shire to a person in relation to undertaking construction or carrying out similar works in the vicinity of water service works. However, there is no internal procedure in place to govern issue of a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works and the requirement to consult with the owner of the land. <i>Refer recommendation 07/2014.</i>	D	NR
21.	Termination of water supply (irrigation)	Section 95(3)	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	4	Confirmed by the interview with the Shire's EHO and review of the Asset Management System documentation that the non-potable water supply (irrigation) does not apply to occupied dwellings.	N/A	N/A

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
22.	Fire hydrants	Section 96(1)	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 the Department of Fire and Emergency Services (DFES), or the relevant local government as to the location and type of hydrant.	4	Confirmed by the interview with the Shire's EHO that no request was received from DFES to install fire hydrants.	NP	NR
23.		Section 96(5)	The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	As per item 22.	NP	NR
24.	Minister may require connection to sewer works	Section 98(3)	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	4	Confirmed by the interview with the Shire's EHO that, during the audit period, no written notice requiring connection to the Shire's sewerage works has been received from the Minister.	NP	NR
25.	Discharge of Trade Waste - Compliance notice issued by Licensee	Section 106(2)	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	4	The auditor confirmed with the Shire's EHO and review of the Rate Book that there is no trade waste discharged to the Shire's scheme i.e. wastewater other than wastewater of the kind and volume ordinarily discharged from an ordinary dwelling used solely or primarily as the dwelling of the occupants.	NP	NR
28.	Compliance notice issued by Licensee	Section 119(2)	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	<p>The auditor confirmed with the Shire's EHO that, during the audit period, no compliance notices have been issued by the Shire to any party.</p> <p>However, there is no internal procedure governing the issue of the compliance notices and what the notice should contain.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
29.	Review of decisions relating to giving compliance notices	Section 122(2)	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.	4	As per item 28. <i>Refer recommendation 07/2014.</i>	D	NR
30.	Apportionment of fees between properties	Section 125(2)	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 <i>Strata Titles Act 1985</i> .	4	The auditor confirmed with the Shire's EHO and review of the Asset Management System documentation that the non-potable water supply (irrigation) does not apply to occupied dwellings and that there are no multiple dwellings served by a single property connection.	N/A	N/A
31.	Lodging memorial to secure fees owing	Section 128(4)	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.	4	The auditor confirmed with the Shire's EHO that, during the audit period, no memorial has been lodged with the Registrar. It is possible to raise a memorial or caveat over land if rates including sewerage charges are unpaid. <i>Refer recommendation 07/2014.</i>	D	NR
32.	Notice to property owner	Section 129(5)	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.	4	The auditor confirmed with the Shire's EHO that, during the audit period, no routine maintenance of the water service works was undertaken that would require entry to the residential dwelling or likely to cause disruption to the occupants of a place. The Shire's EHO advised that it is very unlikely that access to a residential dwelling would ever be required for the purpose of routine maintenance of water service works. However, there is no internal procedure that documents the minimum notice period required. <i>Refer recommendation 07/2014.</i>	D	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
33.		Section 139(3)	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.	4	The auditor confirmed with the Shire's EHO and review of the Asset Management System documentation that the licensee did not exercise ancillary work powers during the audit period. <i>Refer recommendation 07/2014.</i>	D	NR
34.	Notice to roads authority	Section 141(1)	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.	4	The auditor confirmed with the Shire's EHO, review of the Asset Management System documentation and drawings that during the audit period the licensee had not carried out any road works that involved breaking the surface of the road or that would cause major obstruction to road traffic. As roads are maintained by the Shire, no notice is required to be given.	N/A	N/A
35.	Proposals for major works (includes WWTP with capacity over 2ML per day, dams, irrigation schemes, etc.)	Sections 142	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.	4	The auditor confirmed with the Shire's EHO and review of the Asset Management System documentation and drawings that no additional major works have been proposed during the audit period. Therefore, Division 3 – Major works, requirements for public notification and Ministerial authorization under Part 6 the Act did not apply to the licensee during the audit period. However, there is no internal procedure in place to govern proposals for major works. <i>Refer recommendation 07/2014.</i>	D	NR
36.		Sections 143 (2)	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.	4	As per item 35.	D	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
37.		Sections 143 (3)	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.	4	As per item 35.	D	NR
38.		Sections 144(3)	The licensee must have regard to an objection or submission lodged within the relevant period.	4	As per item 35.	D	NR
39.		Section 145(2)	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	As per item 35.	D	NR
40.		Section 147(3)	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).	4	As per item 35.	D	NR
41.		Section 147(4)	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.	4	As per item 35.	D	NR
42.	Proposals for general works (includes new WWTP with capacity up to 2ML per day, reticulation mains and trunk lines,	Section 151(1)	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.	4	<p>The auditor confirmed with the Shire's EHO and review of the Asset Management System documentation and drawings that no additional general works have been proposed during the audit period.</p> <p>However, there is no internal procedure in place to govern proposals for general works.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
43.	pumping stations, etc.)	Section 151(2)	The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	4	As per item 42.	D	NR
44.		Section 152(3)	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	As per item 42.	D	NR
45.		Section 153(3)	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.	4	As per item 42.	D	NR
46.	Interest in land	Section 166(5)	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.	4	The auditor confirmed by interview with the Shire's EHO that, during the audit period, no advice has been received from the Minister to acquire the interest in land. However, there is no internal procedure in place to govern acquiring interest in land. <i>Refer recommendation 07/2014.</i>	D	NR
47.		Section 166(6)	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	As per item 46.	D	NR
48.		Section 170	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 <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	As per item 46.	D	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
49.	Notice of entry to property and authority to enter	Section 173(4)	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	4	The auditor confirmed with the Shire's EHO that, during the audit period, no entry to the residential dwelling was required for the purposes of doing works. However, there is no internal procedure that documents the minimum notice period required. <i>Refer recommendation 07/2014.</i>	D	NR
50.		Section 174(1)	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.	4	As per item 49.	D	NR
51.		Section 174(3)	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	4	As per item 49.	D	NR
52.		Section 175(2)	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	4	As per item 49.	D	NR
53.		Section 175(5)	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	As per item 49.	D	NR
54.		Section 176(1)	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.	4	As per item 49.	D	NR

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55.		Section 176(3)	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.	4	As per item 49.	D	NR
56.		Section 176(4)	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.	4	As per item 49.	D	NR
57.		Section 181	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.	4	As per item 49.	D	NR
58.		Section 186	If the licensee applies for a warrant, the application must contain the prescribed information.	4	<p>The auditor confirmed by interview with the Shire's EHO that, during the audit period, no application was made by the licensee for a warrant.</p> <p>Although the Local Government Act 1995 provides grounds for application for a warrant, there is no internal procedure in place governing a warrant issued under the Water Services Act 2012, however unlikely.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR
59.		Section 187(1) – (3)	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.	4	As per item 58.	D	NR



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60.		Section 190(4)	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.	4	As per item 58.	D	NR
61.		Section 190(5)	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	4	As per item 58.	D	NR
62.		Section 210(5)	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.	4	The auditor confirmed by interview with the Shire's EHO that no person is currently designated as an inspector or compliance officer.	NP	NR
63.		Section 218(2)	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.	4	As per item 49 and 58. There is no internal procedure. <i>Refer recommendation 07/2014.</i>	D	NR
64.		Section 218(3)	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.	4	The auditor confirmed with the Shire's EHO that, during the audit period, no physical damage has been done in the exercise of a works power or a power of entry. Any compensation claims for damage would be dealt with via the Shire's insurance.	NP	NR
Water Services Regulations 2012							
74.	Works affecting roads	Regulation 60(2)	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.	4	The auditor confirmed by interview with the licensee's staff, review of the Asset Management System documentation and drawings that during the audit period the licensee did not propose to exercise and did not exercise a works power in a road.	NP	NR

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75.		Regulation 63	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	4	As per item 74.	NP	NR
89.	Compliance notice issued by licensee to include consequences and rights	Regulation 85	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.	4	<p>The Shire's EHO confirmed that no compliance notice has been issued by the Shire during the audit period.</p> <p>Although, Section 3.25 of the Local Government Act 1995 provides ground for issue of compliance notices to owner or the occupier of the land in certain circumstances, there is no internal procedure governing the issue of the compliance notices under the Water Services Act 2012 and what the notice should contain.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>							
92.	Information for customers	Clause 7	The licensee must have written information for customers about the specified matters.	4	<p>Although not mandatory after 17 November 2013, the Shire's Customer Service Charter for Water Services is still available to customers The charter is generally consistent with the licence provision in covering all the service issues likely to be of concern to the Shire's customers.</p> <p>Information about the fees that apply in relation to connections and when the fees are payable is included in the annual Rate Notice and accompanying information leaflet. These provide the required information.</p>	A	1

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93.	Timeliness of connections	Clause 8	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.	4	<p>Reviewed Performance Reports for 2011/12, 2012/13 and 2013/14 and noted that 10 new properties were connected to the scheme in 2012/13. The Shire could not provide evidence that 90% of new connections in 2012/13 were completed within the timeframes required. Therefore, this needs to be treated as a non-compliance with this provision of the Code.</p> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014), however the requirement for timeliness of connections is not in the schedule.</p> <p><u>Recommendation 01/2014</u></p> <p>a) <i>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.</i></p> <p>b) <i>The Shire should update the Compliance Schedule in section 3.5 of the AMP for this requirement in future.</i></p>	D	2
94.	Annual service charges	Clause 9	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	4	<p>The audit confirmed on a sample basis that the annual rate notice is issued to each owner or occupier, as the case requires, of land on which a service charge is imposed.</p> <p>Water services charges are being determined based on the Gross Rental Value (GRV).</p>	A	1

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95.	Usage bills at least 6 monthly	Clause 10(2)	The licensee must issue a bill for usage to each customer at least once in every 6 month period.	4	Confirmed with the Shire's EHO that no usage charges are billed for sewerage or non-potable water supply. Note: Under Sec 123(1) of the Water Services Act 2012, fees and charges may be imposed for water services on prudent commercial principles. <i>(this also applies to further obligations below).</i>	N/A	N/A
96.		Clause 10(3)	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply.	N/A	N/A
97.		Clause 10(4)	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.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply.	N/A	N/A
98.		Clause 10(5)	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.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply.	N/A	N/A
99.	Address for billing	Clause 11	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.	4	The auditor confirmed on a sample basis compliance with this requirement over the audit period.	A	1
103.	Basis of billing estimate	Clause 13(1)	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.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply. Water services charges are being determined based on the Gross Rental Value (GRV). There are no bill estimates.	N/A	N/A

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104.		Clause 13(2)	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.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply. Water services charges are being determined based on the Gross Rental Value (GRV). There are no bill estimates.	N/A	N/A
105.	Request for meter reading	Clause 14(1)	The licensee must provide to the customer on request a meter reading and a bill in in the prescribed circumstances.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply.	N/A	N/A
106.	Higher than normal usage	Clause 15	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.	4	As per 95, no usage charges are billed for sewerage or non-potable water supply.	N/A	N/A
107.	Under and over charges	Clause 16(2)	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.	4	<p>The undercharging or overcharging can result from the amendment of a rate record, resulting in reassessment of rate or service charges imposed on the land.</p> <p>The Shire's EHO confirmed that no overcharging or undercharging occurred during the audit period.</p> <p>Although Section 6.40 of the Local Government Act 1995 provides ground for provision of rebate or refund in case of rates or service charges reassessment, there is no internal procedure to govern overcharging or undercharging resulting from amendment of rate record.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR

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108.		Clause 16(3)	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.	4	As per item 107.	D	NR
109.		Clause 16(4)	The licensee must not charge interest or late payment fees on an undercharged amount.	4	As per item 107.	D	NR
110.		Clause 16(5)	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.	4	As per item 107.	D	NR
111.		Clause 17(1)	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.	4	As per item 107.	D	NR
112.		Clause 17(2)	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.	4	As per item 107.	D	NR

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113.	Review of bill	Clause 18(1)	The licensee must review a bill on the customer's request.	4	<p>The annual rate notice provides information on objections and appeals in relation to the rate records.</p> <p>As confirmed by the Shire's EHO, during the audit period, no objection and appeal in relation to rate records or request for review of a bill was made during the audit period. The Valuation of Land Act 1976 (as amended) Part IV sets out the manner in which objections and appeals may be instituted regarding the valuations.</p> <p>Section 6.76 and 6.77 of the Local Government Act 1995 provides the grounds on which individual objections and appeals may be instituted as to entries in the rate book regarding the ownership, or whether the property is rateable. An objection to the Rate Book must be made within 42 days after issue of the Notice of Valuation of Rate.</p> <p>The local government procedure does not meet the requirements of the Water Services Code of Conduct. <b>Refer obligations 114 – 117 below.</b></p>	D	NR

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114.		Clause 18(2)	The license must have a written procedure for the review of a bill on the customer's request.	4	<p>There is no written procedure for review of a bill on the customer's request.</p> <p><u>Recommendation 02/2014</u></p> <ol style="list-style-type: none"> <li><i>The Shire should develop a written procedure for review of bills (rates notices with sewerage charges).</i></li> <li><i>The procedure should be made publicly available on the Shire's website and in hardcopy.</i></li> <li><i>The procedure should include:</i> <ol style="list-style-type: none"> <li><i>what happens if the customer has been undercharged or overcharged;</i></li> <li><i>what the customer can do if dissatisfied with outcome of the review;</i></li> <li><i>that the customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal; and</i></li> <li><i>that 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.</i></li> </ol> </li> </ol>	D	2



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115.		Clause 18(3) & (6)	The review procedure in clause 18(2) must include the specified information and be publicly available.	4	Refer obligation 114 above.	D	2
116.		Clause 18(4)	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.	4	Refer obligation 114 above.	D	2
117.		Clause 18(5)	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.	4	Refer obligation 114 above.	D	2
118.	At least 14 days for payment	Clause 20	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	As per the annual Rate Notice sighted, the time set by the licensee for the payment of a bill is 35 days from the date of issue.	A	1
119.	Payment methods	Clause 21(1)	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	Compliance with this requirement was confirmed by reference to a sample of annual Rate Notices, accompanying information leaflet sent out with the annual Rate Notices and licensee's Financial Hardship Policy – Waste Water Services.	A	1
120.		Clause 21(2)	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.	4	Confirmed that annual Rate Notice and accompanying information leaflet which is sent out with the annual Rate Notice contain this information.	A	1

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121.		Clause 22	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.	4	Confirmed by reference to a sample of annual Rate Notices that customers can tick Direct Debit option on the Rate Notice indicating their consent.	A	1
122.	Payment in advance	Clause 23(1)	The licensee must accept payment in advance from a customer on a customer's request.	4	The Shire's EHO confirmed that no request have been made by a customer to make a payment in advance during the audit period.	NP	NR
123.	Redirection of bills	Clause 24	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	This obligation is provided for in the Shire's Financial Hardship Policy. The Shire's EHO confirmed that no requests were received in the audit period.	NP	NR
124.	Payment plan	Clause 25	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.	4	This obligation is provided for in the Shire's Financial Hardship Policy. The Shire's EHO confirmed that no requests were received in the audit period.	NP	NR
125.	Financial hardship policy	Clauses 26(1) & (2)	The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	4	The Shire's Financial Hardship Policy (FHP) – Waste Water Services was sighted. The Shire's FHP was approved by the Authority on 3 July 2014.	A	1

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126.		Clause 26(3)	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.	4	<p>The existing licensees had an obligation to have a hardship policy that is duly approved by the Authority by 18 May 2014. The Shire did not submit a compliant policy to the Authority for approval by this date.</p> <p>Subsequently, the Authority advised the licensee that it had until 18 June 2014 to submit compliant hardship policy and supporting documentation. The Shire submitted a final copy of its outstanding hardship policy and supporting information for consideration by the Authority by 18 June 2014 and the Shire's FHP was approved by the Authority on 3 July 2014, as per Authority's Decision – Outstanding Water Financial Hardship Policies dated 3 July 2014.</p> <p>The audit confirmed that this contravention of Clause 21.1 of the licence was reported on in the Shire's 2013/14 Compliance Report.</p>	A	2
127.		Clause 26(4)	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.	4	The licence was in place prior to the Act coming into effect.	N/A	N/A
128.		Clause 26(5)	The licensee's financial hardship policy must be publicly available.	4	<p>The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy.</p> <p>Confirmed that the Shire's policy is published on the Shire's website as well as a hardcopy of the policy displayed at the Reception area of the Shire's office.</p>	A	1

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129.		Clause 26(6)	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.	4	The Shire's policy was approved by the Authority on 3 July 2014 and is not due for review until 2019. The requirement to review the policy every 5 years is stated in the policy, however to ensure compliance with this requirement, the Compliance Schedule in section 3.5 of the AMP should be updated for the required policy review due date. <i>Refer recommendation 08/2014</i>	B	NR
130.		Clause 27(2)	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.	4	This obligation is included in the Shire's Financial Hardship Policy. There were no claims under this policy in the audit period.	A	NR
131.		Clause 27(3)	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.	4	This obligation is included in the Shire's Financial Hardship Policy. There were no claims under this policy in the audit period.	A	NR
132.		Clause 28(1)	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.	4	This obligation is included in the Shire's Financial Hardship Policy. There were no claims under this policy in the audit period.	A	NR

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133.		Clause 28(4) & (5)	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	4	This obligation is included in the Shire's Financial Hardship Policy. The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy. Confirmed that the Shire's policy is published on the licensee's website as well as hardcopy of the policy displayed at the reception area of the Shire's office.	A	1
134.	Debt recovery	Clause 29	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.	4	This obligation is included in the Shire's Financial Hardship Policy. The Shire's EHO confirmed there have been no debt recoveries in the audit period.	A	NR
139.	Reducing flow rate	Clause 33	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	Confirmed with the Shire's EHO and review of the Asset Management System documentation and drawings that the non-potable water supply (irrigation) does not apply to occupied dwellings.	N/A	N/A
142.	Timeframe to restore service	Clause 34(4)	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.	4	As per 139.	N/A	N/A
144.		Clause 34(6)	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.	4	As per 139.	N/A	N/A

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145.	Complaints procedure	Clause 35(1)	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.	3	The Shire's Customer Service Charter for Wastewater Services (updated June 2014) contains section on "Enquiries, Suggestions, Complaints and Disputes". The Charter is published on the Shire's website. This outlines the procedure for investigating and dealing with customers complaints in relation to water services. The auditor reviewed the licensee's Sewerage Complaints Register and noted that there were no complaints received that related to water services. The Shire also has an internal Complaints Policy outlining the procedure to be followed by staff when handling complaints.	A	1
146.		Clause 35(2)	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).	3	Although not specifically stated in the Shire's Customer Service Charter, the complaint procedure outlined in the Charter is compliant with the relevant provisions of the AS ISO 10002-2006 and the Authority's Customer Complaints Guidelines dated October 2008. <i>Also refer obligation 147 regarding obligations under the Code of Conduct.</i>	A	1
147.		Clause 35(3)	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.	3	The audit reviewed the Shire's complaints handling procedure outlined in the Shire's Customer Service Charter and confirmed compliance.	A	1

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
148.		Clause 35(4)	The licensee's complaints procedure must inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if they use the complaint resolution procedure or instead of the procedures under the Act.	3	<p>The Shire's complaints handling procedure as outlined in the Shire's Customer Service Charter does not inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if they use the complaint resolution procedure or instead of the procedures under the Act.</p> <p><u>Recommendation 03/2014</u></p> <p><i>The Shire should update its complaints handling procedure in the Customer Service Charter to:</i></p> <ul style="list-style-type: none"> <li><i>a) state that a customer may, but does not have to, use the complaints procedure before or instead of the procedures under the Act i.e. applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision to the State Administrative Tribunal;</i></li> <li><i>b) in addition to an option of applying to the Water Services Ombudsman, list the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint to the State Administrative Tribunal; and</i></li> <li><i>c) set out the benefits to the customer, in relation to time and costs, if the customer chooses to use the complaints procedure before or instead of the procedures under the Act i.e. Water Services Ombudsman or State Administrative Tribunal.</i></li> </ul>	C	2

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
149.		Clause 35(6)	The licensee's complaints procedure must be publicly available.	3	The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy. The Shire's complaints handling procedure is outlined in the Shire's Customer Service Charter. The Charter is published on the Shire's website and available in the hardcopy at the Shire's office.	A	1
150, 151	No charge for information	Clause 36(1)	The licensee must provide a customer with the specified services on request and at no charge.	4	Under this Section of Code the licensee must provide a customer with the following on request and at no charge: a) services for account, payment and general enquiries for use by customers with hearing or speech impaired; b) interpreter services for account, payment and general enquiries; c) a large-print version of any of the licensee's publicly available documents.  The Shire's EHO advised that, during the audit period, no such request has been received by the licensee.	A	NR
152.	Access to customer information	Clause 36(2)	The licensee must make available to each customer the customer's personal account information.	4	The Shire's EHO confirmed that the customer's personal account information is made available to each customer upon request. The Shire's EHO advised that, during the audit period, no request was received by the licensee.	A	NR



153.	All Code of Conduct information to be publicly available in hardcopy and website	Clause 37(1)	The licensee must make the prescribed information publicly available.	4	<p>The licensee must make the “prescribed information” publicly available. The definition of “publicly available” per Clause 3 of the Water Services Code of Conduct is website and hardcopy.</p> <p>The “prescribed information” is set out in Section 37 of the Code and includes the fees and charges, bill payment options, concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.</p> <p>The auditor noted that this information is not currently available to customers. This information could be partially provided by obtaining a copy of the Department of Water’s Easy Reference Guide to the Water Services Code of Conduct and making this available on the Shire’s website and in hardcopy at the Shire’s office. However, there also needs to be specific information in respect of the Shire’s fees and charges, payment options, etc.</p> <p><u>Recommendation 04/2014</u></p> <p><i>The Shire should provide a brochure at the Shire office and on the website with the “prescribed information” for sewerage services as set out in Section 37 of the Code. This includes the fees and charges, bill payment options, discounts/ concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.</i></p>	C	3
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No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
<b>Licence Conditions – Specific Clauses</b>							
155.	Fees to regulator	Clause 4	The licensee must pay the applicable fees in accordance with the Regulations.	5	No fees were payable during the audit period. Annual fees have been introduced from 1 January 2015.	NP	NR
156.	Compliance generally	Clause 5.1	Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	4	The auditor reviewed compliance with the Water Services Act 2012, the Water Services Regulations 2013 and the Water Services Code of Conduct (Customer Service Standards) 2013 as per obligations listed in this audit report and concluded that the Shire complies with the legislation except for the issues noted in this report.	A	2
157.		Clause 5.2	The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	4	No Codes of Practice have been issued by the Minister.	N/A	N/A
158.		Clause 5.3	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.	4	The auditor reviewed compliance with Code of Conduct as per obligations listed in this audit report, and concluded that the licensee complies with Code of Conduct with the exception of non-compliances noted as in this audit. <i>Refer recommendations 02/2014 to 04/2014.</i>	B	2

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
159.		Clause 5.4	The licensee must comply with a direction from the Authority in relation to a breach of applicable legislation.	4	<p>Rectification Notice as per Section 39 of the Water Services Licensing Act 1995 has been issued to the Shire on 19 March 2013.</p> <p>The required action was due to be completed by 31 October 2013 per the Notice. This review confirmed that the required action was completed by June 2014 (refer section 3.3 below). The maintenance and inspection program required by the Notice has been implemented and will be done progressively from 2014/15.</p> <p>Therefore, the review concluded that the Section 39 Notice has been complied with but not within the required timeframe so technically this is a non-compliance.</p>	B	3
160.	Compliance with Accounting Standards	Clause 12	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	4	The auditor reviewed the audited Shire's Financial Reports for the audit period and confirmed compliance.	A	1

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
161.	Compliance with performance standards	Clause 13.1	The licensee must comply with any individual performance standards prescribed by the Authority.	4	<p>There are no individual performance standards set out in Schedule 3 of the Shire's licence WL13, Version 3, dated 18 November 2013.</p> <p>Under the previous licences that were in operation until 17 November 2013, the services and performance standards were set out in Schedule 4. The auditor reviewed the Shire's Performance Reports for the years ending on 30 June 2012, 2013 and 2014 and confirmed that the Shire has complied with the services and performance standards as set out in Schedule 4 of the previous licence apart from the following exceptions noted as per the Performance Report for the year ended 30 June 2013:</p> <ul style="list-style-type: none"> <li>• There were more than 40 blockages per 100 km of the sewer main. The Shire reported 40 blockages during this period, which accounted to 166.7 blockages per 100 km of sewer main; and</li> <li>• Less than 90% of customers within one hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the Shire. 1 out of 5 (80%) complaint was delayed in reaching Manager. Communication problem was since resolved.</li> </ul> <p>The auditor reviewed the underlying information recording systems such as incident reports, complaints register and confirmed the accuracy and completeness of the data. As these standards no longer apply, no further action is required.</p>	A	2

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
162.	Operational audit	Clause 14.4	The licensee must cooperate with the independent expert and comply with the Authority's standard audit guidelines dealing with the operational audit.	4	This audit/review is designed in accordance with the Audit Guidelines. The licensee has fully cooperated.	A	1
163.	External administration	Clause 15.1(a), (b), (c)	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.	4	The auditor confirmed by interview and review of the audited Shire's Financial Report for the year ended 30 June 2014 that there is no external administration.	NP	NR
164.	Advise Authority of major or general works	Clause 15.1(d)	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.	4	<p>The auditor confirmed with the Shire's EHO and review of the Asset Management System documentation and drawings that no additional major works or general works have been proposed, provided or undertaken by the licensee during the audit period.</p> <p>The requirement to report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works is not stated in internal procedures or in a Compliance Schedule.</p> <p><i>Refer recommendation 07/2014.</i></p>	D	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
165.	Provision of information to Authority	Clause 16.1	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.	3	<p>In accordance with the Water Compliance Reporting Manual April 2014, the Shire is required to submit to the Authority:</p> <ul style="list-style-type: none"> <li>• Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>• Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> <p>The auditor reviewed the Shire's correspondence with the Authority and the Compliance and Performance Reports for 2011/12, 2012/13, 2013/14 and noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• The Compliance Report for the year ended 30 June 2012 was submitted on 3 September and therefore after the due and four non-compliances identified by the 2011 operational audit were not included in Schedule A to the compliance report as non-compliances.</li> </ul> <p><i>Cont'd</i></p>	C	2

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					<ul style="list-style-type: none"> <li>On 10 September 2012, the Authority requested the Shire to provide a corrected compliance report. Despite several further requests by the Authority for the Shire to provide outstanding correct compliance report since September 2012, the Shire has failed to provide the report. On 25 January 2013, the Authority decided not to pursue this matter further. The failure to provide a correct compliance report on time should have been included in the compliance report for the period ending 30 June 2013, however the audit was unable to confirm that this was done as the Shire was unable to source the 2013 Compliance report within the Shire's records.</li> <li>The Performance Report for the year ended on 30 June 2012 was submitted after the due date and this should have been included in the Compliance report for the period ending 30 June 2013, however the audit was unable to confirm that this was done as the Shire was unable to source the 2013 Compliance report within the Shire's records.</li> </ul> <p><i>Cont'd....</i></p>		

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					<ul style="list-style-type: none"> <li>No evidence was available within the Shire's records to prove that the Compliance Reports for the year ended 30 June 2013 and 2014 and Performance Report for the year ended 30 June 2013 were submitted to the Authority by the due date. Therefore, the auditor was unable to confirm timely submission of these reports.</li> <li>The Shire was unable to source Compliance Reports for the year ended 30 June 2012 and 2013 within the Shire's records.</li> </ul> <p><i>Recommendation 05/2014</i></p> <ol style="list-style-type: none"> <li><i>The Shire should ensure that all future Performance Reports are submitted to the Authority within the timeframes required.</i></li> <li><i>The Shire should keep records of all Compliance reports and reports submissions.</i></li> </ol> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014), however the requirement to submit the annual Compliance Report as well as annual Performance Report and their submission due dates are not specifically stated in the schedule.</p> <p><i>Refer recommendation 08/2014.</i></p>		



No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
166.	Compliance reporting to Authority	Clause 16.2	The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	3	<p>As per item 165, the auditor reviewed the licensee's correspondence with the Authority and licensee's Compliance and Performance Reports for the years ending 30 June 2012, 2013 and 2014 and noted exceptions as to the time and manner with the information reporting requirements prescribed by the Water Compliance Reporting Manual.</p> <p>Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that Authority expects licensees to maintain a compliance (or breach) register in respect of their licence conditions. The Shire's EHO advised that they don't keep a compliance register. Therefore the auditor was unable to determine whether the compliance reports sent to the Authority during the audit period are consistent with the compliance register.</p> <p><u><i>Recommendation 06/2014</i></u>  <i>The Shire should maintain a compliance breach register in respect of their licence conditions to ensure that all contraventions of the licence conditions for each financial year are reported to the Authority in the annual Compliance report.</i></p>	C	2

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
167.	Performance reporting to Authority	Clause 16.3	The licensee must provide the Authority with the data required for performance reporting purposes that is specified in <i>Water Compliance Reporting Manual</i> , and the National Performance Framework that apply to the licensee.	3	The auditor reviewed the Shire's correspondence with the Authority and Shire's Performance Reports for the years ending 30 June 2012, 2013 and 2014 and confirmed the Shire provided the Authority with the data required for performance reporting purposes in the format required, however noted exceptions as to the time with the information reporting requirements prescribed by the Water Compliance Reporting Manual.  <i>Refer recommendation 05/2014.</i>	C	2
168.	Publishing information	Clause 17.2	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.	4	Reviewed correspondence with the Authority in the audit period and confirmed that in the audit period the Shire was not directed by the Authority to publish any information.	NP	NR
169.	Notices in writing	Clause 18.1	Unless otherwise specified, all notices must be in writing.	4	Reviewed correspondence with the Authority in the audit period and confirm compliance. All correspondence observed was in hardcopy letter or email.	A	1
170.	Notify Authority of asset management system (AMS)	Clause 20.1	The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	4	The Authority has been notified of and has approved the asset management system as part of the licence approval.	N/A	N/A

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
171.	Notify Authority of material change to AMS	Clause 20.2	The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	3	<p>The audit noted that there have been major changes to the asset management system during the audit period as required by a Section 39 Notice from the Authority including revision of the Asset Management Plan, appointment of a dedicated resource to manage the scheme, water sampling and reporting to the Department of Health and implementation of a new asset management information system. These changes have been reported to the Authority in status reports and other correspondence.</p> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014). However the requirement to</p>	C	1
172.	Asset Management System Review	Clause 20.6	The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	4	This review is being undertaken in accordance with the Audit and Review Guidelines. The licensee has fully cooperated.	A	1
173.	Ombudsman scheme	Clause 21.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	Confirmed by interview with the Shire's EHO and review of the correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited that the licensee is a member of the Water Services Ombudsman Scheme.	A	1
174	Customer contract	Clause 22.1	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).	4	There is currently no customer contract in place between the Shire and customers. There are no specific terms and conditions in Schedule 4 of the licence.	NP	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
175.		Clause 23.1	If directed by the Authority, the licensee must submit a draft customer contract for approval.	4	As per item 174.	NP	NR
176.		Clause 23.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	As per item 174.	NP	NR
177.		Clause 23.3	The licensee may only amend the customer contract with the Authority's approval.	4	As per item 174.	NP	NR
178.		Clause 23.6	The licensee must comply with any direction by the Authority to amend the customer contract.	4	As per item 174.	NP	NR
179.		Clauses 24.1 and 24.2	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 <i>Customer Services Code</i> without the prior approval of the Authority.	4	As per item 174.	NP	NR
180.		Clause 24.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Customer Services Code</i> , the licensee must publish an annual report containing the information specified.	4	As per item 174.	NP	NR
181.	Obligations of supplier of last resort	Clause 25.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	4	The auditor confirmed with the Shire's EHO that the Shire was not appointed as a supplier of last resort.	N/A	N/A

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
182.	No services outside operating area	Clause 28.1(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.	4	The auditor confirmed by interview with the Shire's EHO, review of Asset Management System documentation and drawings and observation that the Shire does not provide a water service outside of the operating area set out in Plan Number: OWR-OA-080(C).	N/A	N/A
183.	Financial hardship Policy guidelines	Clause 30.3	The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	4	The licensee's Financial Hardship Policy was approved by the Authority on 3 July 2014, as per Authority's Decision – Water Financial Hardship Policies dated 3 July 2014. In its decision, the Authority was satisfied the licensee's FHP meets the relevant requirements of the Water Act, Code and Guidelines.	A	1

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
190.	Service and performance standards (if applicable)	Schedule 3	The licensee must comply with the service and performance standards as set out in Schedule 3.	2	<p>There are currently no service and performance standards set out in Schedule 3 of the Shire's licence WL13, Version 3, dated 18 November 2013.</p> <p>Under the previous licences that were in operation until 17 November 2013, the services and performance standards were set out in Schedule 4. The auditor reviewed the Shire's Performance Reports for the years ending on 30 June 2012, 2013 and 2014 and confirmed that the Shire has complied with the services and performance standards as set out in Schedule 4 of the previous licence apart from the following exceptions noted as per the Performance Report for the year ended 30 June 2013:</p> <ul style="list-style-type: none"> <li>• In the preceding 12 months there were more than 40 blockages per 100 km of the sewer main. The Shire reported 40 blockages during this period, which accounted to 166.7 blockages per 100 km of sewer main; and</li> <li>• Less than 90% of customers within one hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the Shire. 1 out of 5 (80%) complaint was delayed in reaching Manager. Communication problem was since resolved.</li> </ul> <p>The auditor reviewed the underling information recording systems such as incident reports, complaints register and confirmed the accuracy and completeness of the data.</p>	A	2

## 2.7 Current Audit Non-Compliances and Recommendations

A. Resolved during current audit period			
Manual Reference	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Date Resolved (& management action taken)	Auditor's Comments
126	<p><b>Approval of Financial Hardship Policy</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 26(3)</i></p> <p><i>Non-compliant – minor impact</i></p> <p>The existing licensees had an obligation to have a hardship policy that is duly approved by the Authority by 18 May 2014. The licensee failed to submit a compliant Financial Hardship Policy to the Authority for approval by this date.</p> <p>Subsequently, the Authority advised the Shire that it had until 18 June 2014 to submit compliant hardship policy and supporting documentation. The Shire submitted a final copy of its outstanding hardship policy and supporting information for consideration by the Authority by 18 June 2014 and the Shire's Financial Hardship Policy was approved by the Authority on 3 July 2014, as per Authority's Decision – Outstanding Water Financial Hardship Policies dated 3 July 2014.</p>	<p>3 July 2014</p> <p>The Shire's Financial Hardship Policy was approved by the Authority on 3 July 2014.</p>	No further action required.
161 & 190	<p><b>Compliance with the service and performance standards</b></p> <p><i>Licence Conditions – Specific Clauses – Clause 13.1 &amp; Schedule 3</i></p> <p><i>Non-compliant – minor impact</i></p> <p>There are currently no service and performance standards set out in Schedule 3 of the Shire's licence WL13, Version 3, dated 18 November 2013.</p> <p>Under the previous licences that were in operation until 17 November 2013, the services and performance standards were set out in Schedule 4. The auditor reviewed the Shire's Performance Reports for the years ending on 30 June 2012, 2013 and 2014 and confirmed that the Shire has complied with the services and performance standards as set out in Schedule 4 of the previous licence apart from the following exceptions noted as per the Performance Report for the year ended 30 June 2013:</p>	<p>18 November 2013</p> <p>There are currently no service and performance standards set out in Schedule 3 of the Shire's licence WL13, Version 3, dated 18 November 2013.</p>	No further action required.

	<ul style="list-style-type: none"> <li>• In the preceding 12 months there were more than 40 blockages per 100 km of the sewer main. The Shire reported 40 blockages during this period, which accounted to 166.7 blockages per 100 km of sewer main; and</li> <li>• Less than 90% of customers within one hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the Shire. 1 out of 5 (80%) complaint was delayed in reaching Manager. Communication problem was since resolved.</li> </ul> <p>The auditor reviewed the underling information recording systems such as incident reports, complaints register and confirmed the accuracy and completeness of the data.</p>		
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B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Auditor's Recommendation	Management Action taken by end of audit period
01/2014	<p><b>Timeliness of Connections</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 8</i></p> <p><i>Non-compliant – minor impact</i></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> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014), however the requirement for timeliness of connections is not in the schedule.</p>	<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. The Shire should update the Compliance Schedule in section 3.5 of the AMP for this requirement in future.</li> </ol>	Nil
02/2014	<p><b>Review of Rates Notices with Sewerage Charges</b></p> <p><i>Water Services Act 2012 section 27</i></p> <p><i>Licence condition 5.3</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 18(1)</i></p> <p><i>Not rated</i></p> <p><i>Clause 18(2) – 18(6)</i></p> <p><i>Non-compliant – minor impact</i></p> <p>The licensee must have a written procedure for the review of a bill on the customer's request.</p> <p>The Shire does not have a written procedure for review of a bill on the customer's request.</p> <p>The Shire's EHO advised that no request for review of the rates notices relating to sewerage charges had been received during the audit period.</p>	<ol style="list-style-type: none"> <li>1. The Shire should develop a written procedure for review of bills (rates notices with sewerage charges).</li> <li>2. The procedure should be made publicly available on the Shire's website and in hardcopy.</li> <li>3. The procedure should include: <ol style="list-style-type: none"> <li>a) what happens if the customer has been undercharged or overcharged;</li> <li>b) what the customer can do if dissatisfied with the outcome of the review</li> <li>c) that the customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal.</li> <li>d) That 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.</li> </ol> </li> </ol>	Nil

B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Auditor's Recommendation	Management Action taken by end of audit period
03/2014	<p><b>Complaints Procedure</b></p> <p><i>Water Services Act 2012 section 27</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 35(4)</i></p> <p><i>Licence condition 5.3</i></p> <p><b>Non-compliant – minor impact</b></p> <p>The audit reviewed the Shire's complaints handling procedure as outlined in the Shire's Customer Service Charter and noted that the policy does not cover the specific complaints procedures for sewerage charges as per the Code of Conduct. That is, the procedure does not inform the customer that they do not have to use the Shire's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</p>	<p>The Shire should update its complaints handling procedure in the Customer Service Charter to:</p> <ul style="list-style-type: none"> <li>a) state that a customer may, but does not have to, use the complaints procedure before or instead of the procedures under the Act i.e. applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision to the State Administrative Tribunal;</li> <li>b) in addition to an option of applying to the Water Services Ombudsman, list the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint to the State Administrative Tribunal; and</li> <li>c) set out the benefits to the customer, in relation to time and costs, if the customer chooses to use the complaints procedure before or instead of the procedures under the Act i.e. Water Services Ombudsman or State Administrative Tribunal.</li> </ul>	Nil
04/2014	<p><b>Prescribed Information to be Available in Hardcopy and on Website</b></p> <p><i>Water Services Act 2012 section 27</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 36(1) and 37(1)</i></p> <p><i>Licence condition 5.3</i></p> <p><b>Non-compliant – moderate impact</b></p> <p>The licensee must make the "prescribed information" publicly available. The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy.</p> <p>The "prescribed information" is set out in Section 37 of the Code and includes the fees and charges, bill payment options. Concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.</p>	<p>The Shire should provide a brochure at the Shire office and on the website with the "prescribed information" for sewerage services as set out in Section 37 of the Code. This includes the fees and charges, bill payment options, discounts/concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.</p>	Nil

B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	The auditor noted that this information is not currently available to customers. This information could be partially provided by obtaining a copy of the Department of Water's Easy Reference Guide to the Water Services Code of Conduct and making this available on the Shire's website and in hardcopy at the Shire's office. However, there also needs to be specific information in respect of the Shire's fees and charges, payment options, etc.		
05/2014	<p><b>Performance and Compliance Reporting</b></p> <p><i>Licence Conditions – Specific Clauses – Provision of Information Clauses 16(1), 16(3)</i></p> <p><i>Non-compliant – minor impact</i></p> <p>In accordance with the Water Compliance Reporting Manual April 2014, the Shire is required to submit to the Authority:</p> <ul style="list-style-type: none"> <li>• Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>• Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> <p>The auditor reviewed the Shire's correspondence with the Authority and the Compliance and Performance Reports for 2011/12, 2012/13, 2013/14 and noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• The Compliance Report for the year ended 30 June 2012 was submitted on 3 September and therefore after the due and four non-compliances identified by the 2011 operational audit were not included in Schedule A to the compliance report as non-compliances.</li> <li>• On 10 September 2012, the Authority requested the Shire to provide a corrected compliance report. Despite several further requests by the Authority for the Shire to provide outstanding correct compliance report since September 2012, the Shire has failed to provide the report. On 25 January 2013, the Authority decided not to pursue this</li> </ul>	<ol style="list-style-type: none"> <li>1. The Shire should ensure that all future Performance Reports are submitted to the Authority within the timeframes required.</li> <li>2. The Shire should keep records of all Compliance reports and reports submissions.</li> </ol>	Nil

B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>matter further. The failure to provide a correct compliance report on time should have been included in the compliance report for the period ending 30 June 2013, however the audit was unable to confirm that this was done as the Shire was unable to source the 2013 Compliance report within the Shire's records.</p> <ul style="list-style-type: none"> <li>• The Performance Report for the year ended on 30 June 2012 was submitted after the due date and this should have been included in the compliance report for the period ending 30 June 2013, however the audit was unable to confirm that this was done as the Shire was unable to source the 2013 Compliance report within the Shire's records.</li> <li>• No evidence was available within the Shire's records to prove that the Compliance Reports for the year ended 30 June 2013 and 2014 and Performance Report for the year ended 30 June 2013 were submitted to the Authority by the due date. Therefore, the auditor was unable to confirm timely submission of these reports.</li> <li>• The Shire was unable to source Compliance Reports for the year ended 30 June 2012 and 2013 within the Shire's records.</li> </ul> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014), however the requirement to submit the annual Compliance Report as well as annual Performance Report and their submission due dates are not specifically stated in the schedule.</p>		

B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Auditor's Recommendation	Management Action taken by end of audit period
06/2014	<p><b>Compliance Register</b></p> <p><i>Licence conditions – Specific clauses – Provision of information – Clause 16.2</i></p> <p><i>Non-compliant – minor impact</i></p> <p>Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that Authority expects licensees to maintain a compliance (or breach) register in respect of their licence conditions. The Shire's Manager Development Services advised that they don't keep a compliance breach register.</p>	The Shire should maintain a Compliance Breach register in respect of their licence conditions to ensure that all contraventions of the licence conditions for each financial year are reported to the Authority in the annual compliance report.	Nil
07/2014	<p><b>Internal Policies and Procedures relating to the Licence</b></p> <p><i>Water Services Act 2012 sections 82(4)&amp;(5), 84(2), 87(2), 90(7), 119(2), 122(2), 128(4), 129(5), 139(3), 142, 143(2)&amp;(3), 144(3), 145(2), 147(3)&amp;(4), 151(1)-(3), 153(3), 165(5)&amp;(6), 170, 173(4), 174(1)&amp;(3), 175(2)&amp;(5), 176(1),(3)&amp;(4), 181, 186, 187(1)-(3), 190(4)-(5), 218(2).</i></p> <p><i>Water Services Regulations 2012 – Reg. 85.</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 16(2)-(5), 17(1)- (2).</i></p> <p><i>Licence – Clause 15.1(d)</i></p> <p><i>Not rated</i></p> <p>The licence includes compliance obligations in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, lodgement of memorial, acquiring interest in land, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works.</p> <p>Although the audit confirmed these activities had not occurred in the audit period, there are no documented internal procedures</p>	The Shire should develop and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works.	Nil

B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/Compliance Rating/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	that would ensure compliance with these conditions of the licence in future.		
08/2014	<p><b>Compliance Schedule</b>  <i>Water Services Act 2012 sections 24(1)(b).</i>  <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 26(6).</i>  <i>Licence condition – Specific Clauses – Clauses 15(1)(d), 16(1) and 20(2).</i>  <i>Not rated</i></p> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the Asset Management Plan (revised in June 2014), however the schedule only includes the requirement to submit an “annual report (July to June) to ERA by 30<sup>th</sup> July”.</p> <p>To ensure compliance with the regulatory timeframes, the Schedule should be updated to stipulate the requirement for submission of the annual Compliance as well as Performance Report and their submission due dates and for other relevant compliance and reporting requirements of the licence.</p>	<p>The Shire should update the Compliance Schedule in section 3.5 of the AMP for the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the next policy review due date and the requirements to notify the Authority of any significant changes to the asset management system or major and general building works within 10 business days.</p>	Nil

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## 2.8 Conclusion

The audit has been conducted to assess the licensee's level of compliance with the conditions of its licence.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Coolgardie has:

- a) complied with its licence obligations during the audit period from 1 December 2011 to 30 November 2014 with the exception of:
  - the Shire's Financial Hardship Policy due to be approved by the Authority by 18 May 2014 under the *clause 26(3) of the Water Services Regulation 2012* was not approved until 3 July 2014 due to a delay in its submission.
  - no evidence was provided by the Shire to confirm that 90% of the 10 new connections in 2013/14 were completed within the timeframes required. Therefore, without any evidence to the contrary, this needs to be treated as a non-compliance with the *Water Services Code of Conduct (Customer Service Standards) 2013*.
  - the Shire does not have a written procedure for review of a bill on the customer's request as required under the *Water Services Code of Conduct (Customer Service Standards) 2013*.
  - the Shire's complaints handling procedure in the Customer Service Charter does not contain all the information required under the *Water Services Code of Conduct (Customer Service Standards) 2013*.
  - the "prescribed information" under the *Water Services Code of Conduct (Customer Service Standards) 2013* is not available on the Shire's website and in hardcopy at the Shire's office.
  - Compliance and Performance reports are not always submitted by the due dates, records of reports submissions are not always kept and there is no Compliance Breach Register.
  - the action under a Section 39 Notice from the Authority that was required to be completed by 31 October 2013 was not completed until 30 June 2014.
  - non-compliance with the services and performance standards set out in Schedule 4 of the previous licences (in operation until 17 November 2013) during the 2012/13 reporting period in relation to a number of blockages per 100 km of the sewer main (166.7 blockages per 100 km of sewer main reported) and less than 90% of customers within one hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the Shire (80% of customers advised).
- b) implemented three out of seven recommended actions from the previous audit including developing and implementing a Complaints Procedure, updating the Customer Service Charter for emergency contact details and ensuring that Post Audit Implementation Plan updates are submitted to the Authority by the due dates. Two recommendations concerning the availability of the Customer Service Charter and Operational Audit and Asset Management System Review are no longer required. Two recommendations had not yet been implemented as follows:
  - update the Compliance Schedule with the required timeframes for notification of changes to the asset management system to the Authority and other regulatory requirements and due dates.
  - ensure that annual Compliance reports are submitted by the due date and a Compliance Breach register is maintained.
- c) established an adequate control environment for ongoing compliance apart from the non-compliance issues noted above and the inadequate controls noted in this report.

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- d) maintained the data integrity of reporting to the Authority apart from the exceptions noted above.

The audit recommended that the Shire:

- a) develop a written procedure for review of bills (rates notices with sewerage charges) and the procedure should be made publicly available on the Shire's website and in hardcopy;
- b) update the complaints handling procedure in the Customer Service Charter to include the details required by the *Water Services Code of Conduct (Customer Service Standards) 2013*;
- c) ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and keep a record of the dates the reports were submitted.
- d) maintain a Compliance Breach register in respect of the licence.
- e) ensure the timeliness of connections requirement is complied with and update the Asset Management Plan for the timeliness of connections requirement;
- f) make available the "prescribed information" under the *Water Services Code of Conduct (Customer Service Standards) 2013* on the Shire's website and in hardcopy at the Shire's office;
- g) develop and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works; and
- h) update the Compliance Schedule in section 3.5 of the AMP for the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the next policy review due date; the requirement to notify the Authority of any significant changes to the asset management system within 10 business days, the requirement for timeliness of connections etc. , to ensure regulatory timeframes are met.



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### 3. Asset Management System Review

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#### 3.1 Objectives and Scope

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

- Asset planning
- Asset creation/acquisition
- Asset disposal
- Environmental analysis
- Asset operations
- Asset maintenance
- Asset management information system
- Risk management
- Contingency planning
- Financial planning
- Capital expenditure planning
- Review of the asset management system.

The highest priority asset components based on inherent risk and the previously assessed processes were:

- **Asset Planning** - high inherent risk and previous review noted the Asset Management Plan needed to be re-written and broadened.
- **Environmental Analysis** – high inherent risk and previous review noted deficiencies in the environmental analysis.
- **Asset Operations** – previous review noted a lack of documented operating procedures and instructions.
- **Asset Maintenance** – previous review noted a lack of detailed maintenance instructions and of regular inspections.
- **Asset Management Information System** - previous review noted the new AMIS needed to be tailored, data entered promptly and staff training provided.
- **Risk Management** – previous review noted the risk analysis required review.
- **Contingency Planning** - high inherent risk and previous review noted no formal contingency plans.
- **Financial Planning** - previous review noted replacement values of assets needed to be updated and financial plans reassessed on basis of lifecycle costs.
- **Capital Expenditure Planning** – previous review noted the capital expenditure model needed to be populated, including replacement costs of assets.
- **Review of Asset Management System** - previous review noted no regular review of the Asset Management Plan.

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The review assessed the status of the previous review recommendations and also identified areas where improvement is required.

The review covered the period from 1 November 2013 to 31 October 2014.

### 3.2 Asset Management Process and Performance Rating Scales

The adequacy of process policy and definition and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

#### Asset management process and policy definition - 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>
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 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 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	Some 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>

### 3.3 Status of Previous Review Recommendations

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
<b>A. Resolved before end of previous review period</b>				
	Nil			
<b>B. Resolved during current review period</b>				
01/2013 B2	<p><b>Asset Planning</b></p> <p>The population serviced by the sewerage facilities is in the order of 980 persons and is expected to remain static in the foreseeable future. Consequently, the capacity of the system is currently adequate. New assets are therefore based on replacement of underperforming assets. Currently, those required for measuring / monitoring services quantity and quality are receiving priority. These include the installation / investigation of flow meters, a chlorination system and electrical improvements to the main pumping station.</p> <p>Item 2.4 of Chapter 2 of the 2013 AMP "Demand Forecast for Wastewater Assets" is identical with the same section of the 2006 version. It includes the same statement as the 2006 version regarding Shire's consideration of the possibility of storing stormwater in disused ponds at the treatment plant – with a view to extending re-use reticulation facilities to further areas of the town. While the population is described as stagnating – requiring no new facilities, the statement should be reviewed and updated.</p> <p>The Asset Management Plan (AMP) initially prepared in 2006 as a "developing plan" has been amended and</p>	<p>Most recommendation of the previous 2012 review remain valid, i.e.:</p> <p>The AMP should be reviewed, substantially broadened in scope and re-written to reflect the legislative requirements of the water services licence and the basis of operating, maintaining and monitoring the performance of the water services.</p> <p>In particular the document should contain statements of policy and procedures regarding:</p> <ul style="list-style-type: none"> <li>• Asset Planning, Creation and Disposal. Transfer of appropriate statements in the SOP will suffice.</li> <li>• Operations, Maintenance and performance monitoring of assets and processes.</li> <li>• Operating Environment, Risk Analysis and Contingency Planning.</li> </ul> <p>A procedure for reviewing the AMP at intervals of not more than 2 years, (or if significant changes are made to assets), together with a front cover or similar recording of the review date, amendments made and sign off by the reviewer.</p>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>re-produced as a "2013 developing plan" This 2013 version of the AMP remains in Reviewer's opinion, more akin to a promotional document than a working plan and should be substantially edited / rewritten.</p> <p>The AMP is supported by an additional document entitled "Standard Operating Procedures" (SOP). The latter document includes material that should be contained in the AMP. These include detailed procedures for:</p> <ul style="list-style-type: none"> <li>• Asset Planning assessment such as asset capacity, performance, capital, maintenance and consumables costs and life</li> <li>• Asset Creation including performance requirements and monitoring, estimates and lifecycle cost comparisons, budgeting limitations, Council approvals and the Shire's tendering/ purchasing policies and inclusion of new assets in the asset register.</li> <li>• Asset Disposal, including assessment of refurbishment versus replacement costs, compliance with Local Government Act 1995 requirements and requirements for safe health and environmental disposal</li> <li>• The basis of the risk assessment model (included in the Asset Management Information System (AMIS)) software and a basic procedure for dealing with sewage overflows and spillages.</li> </ul> <p>Reviewer considers that the AMP should be the main document associated with asset management and that</p>	Comments in the SOP regarding Risk Analysis and Emergency procedures should be re- located in the AMP under the headings Risk Analysis Basis and Contingency Planning respectively.		

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	the SOP address matters related to administrative, health and safety procedures to be used by the Shire's staff.  More detailed future long term asset planning software is provided within the "Asset Management Information System" (AMIS) described in Item 7. However, this planning software is yet to be implemented.			
02/2013 A1	<b>Asset Creation and Acquisition</b> Asset Creation and Acquisition is adequately dealt with in the SOP. Reviewer considers the text should be transferred to the AMP as a separate chapter.	Text on Asset creation and Acquisition should be transferred from the SOP to the AMP.	June 2014	No further action required.
03/2013 B/NR	<b>Asset Disposal</b> Asset Disposal requirements of the Local Government Act 1995, together with requirements for assessing refurbishment versus replacement options and requirements for safe disposal are set out in the SOP. As for Asset Creation and Acquisition above, the text in the SOP regarding Asset Disposal should similarly be transferred to the AMP.	Text on Asset Disposal should be transferred from the SOP to the AMP.	June 2014	No further action required.
04/2013 C3	<b>Environmental Analysis</b> Chapter 2 of the AMP – "Levels of Service and Demand Management" adequately refers to some, but not all, key service criteria required to be addressed as "Environmental Analysis" in ERA's "Audit Guidelines – Electricity, Gas and Water Licences" – August 2010. The Legislative Environment and relevant acts are described as are the Regulatory Requirements ie the ERA, DER licences and DOH. Performance criteria for these are stated in an unrelated Table.	Chapter 2 of the AMP should be re-written under the heading "Environmental Analysis and Demand Management". The chapter should include the following topics: <ul style="list-style-type: none"> <li>Natural and Community Environment (a brief description)</li> <li>The Legislative Environment</li> <li>Details of ERA, DER and Health Department licences, their key service and quality</li> </ul>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>Some of the existing text is considered superfluous eg, 2.6.1 – Key service criteria, 2.6.2 – Service Characteristics, 2.6.3 – Target Levels of Service. Similarly, Table 1 which is an incomplete copy of Table 16 of ERA's "Guidelines" would be more relevant if completed and included as an Appendix</p> <p>Basic maintenance and operating procedures have been regularly undertaken following the appointment of the water services operator in May 2013. The resulting improvement and activity associated with system elements is visually obvious. Over the same period, flows have been measured and samples analysed for both the chemical and biological requirements of DER and Health Department. Records of results are recorded and filed. Results to date have been in accordance with the relevant standards. Sampling procedures including chain of custody pro-forma sheets for sample transport are set out in the SOP.</p>	<p>standards, testing frequency, emergency response and reporting requirements.</p> <ul style="list-style-type: none"> <li>• Threats and opportunities in the system environment.</li> <li>• Existing and future demand and management.</li> <li>• Performance measurement procedures.</li> </ul>		
05/2013 C2	<p><b>Asset Operation</b></p> <p>The appointment of the Manager Development Services (EHO) and the subsequent appointment and training of an officer to undertake the day to day operation, maintenance, recording, sampling tasks etc. has resulted in a significant improvement in the management and operation of assets and the achievement of the various licence standards of quality and reporting. Reviewer considers that the Coolgardie sewerage and non-potable water services systems are now being operated in a manner that satisfies the standard and quality requirements of its ERA,</p>	<p>Most recommendation of the previous 2012 review remain valid, i.e.:</p> <p>The Shire should prepare a detailed set of instructions for the operation of the water services and their individual components.</p> <p>The instructions should include basic drawings of the system elements supported by instructions in the operation sequence of pumps, switchboards and recording of readings from flow meters, pressure gauges and reporting of faults or malfunctions.</p>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>Department of Environmental Regulation (DER) and Department of Health licences.</p> <p>The Shire now has an informal agreement with a local electrical contractor to undertake specialist services associated with maintenance, installation, repair and upgrading of the water services assets. The Shire is currently seeking further quotes from other electrical providers with a view to awarding a formal contract. The Shire has a formal three year contract with a local mechanical services provider to assist in this area.</p> <p>While the operation of the various system elements is generally basic, there is a practical and licence requirement for the operation of the system to be covered by detailed operating instructions. These have not been prepared pending urgent works being undertaken in the installation of flow meters, chlorination equipment, pumping station electrical and mechanical works and works at the treatment plant.</p>	The operating instructions should also include a copy of the relevant safety plan for the system and a reporting procedure in the event of an emergency.		
07/2013 B2	<p><b>Asset Management Information System</b></p> <p>The Shire has installed an Asset Management Information software package on its computer system. The system includes: An Asset Register, Inventory Control (spare parts list), Condition and Performance, Risk Assessment, Maintenance Details and Schedules and Financial Planning.</p> <p>With the exception of risk assessment, most of the software requires further input of data related to the assets before a benefit is realised. Also some review and broadening of topics is necessary.</p>	<p>The Shire should review the inputs and outputs of the AMIS and edit as considered necessary. Also the entry of data should be completed promptly in order to gain the benefits of the software as soon as possible.</p> <p>Implement staff training for recording and retrieving all legislative, operational, maintenance reports, correspondence et</p>	June 2014	No further action required.



Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>The software is supported on the Shire's Synergy system by complaints, blockages odour and action register, water sampling test results, maintenance jobs order forms details, a running record of maintenance expenditure and reports.</p> <p>Staff have general access to their own "user" space on the computer system. Access to certain areas of the system are limited to specific individuals e.g. Financial Records, confidential reports etc. Access to the computer system, which is backed up daily, is by individual password. The premises are locked outside business hours.</p>			
08/2013 A2	<p><b>Risk Management</b></p> <p>A comprehensive risk assessment and management strategy has been undertaken using the risk assessment package of the AMIS software. The assessment philosophy, which is set out in the AMP, includes description and conditions for identifying risks and their quantification including controls, probability of occurrence, consequences, and mitigation strategies in the event that existing controls lead to unacceptable risk.</p> <p>This is the initial risk assessment for the water services and was prepared by others for the Shire. Some fifty two risks were assessed and appear to exhibit a sound understanding of the water services. However, Reviewer considers a Shire "in-house" review of the risks assessed should be undertaken to ensure that the assessment and mitigation strategies are relevant to the Shire's practice. The risks associated with power failure, bushfire should also be assessed.</p>	<p>The existing risk analysis should be reviewed "in-house" and extended if considered appropriate.</p> <p>The description of the Risk Analysis procedures in the SOP should be transferred to a separate chapter of the AMP.</p>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
09/2013 C3	<p><b>Contingency Planning</b></p> <p>Contingency planning in Sections 8 and 9 of the Shire's SOP is very general and based mainly on issues associated with blockages, overflows and odours from the reticulation system. The planning does not include some of the more serious items of the risk analysis. The names and contact details of relevant Shire staff, contractors, authorities and suppliers affected by such emergencies are not provided.</p> <p>It is noted that a pumping station fault is indicated only by a flashing light at the pumping station. Action is reliant on a member of the public noticing the light and reporting it to the Council. Many hours could elapse between the fault occurring and reporting. In addition to the light flashing, a signal advice should be transferred to the telephone of the officer on emergency duty.</p> <p>The current Customer Charter contains the names and contact details of persons who are no longer employed by the Shire.</p>	<p>The Shire should prepare and document a contingency plan for each emergency situation identified in the Risk Analysis.</p> <p>Details should include:</p> <ul style="list-style-type: none"> <li>Procedures for implementing each contingency plan</li> <li>Names and contact details of relevant Shire staff, contractors, authorities and suppliers affected by such emergencies.</li> </ul> <p>Review the range and detail of contingency procedures in Section 8 of the SOP and transfer to the AMP – as a separate Section titled "Contingency Planning". Text related to sampling procedures should be retained in the SOP.</p> <p>Arrange for a signal advice of a pumping station fault to be transferred to the telephone of the officer on emergency duty Review and correct the list of staff and contact details listed in the Customer Charter.</p>	June 2014	No further action required.
10/2013 C2	<p><b>Financial Planning</b></p> <p>The Shire's Financial papers (budgets) for 2013 /2014 relevant to the sewerage and non-potable water services were discussed during telephone conversations with the Manager Administrative Services, who was absent during the site visit. Income and expenditure for the sewerage system for the current year and actual cost and budget for the previous year are listed.</p>	<p>Seek professional advice regarding the replacement value of the assets and re-asses the necessary holding in, and ongoing contributions to the reserve fund.</p> <p>Future budget estimates, financial plans and contributions to reserve should be formulated on the basis of the life cycle costs of the assets.</p>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>An accompanying note to the budget papers states "The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities).</p> <p>For the current financial year, income will be fully expended. An anticipated deposit to the reserve will match the value of anticipated works funded from the reserve – which currently stands at \$500,000</p> <p>The replacement costs of assets was assessed to be in the order of \$1.66 M in 2005. Whether these were based on escalation of initial costs, or on actual costs in 2005 is not known. There is clearly a need to update the replacement value of the assets and to re-asses the necessary holding in, and ongoing contributions to the reserve fund.</p> <p>Assuming all assets were constructed in say, 1984 (ie, 29 years ago) and have an average life of say 50 years, the funds held in reserve should be in the order of <math>29/50 \times \\$1.664 = \\$ 965,000</math> – which is significantly more than the amount actually held. Realistically, the current replacement value will be significantly higher than the figure of \$ 1.664 M in 2005.</p> <p>The current budget papers have no long term (20 years or more) financial plan indicating the ongoing financial viability of the water services assets. The AMIS contains software for predicting capital expenditure for a forthcoming period of fifty years. This model would form a sound base for formulation of a financial plan.</p> <p>It is noted that the AMIS contains a detailed fifty years lifetime cost analysis (LCA). The LCA was completed after the 2013 / 2014 budget was prepared, and is</p>			

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	therefore not reflected in the current budget. Future budget estimates, financial plans and contributions to reserve should be formulated on the basis of the LCA.			
11/2013 C3	<p><b>Capital Expenditure Planning</b></p> <p>The AMIS software includes an elaborate and finely detailed lifetime capital expenditure model (LCE) extending over a period of fifty years. Capital expenditure is based on the expected life of the assets, valuations in 2005, an interest rate of 6.5% and an escalation rate of 3.5%.</p> <p>Peak expenditure is indicated as occurring in the years 2034 and 2038 – when the bulk of civil assets reach the end of their theoretical life. Clearly, some or many of the assets will need to be replaced earlier – on the basis of condition or performance requirements. The model provides for this probability – which in practical terms also allows peak capital expenditure to be spread over many years and the expenditure graph to be “smoothed”</p> <p>A check of the Australian Bureau of Statistics data indicates that the Australian Consumer Price Index increased by some 24% between June 2005 and June 2013. However, the escalation rate of 3.5% adopted in the Shire's capital expenditure model results in an escalation in the replacement value of the assets of 32% over the same eight years period. Over a period of fifty years, use of fixed interest and escalation rates in the model could result in a significant discrepancy between predicted and actual expenditure</p> <p>Reviewer considers the model will be useful for longer term financial planning with judicious consideration of</p>	<p>The Shire should seek a professional engineering advice on the current replacement cost of its assets.</p> <p>For capital expenditure planning purposes, the Shire should use the capital expenditure model of the AMIS over a rolling forward period of five to ten years, using current rates for interest and escalation.</p>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>interest and escalation rates over the longer period. However, it will be more practical for the model to be used over a period of say five to ten years for capital expenditure planning – using current values for interest and escalation rates.</p> <p>The Shire should consider obtaining a professional opinion on the current replacement value of its assets as recommended in Item 10 – Financial Planning.</p>			
12/2013 B2	<p><b>Review of Asset Management System</b></p> <p>The AMP has been revised and extended. However, it appears to be a first stage “cut and paste” of the previous 2006 document. The AMP is supported by an additional document, “Standard Operating Procedures”(SOP) which sets out the Shire’s approach and legal requirements for asset planning, acquisition and disposal. Together with the SOP some of the recommendations have been covered at least partially. Further editing input is required as set out in the main report</p> <p>Operations, Maintenance and performance monitoring has been significantly improved. However, the level of documentation can be improved</p> <p>Comprehensive Asset Management Information System (AMIS) software has been installed on the Shire’s computer network. A considerable amount of data entry time is required before the interactive benefits of the system are fully realised Staff training has commenced.</p> <p>The AMIS contains a detailed and broad based risk analysis. However the operating environment</p>	<p>That the recommendations of the previous review be implemented i.e.:</p> <p>The AMP should be reviewed, substantially broadened in scope and re-written to reflect the legislative requirements of the water services licence and the basis of operating, maintaining and monitoring the performance of the water services.</p> <p>In particular the document should contain statements of policy and procedures regarding:</p> <ul style="list-style-type: none"> <li>• A procedure for reviewing the AMP at intervals of not more than 2 years, (or when significant changes are made to assets), together with a front cover or similar recording of the review date, amendments made and sign off by the reviewer.</li> <li>• Independent Asset Management Review</li> </ul>	June 2014	No further action required.

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>statement in the AMP and the Contingency Planning document in the SOP need to be broadened</p> <p>Overall, Reviewer's opinion is that whilst some of the recommendations of the previous review have been implemented in part – and both the AMP and the SOP now have provision for review and sign-off, an effective review has not been undertaken in the short period since appointment of the EHO and operations officer.</p>			
<b>C. Unresolved at end of current review period</b>				
06/2013 C2	<p><b>Asset Maintenance</b></p> <p>As stated in Item 5 above, the appointment of the Manager Development Services (EHO) and the subsequent appointment and training of an officer to undertake the day to day operation, maintenance, recording, sampling tasks etc. has resulted in a significant improvement in the management and operation of assets and the achievement of the various licence standards of quality and reporting. Reviewer considers that the Coolgardie sewerage and non-potable water services systems are now being operated in a manner that satisfies the standard and quality requirements of its ERA, Department of Environmental Regulation (DER) and Department of Health licences.</p> <p>The Shire now has an informal agreement with a local electrical company to undertake specialist assistance associated with servicing, installation, repair and upgrading of the water services assets. The Shire is currently seeking further quotes from other electrical</p>	<p>As per the previous review, that the Shire prepares detailed maintenance instructions for each element of the water services.</p> <p>The instructions should include;</p> <ul style="list-style-type: none"> <li>• basic drawings of the system elements supported by a reviewed schedule of the frequency of inspections, recording and details of maintenance items.</li> <li>• pro-forma sheets for recording maintenance undertaken, the date etc. and notification of faults.</li> <li>• A list of spares held and contact information for their replacement</li> <li>• A forward program for ongoing assessment of the condition and performance of assets.</li> </ul> <p>As per the previous, the Shire should also:</p>	In progress	<p>Recommendations re detailed maintenance instructions and schedule, pro-forma sheets for recording maintenance undertaken and list of spares have been implemented in June 2014.</p> <p>The Shire has already embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers (planned to be completed by February 2015) and initiated checking grease traps.</p> <p>A progressive program of jetting and CCTV inspection of all gravity sewers is intended over the financial years 2015/16 to 2019/2020.</p> <p>Further action is required:</p>

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	<p>providers with a view to awarding a formal contract. The Shire has a formal three year contract with a local mechanical services provider to assist in this area.</p> <p>The AMIS includes a basic planned maintenance schedule which requires some further detail and editing of some of the items. The various system elements are fairly basic. However, there is a practical and licence requirement for the maintenance of the system to be covered by detailed maintenance instructions. As stated above for Item 5 – “Asset Operations” these have not been prepared pending urgent works being undertaken in the installation of flow meters, chlorination equipment, pumping station electrical and mechanical works and works at the treatment plant.</p>	<ul style="list-style-type: none"> <li>Implement an initial program of inspection and evaluation of the condition of manholes and pipework within the sewage collection system. Such a program could be undertaken over period of say 12 months- depending on cost and staff resources</li> <li>From the results, identify any elements that require replacement or maintenance.</li> <li>Prepare a program and estimates for both capital replacement and maintenance.</li> <li>Implement the programs</li> </ul> <p>Spares that are held should be documented.</p> <p>Grease blockages are not normally a factor in domestic sewers. Shire should check whether grease producing facilities connected to the sewer have properly maintained greased traps.</p>		<ol style="list-style-type: none"> <li>As planned, the Shire should complete the condition assessment of the access chambers and pipes.</li> <li>As planned, the Shire should undertake and complete the progressive program of jetting and CCTV inspection of all gravity sewers.</li> <li>The Asset Condition Register Excel spreadsheet should be updated for the condition assessment and date inspected for future reference.</li> <li>The Shire should prioritise the maintenance tasks resulting from the asset condition appraisal and complete any further action required, whether immediate repairs or as part of the planned maintenance program over the next 12 months.</li> <li>If planned maintenance is required, it needs to be included in the Shire's planned work programme</li> </ol>

Table of Previous Review Ineffective Components Recommendations				
Reference (no./year)  Compliance rating	Effectiveness Criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
				<p>and marked off as it is completed.</p> <p>6. As per the previous review, the Shire should implement a forward program for ongoing assessment of condition and performance of all assets.</p> <p><i>Refer recommendation 10 /2014</i></p>



### 3.4 Summary of Asset Management System Effectiveness Ratings

The audit assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 3.2, is shown in the table below.

Section 3.5 provides further details of the rating for each process in the asset management system.

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
<b>1. Asset planning</b>	A				1				
1.1 Asset management plan covers key requirements.	A				1				
1.2 Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	A				1				
1.3 Service levels are defined.	A				1				
1.4 Non-asset options (e.g. demand management) are considered.	A				1				
1.5 Lifecycle costs of owning and operating assets are assessed.	A				1				
1.6 Funding options are evaluated.	A				1				
1.7 Costs are justified and cost drivers identified.	A				1				
1.8 Likelihood and consequences of asset failure are predicted.	A				1				
1.9 Plans are regularly reviewed and updated.	A				1				
<b>2. Asset creation/ acquisition</b>	A				1				
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	A				1				
2.2 Evaluations include all life-cycle costs.	A				1				
2.3 Projects reflect sound engineering and business decisions.	A				1				
2.4 Commissioning tests are documented and completed.	A				1				

ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating				Performance rating			
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	A				1			
<b>3. Asset disposal</b>		B					3	
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.		B					3	
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.		B					3	
3.3 Disposal alternatives are evaluated.	A				1			
3.4 There is a replacement strategy for assets.	A				1			
<b>4. Environmental analysis</b>	A				1			
4.1 Opportunities and threats in the system environment are assessed.	A				1			
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	A				1			
4.3 Compliance with statutory and regulatory requirements.	A				1			
4.4 Achievement of customer service levels.	A				1			
<b>5. Asset operations</b>	A					2		
5.1 Operational policies and procedures are documented and linked to service levels required.	A				1			
5.2 Risk management is applied to prioritise operations tasks.	A				1			
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	A					2		
5.4 Operational costs are measured and monitored.	A				1			
5.5 Staff resources are adequate and staff receive training commensurate with their responsibilities.	A				1			
<b>6. Asset maintenance</b>			C				3	
6.1 Maintenance policies and procedures are documented and linked to service levels required.	A				1			
6.2 Regular inspections are undertaken of asset performance and condition.			C				3	
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	A				1			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating	Performance rating						
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	A				1			
6.5 Risk management is applied to prioritise maintenance tasks.	A				1			
6.6 Maintenance costs are measured and monitored.	A				1			
<b>7. Asset Management Information System (MIS)</b>	A				1			
7.1 Adequate system documentation for users and IT operators.	A				1			
7.2 Input controls include appropriate verification and validation of data entered into the system.	A				1			
7.3 Logical security access controls appear adequate, such as passwords.	A				1			
7.4 Physical security access controls appear adequate.	A				1			
7.5 Data backup procedures appear adequate and backups are tested.	A				1			
7.6 Key computations related to licensee performance reporting are materially accurate.	A				1			
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	A				1			
<b>8. Risk management</b>	A				1			
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	A				1			
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.	A				1			
8.3 The probability and consequences of asset failure are regularly assessed.	A				1			
<b>9. Contingency planning</b>	A				1			
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	A				1			
<b>10. Financial planning</b>	A					2		
10.1 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	A				1			
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	A				1			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating	Performance rating						
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	A				1			
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	A				1			
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	A					2		
10.6 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	A				1			
<b>11. Capital expenditure planning</b>	A					2		
11.1 There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	A				1			
11.2 The plan provides reasons for capital expenditure and timing of expenditure.	A				1			
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	A					2		
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	A				1			
<b>12. Review of asset management system</b>	A				1			
12.1 A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	A				2			
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	A				1			

### 3.5 Review Observations and Recommendations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>1</b>	<b>ASSET PLANNING</b>	Process Rating <sup>7</sup>	<b>A</b>	Performance Rating <sup>8</sup>	<b>1</b>
1.1	Asset management plan covers key requirements.	The Shire of Coolgardie Asset Management Plan (AMP) revised in June 2014 was sighted. The reviewer was satisfied that the Shire's AMP covers the key requirements. The Plan aligns with the Asset Management Plan format set out in the Institute of Public Works Engineering Australia's (IPWEA) International Infrastructure Management Manual (IIMM).			
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	The Asset Management Plan states the needs of the various stakeholders and is part of the Shire's overall business planning framework.			
1.3	Service levels are defined.	The Levels of Service requirements for customers are detailed in the Customer Service Charter. The Regulatory Environment section of the AMP details the compliance values for the re-use water quality as per the Department of Health Licence No. EHB – 02963 dated 19 <sup>th</sup> July 2012 and expected range of chemical analysis parameters under the Department of Environmental Regulation Licence No 859/ 2009/2. The Regulatory Environment section of the AMP notes that there are currently no performance standards set in Schedule 3 of the operating licence, therefore there are no specific standards to be met. The Performance is measured in Performance reports to the Authority. The AMP also provides reference to the Authority's <i>Water, Sewerage and Irrigation Reporting Handbook</i> dated May 26 <sup>th</sup> 2014 as well as to the Authority's <i>Water, Sewerage and Irrigation Reporting Data Sheets</i> dated 26 May 2014.			
1.4	Non-asset options (e.g. demand management) are considered.	The assets are considered appropriate for the current levels of demand. The Coolgardie town population is approximately 956 persons. The population has remained largely static over many years and is expected to remain so. Consequently, waste flows and strength are expected to remain constant for the foreseeable future.			
1.5	Lifecycle costs of owning and operating assets are assessed.	The AMP states the current replacement cost of the scheme as \$4,158,000. The lifecycle costs of owning and operating the assets have been assessed in the Plan, although as noted in 10.3 a more detailed estimate of likely			

<sup>7</sup> Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

<sup>8</sup> Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		operating and maintenance costs needs to be prepared to allow adjustment of the assessment of the Coolgardie Sewerage System financial status if necessary.			
1.6	Funding options are evaluated.	The Shire maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and upgrading of capital facilities for the Sewerage Scheme.			
1.7	Costs are justified and cost drivers identified.	The operating costs and renewal costs have been justified in the AMP, although as noted in 10.3 a more detailed estimate of likely operating and maintenance costs needs to be prepared to allow adjustment of the assessment of the Coolgardie Sewerage System financial status if necessary. The cost drivers are the condition of the assets and the maintenance regime which will impact the life of the assets.			
1.8	Likelihood and consequences of asset failure are predicted.	The AMP includes a detailed risk assessment with the likelihood and consequences of each risk.			
1.9	Plans are regularly reviewed and updated.	The AMP was fully revised in June 2014. A full review is required every two years.			
<b>3</b>	<b>ASSET CREATION/ ACQUISITION</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	In order to satisfy the requirements of the Department of Health's and Department of Environmental Regulations' licence conditions, the Shire has recently installed new flow meters and a new liquid chlorine applicator. These assets were acquired in accordance with the WA Government Supply protocols and the Shire's procurement policy. The extract from the Shire's Standard Operating Procedures (SOP) documentation (updated September 2013), that contains more detailed procedures for Asset Creation and Acquisition, has been transferred to the AMP. No other new assets are planned for the scheme, only ongoing repairs and maintenance, and replacements of existing infrastructure as required.			
2.2	Evaluations include all life-cycle costs.	The Asset Management Plan was fully revised in June 2014. It includes an assessment of the lifecycles of the assets and a costing of the maintenance, operations and capital renewal costs, although as noted in 10.3 a more detailed estimate of likely operating and maintenance costs needs to be prepared to allow adjustment of the assessment of the Coolgardie Sewerage System Financial Status if necessary.			
2.3	Projects reflect sound engineering and business decisions.	Projects are undertaken using the Shire's normal project planning and management processes.			
2.4	Commissioning tests are documented and completed.	New flow meters and chlorination equipment were installed and the commissioning tests were documented and completed.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Sections 3.3 Legislative Environment and 3.2 Regulatory Environment of the AMP outline the legislative, environmental and safety requirements. These are monitored by the Manager Development Services.			
<b>3</b>	<b>ASSET DISPOSAL</b>	Process Rating	<b>B</b>	Performance Rating	<b>3</b>
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	Any under-performing assets should be identified during the planned maintenance checks as well as during the asset condition and performance appraisal process. However, as noted in the Asset Maintenance section of this report, little information regarding asset condition has been recorded. However, the Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. At the date of the audit visit in December 2014, it was intended that all inspections will be completed and condition recorded by April 2015.  The Shire also intends undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020. <i>Refer recommendation 10/2014</i>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	No disposals are planned other than pump station pumps being replaced as required.  Any under-performing assets should be identified during the planned maintenance checks as well as during the asset condition and performance appraisal process. However, as noted in the Asset Maintenance section of this report, little information regarding asset condition has been recorded. However, the Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. At the date of the audit visit in December 2014, it was intended that all inspections will be completed and condition recorded by April 2015.  The Shire also intends undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020. <i>Refer recommendation 10/2014</i>			
3.3	Disposal alternatives are evaluated.	This is a small system with only the essential assets to enable it to function. No disposals are anticipated.			
3.4	There is a replacement strategy for assets.	The revised AMP includes a detailed replacement and renewal strategy.			
<b>4</b>	<b>ENVIRONMENTAL ANALYSIS</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
4.1	Opportunities and threats in the system environment are assessed.	Opportunities and threats for the system are considered in the AMP and in the risk assessment spreadsheet.			
4.2	Performance standards (availability of service, capacity, continuity,	The Regulatory Environment section of the AMP notes that there are currently no performance standards set in Schedule 3 of the operating licence, therefore there are no specific standards to be met. The AMP refers to the			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
	emergency response, etc) are measured and achieved.	<p>Authority's <i>Water, Sewerage and Irrigation Reporting Handbook</i> dated May 26<sup>th</sup> 2014 as well as to the Authority's <i>Water, Sewerage and Irrigation Reporting Data Sheets</i> dated 26 May 2014.</p> <p>The performance is measured in performance reports to the Authority. The Annual Performance Report for 2013/14 was sighted. Performance standards have been met with only 2 overflows reported. The relevant completed accident/incident reports were sighted.</p>
4.3	Compliance with statutory and regulatory requirements.	<p>The Environmental Analysis section of the AMP outlines physical/commercial/industrial environment, legislative environment and regulatory environment requirements including licences issued by the Authority, Department of Health (DOH) and the Department of Environmental Regulation (DER) together with their key service and quality standards, testing frequency and reporting requirements.</p> <p>The following legislative and regulatory requirements were identified:</p> <ul style="list-style-type: none"> <li>▪ Water Services Licensing Act 2012;</li> <li>▪ Local Government Act 1995;</li> <li>▪ Environmental Protection Act 1986;</li> <li>▪ Health Act 1911;</li> <li>▪ Occupational Safety and Health Act 1984; and</li> <li>▪ Occupational Safety and Health Regulations 1996.</li> </ul> <p>The DOH provided an assessment report and issued Approval for the Coolgardie Recycled Water Scheme on 19<sup>th</sup> July 2012 (Licence No. EHB – 02963).</p> <p>The Shire also has a licence from the DER for the wastewater treatment plant issued on 29 May 2014 (Licence No. L8359/2009/2). The Annual Compliance Report (dated 13 March 2014) was sighted.</p> <p>The Manager Development Services monitors compliance.</p> <p>The Compliance Schedule with performance, monitoring and reporting criteria for the Authority is now included in the Section 3.5 Table 1 of the AMP, however the schedule only includes the requirement to submit an “annual report (July to June) to ERA by 30<sup>th</sup> July”. To ensure compliance with the regulatory timeframes, the Schedule should be updated to stipulate the requirement for submission of the annual Compliance as well as Performance Report and their submission due dates and for other relevant compliance and reporting requirements of the licence e.g. the requirement to review the financial hardship policy and the next policy review due date; the requirement to notify the Authority of any significant changes to the asset management system within 10 business days, the requirement for timeliness of connections etc. <i>Refer recommendation 08/2014 in the Operational Audit section of this report.</i></p>
4.4	Achievement of customer service levels.	<p>The Performance Report for 2013/14 shows that customer service levels have been achieved with only 3 complaints that were resolved within 15 business days as required.</p>



Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>5</b>	<b>ASSET OPERATIONS</b>	Process Rating	<b>A</b>	Performance Rating	<b>2</b>
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>The Asset Management Plan includes the operational policies and procedures of the system including sewerage collection system (reticulation and pumping), sewerage treatment and effluent re-use scheme. As the scheme is a very simple scheme with minimal operating procedures required, these policies and procedures are considered adequate. The manufacturers' operating instructions/manuals are kept and used by Works staff. The Standard Operating Procedures (SOP) and OSH process support the operating instructions.</p> <p>The lagoon system of waste water treatment is a natural process which requires little operational attention. The system of reticulation or collection sewers are gravity driven and also required little operational attention.</p> <p>The main pumping station, the treated effluent pumping station at the WWTP and its associated chlorination system, and the re-use pumping stations at the sports oval and town park, are all automatically controlled and require no regular manual operation.</p> <p>Nevertheless, in order to maintain service standards and quality in accordance with regulatory requirements, the scheme requires a regular inspection, flow measurement, quality sampling, testing and maintenance, which is outlined in the Operation and Maintenance Tasks section of the AMP.</p> <p>The contingency procedures together with names and contact details of relevant Shire staff, contractors, authorities and suppliers affected by such emergencies are detailed in the Contingency Planning section of the AMP.</p>			
5.2	Risk management is applied to prioritise operations tasks.	<p>The Asset Management Plan includes a risk assessment policy and this has been applied in developing a risk assessment register and the Operation Maintenance Tasks program containing daily, weekly, monthly and annual maintenance tasks.</p> <p>The risk assessment register and the Operation Maintenance Tasks program consider and include various components of the overall system including sewerage collection system (gravity fed), pumping stations, WWTP and effluent re-use scheme.</p>			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<p>Hard copies of "As Constructed" drawings and some design drawings are held in the Shire's office. Electronic copies of the drawings are contained on the Shire's computer system. The AMP provides a summary description of each installation within the scheme. A detailed listing of assets is documented in the Asset Register for the scheme (Excel worksheet).</p> <p>The assets in the Asset Register are discretely numbered with an alpha-numeric asset number and include the relevant asset type and descriptions, location, dimensions/type, construction material/model, construction dates and life expectancy for all main asset groups including chambers, pipes, treatment plant, pumping stations and effluent re-use scheme. For access chambers and pipes, the assets' location is documented on maps.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>The reviewer noted that the Asset Register has not yet been updated for the recently installed flow meters and new chlorination equipment.</p> <p>The AMP states that the record of condition data and performance information for static and rotating assets is kept in the Asset Condition Register Excel spreadsheet. However, as also noted in the AMP, little information regarding asset condition has been recorded. However, the Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. It is intended that all inspections will be completed and the asset condition recorded by April 2015. <i>Refer recommendation 10/2014</i></p> <p><u><i>Recommendation 09/2014</i></u> <i>The Shire should update the Asset Register for new asset additions (flow meters and new chlorination equipment) and ensure that all future asset additions are recorded in the Asset Register in a timely manner.</i></p>
5.4	Operational costs are measured and monitored.	All asset expenditure is captured in the Shire's Financial Management Information System (FMIS). The historical cost information for the assets has not been transferred to the Asset Register but is in the FMIS.
5.5	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<p>The AMP outlines the current human resources required to support the plan as follows:</p> <ul style="list-style-type: none"> <li>▪ Manager Development Services (EHO): a full time professional staff member responsible for the overall management of the sewerage scheme including the Asset Management Information System, performance, operation and maintenance data collection, storage and retrieval, information, planning of the works programs and annual budgeting and financial review. The EHO holds a Certificate II in Water Operations.</li> <li>▪ Waste Technical Officer (WTO) holds a Water Corporation Certificate in Wastewater Processes, is responsible to the EHO for collecting and entering data to the AMIS, assessing complaints, attending at and arranging the input of electrical, plumbing and other contractors associated with emergencies and repair/replacement of sewerage assets. The WTO is also responsible for daily operations of the asset, period inspections, coordination of routine and planned maintenance and initial response to emergency incidents.</li> <li>▪ A second Shire officer has received "on the job" training in the tasks undertaken by the WTO. This officer has also completed Water Corporation Certificate in Wastewater Processes.</li> <li>▪ Maintenance - Contract Personnel. External licensed plumbers and electricians are utilised as necessary.</li> </ul> <p>Training on contingency procedures is provided by the EHO.</p> <p>All Shire staff receive health and safety induction instruction based on the Shire's OHS Manual. A copy of the manual is provided to each new staff member.</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		The Coolgardie wastewater scheme is a simple system which requires a basic level of asset management to maintain it in an effective condition. The reviewer considers there are adequate staff resources and staff are adequately trained, as noted above.			
6	ASSET MAINTENANCE	Process Rating	C	Performance Rating	3
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>The wastewater scheme is a simple system that requires a basic level of asset management to maintain it in effective condition. The assets are appropriate for the current level of demand.</p> <p>The Asset Management Plan includes a section on Operation and Maintenance Tasks that provides an overview of the maintenance activities and the intervals at which they need to be done. There is a detailed Operation Maintenance Tasks Schedule in the Shire's Synergy system. The Operation Maintenance Tasks Schedule considers and includes various components of the overall system including Eagle pump station, the Wastewater Treatment Plant, effluent re-use scheme, enclosures and compliance sampling.</p> <p>The information on spares that are held is documented and recorded on the Shire's Synergy software.</p> <p>The water quality sampling is performed in accordance with the Shire's Chem Centre and PathWest Sampling Procedure. Sampling procedures including chain of custody pro-forma sheets for sample transport are set out in the SOP.</p> <p>The Pro-forma sheets for recording maintenance undertaken, pumps run hours' measurement, flow measurement, sampling and testing are kept in the Shire's Synergy software.</p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>Asset operation is monitored via the planned maintenance checks by the Waste Technical Officer. The Schedule and confirmation of completion operations and maintenance tasks is recorded in the Shire's Synergy system.</p> <p>The AMP states that the record of condition data and performance information for static and rotating assets is kept in the Asset Condition Register Excel spreadsheet. However, as noted in the AMP, little information regarding asset condition has been recorded. However, the Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. It is intended that all inspections will be completed and the asset condition recorded, by April 2015.</p> <p>The Shire also intends undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020.</p> <p>The Manager Development Services also advised that the Shire has also initiated checking whether grease producing facilities connected to the sewer have properly maintained grease traps.</p> <p>Physical inspection of the visible assets at the date of the review confirmed the assets are being maintained in a good condition.</p> <p><i>Recommendation 10/2014</i></p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<ol style="list-style-type: none"> <li>1. <i>As planned, the Shire should complete the condition assessment of the access chambers and pipes.</i></li> <li>2. <i>As planned, the Shire should undertake and complete the progressive program of jetting and CCTV inspection of all gravity sewers.</i></li> <li>3. <i>The Asset Condition Register Excel spreadsheet should be updated for the condition assessment and date inspected for future reference.</i></li> <li>4. <i>The Shire should prioritise the maintenance tasks resulting from the asset condition appraisal and complete any further action required, whether immediate repairs or as part of the planned maintenance program over the next 12 months.</i></li> <li>5. <i>If planned maintenance is required, it needs to be included in the Shire's planned work programme and marked off as it is completed.</i></li> <li>6. <i>As per the previous review, the Shire should implement a forward program for ongoing assessment of condition and performance of all assets.</i></li> </ol>
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>A comprehensive overview of Operation and Maintenance Tasks has been included in the AMP and in the Operation Maintenance Tasks Schedule in the Shire's Synergy software. The Operation Maintenance Tasks schedule specifies maintenance tasks to be carried out and the intervals at which they need to be done. It provides a checklist of maintenance tasks but is reliant on the knowledge and ability of the person performing the maintenance to carry them out satisfactorily.</p> <p>The unforeseen maintenance tasking is instigated by a telephone call-out system to the Waste Technical Officer, who attends the site, assesses the requirements and arranges the immediate and follow-up actions and activities. The contingency procedures together with names and contact details of relevant Shire staff, contractors, authorities and suppliers affected by such emergencies are detailed in the Contingency Planning section of the AMP.</p> <p>The Operation Maintenance Tasks Schedule considers and includes various components of the overall system including Eagle pump station, the Wastewater Treatment Plant, effluent re-use scheme, enclosures and compliance sampling.</p> <p>The completed pro-forma sheets recording maintenance undertaken, pumps run hours' measurement, flow measurement, sampling and testing are kept in the Shire's Synergy software. This is supported by field paper copies of raw data. Also, the copies of Chem Centre and PathWest water examination laboratory reports are stored in the Synergy system.</p> <p>The review confirmed the planned maintenance activities had been completed for the review period.</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	Any failures are rare but these are analysed at the time and operational/maintenance plans adjusted, as well as in the annual budgeting procedures as part of the Shire's annual budget preparation.			
6.5	Risk management is applied to prioritise maintenance tasks.	<p>The Asset Management Plan includes a risk assessment policy and this has been applied in developing a risk assessment register and the Operation Maintenance Tasks program containing daily, weekly, monthly and annual maintenance tasks.</p> <p>The risk assessment register and the Operation Maintenance Tasks program consider and include various components of the overall system including sewerage collection system (gravity fed), pumping stations, WWTP and effluent re-use scheme.</p>			
6.6	Maintenance costs are measured and monitored.	Maintenance costs are tracked through the FMIS and actual/budget reporting each month. Variances are reviewed by the Executive and the Council in the monthly financial statements.			
<b>7</b>	<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
7.1	Adequate system documentation for users and IT operators.	<p>The Shire has acquired and installed software based Asset Management Information System (AMIS) comprised of a standard suite of Excel spreadsheets. The system is documented in the Asset Management Plan (revised June 2014). The system includes the Asset Register, Asset Condition Register, Capital Expenditure Planning and Annuity Assessment and Risk Assessment.</p> <p>Inventory Control spreadsheet has not been adopted, instead a simple replacement inventory has been prepared by the Shire and installed on the Synergy software.</p> <p>Similarly, the Maintenance Planning spreadsheet has not been adopted. A simple Shire version of this sheet is included on the Synergy system.</p> <p>The above system is supported by specific budget control and data recording on the Shire's local government Synergy software, together with field paper copies of raw data.</p>			
7.2	Input controls include appropriate verification and validation of data entered into the system.	Excel spreadsheets are populated and data is checked when input. The data entry is completed promptly and staff are adequately trained.			
7.3	Logical security access controls appear adequate, such as passwords.	The AMP and the accompanying Excel spreadsheets have been saved on the Shire's server. There is a password access to the Shire's system and PCs which restricts access to authorised Shire officers.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
7.4	Physical security access controls appear adequate.	The Shire offices are locked and alarmed outside of hours.			
7.5	Data backup procedures appear adequate and backups are tested.	The system is regularly backed up as part of the standard IT maintenance procedures on a nightly basis and disks are taken offsite for safekeeping. Backups are tested monthly as part of the backup procedure.			
7.6	Key computations related to licensee performance reporting are materially accurate.	<p>Some Excel spreadsheets contains formulas such as, for example:</p> <ul style="list-style-type: none"> <li>- In the Risk Assessment spreadsheet, inherent risk is automatically assigned from the likelihood and overall consequence scores;</li> <li>- In the Annual Capital Investment Budget spreadsheet and in the Annual Operations &amp; Maintenance Budget spreadsheet, the light blue cells are automatically calculated.</li> </ul> <p>The review confirmed that the key computations in the Excel spreadsheets are accurate.</p>			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	<p>Apart from printing the Excel spreadsheets out, there is no ability to create management reports. However, the functionality of the suite of Excel spreadsheets is adequate for the Shire's needs.</p>			
<b>8</b>	<b>RISK MANAGEMENT</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	<p>The Asset Management Plan revised in June 2014 includes a risk assessment policy and procedure. This has been applied to develop a detailed Risk Assessment for events and assets.</p> <p>The initial risk assessment for the water services was prepared by others for the Shire, which was subsequently reviewed "in-house" to ensure that the assessment and mitigation strategies are relevant to the Shire's practice. The initial risk assessment was considered acceptable.</p> <p>The risk assessment register considers and includes various components of the overall system including sewerage collection system (reticulation), Wastewater Treatment ponds and the effluent re-use scheme.</p> <p>The reviewer considers that the description of the Risk Assessment procedures in the Shire's SOP Manual is now adequately considered in the risk assessment policy and procedure in the AMP as well as notes to the Asset Management worksheet.</p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	The risks have been documented in a Risk Assessment worksheet. Treatment plans (mitigation and contingency) have been documented in the Asset Management Plan.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The Asset Management Plan revised in June 2014 includes a risk assessment policy and procedure. This has been applied to develop a detailed Risk Assessment for events and assets, including the probability and consequences of asset failure.</p> <p>This is the Shire's first risk assessment. The AMP notes that the overall asset management system will be reviewed at intervals not exceeding two years.</p>			
<b>9</b>	<b>CONTINGENCY PLANNING</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>The Asset Management Plan revision in June 2014 includes mitigation and contingency plans, which set out procedures to be adopted in the treatment of significant emergency situations. The contingency events addressed have been selected from those classified as "High" priority in the Risk Assessment worksheet. These include:</p> <ul style="list-style-type: none"> <li>• Access chambers lid failure or lid/chamber collapse, blockage or overflow</li> <li>• Gravity sewers blockage or overflow</li> <li>• Eagle pumping station motor or pump failure, power failure</li> <li>• Rising main pipeline burst; and</li> <li>• WWTP, Re-use Scheme Chlorination System.</li> </ul> <p>The Contingency Plan contains names and contact details of relevant Shire staff, contractors, authorities and suppliers affected by such emergencies. The list of staff and contact details in the Shire's Customer Service Charter (updated June 2014) have been reviewed and updated.</p> <p>The emergency situations are reported to the Shire's Coolgardie office or the Shire's emergency telephone number by a member of the public, a Shire staff member, or via an automatic equipment or process alarm.</p> <p>Staff involved in the operation of the scheme reviewed the Plan in June 2014 with a facilitated desktop meeting that included review of the Contingency Plan and discussion of possible scenarios.</p>			
<b>10</b>	<b>FIN/ANCIAL PLANNING</b>	Process Rating	<b>A</b>	Performance Rating	<b>2</b>
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	The AMP has a broad financial plan that sets out the strategy and objectives.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	<p>The Shire has a specified area rating which is applied to all properties connected or capable of being connected to the sewerage scheme in the Coolgardie town site. The purpose of this rate is to offset the cost of the sewerage treatment, including operation, maintenance, administration, depreciation and loan repayments.</p> <p>The Shire also maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and upgrading of capital facilities for the Coolgardie Sewerage Scheme.</p>
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	<p>The Capital Expenditure and Annuity Assessment worksheet provides an estimate of annual Capital Expenditure over the financial years 2015/2016 to 2064/2065, together with a listing of assets on which the funds will be expended. The worksheet uses the current (June 30<sup>th</sup> 2014) estimate of replacement cost of each asset to predict the cost of its replacement at the end of its expected useful life. The WWTP is not included in the assessment as its life is expected to terminate in 2064. However, capital expenditure of \$40,000 each 8 years has been allowed in the assessment for works that can be expected to extend the WWTP useful life beyond 2064.</p> <p>The worksheet indicates that the estimated total current (June 2014) replacement value of all assets, except the WWTP, which require replacement over the next 50 years is \$4,158,000. An annuity provision of \$72,300 is required to be transferred annually to the Sewerage Reserve fund to cover the cost replacement of assets over the period.</p> <p>The Shire levied sewerage rates of \$200,000 in the 2013/14 financial year. The AMP notes that over the last 2 years operating and maintenance cost have varied between \$75,000 and \$200,000. The Shire's Finance Officer expects that a reasonable norm for operating and maintenance expenditure is in the order of \$125,000 excluding wages, which are included in the Shire's general costs. For budgeting purposes both rate income and operating/maintenance costs are estimated to increase by an amount of 2.5% annually.</p> <p>The Shire's sewerage reserve fund had a balance of \$461,128 as at 30 June 2014. Interest received on the balance of the fund is in the order of 3.5%.</p> <p>Based on the above, the Asset Management Plan revised in June 2014 sets out an assessment of the Coolgardie Sewerage System financial status over the period 2015 to 2034 which includes an estimate of Income and Expenditure for each year, annuity and interest income accruing to the Sewerage Reserve Fund and withdrawals to fund capital works.</p> <p>A steady annual increase in the excess of income over expenditure is noted. However, this excess is sensitive to the annual expenditure on maintenance, which is noted earlier to have varied significantly over the recent 2 years. However, the growth of annual excess income over expenditure should provide a significant buffer against increases in annual maintenance costs.</p> <p>In summary, given the future capital expenditure plan and associated annuity payments, the financial viability of the scheme is positive. However, a more detailed estimate of likely operating and maintenance costs need to be prepared in order to allow adjustment of the assessment of the Coolgardie Sewerage System Financial Status if necessary.</p>



Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<u>Recommendation 11/2014</u> <i>The Shire should prepare a more detailed estimate of likely operating and maintenance costs in order to allow adjustment of the assessment of the Coolgardie Sewerage System Financial Status if necessary.</i>			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The AMP includes a projection of the income required to cover the costs of the scheme over the next 20 years to 2034/35.			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	<p>The Asset Management Plan revised in June 2014 sets out an assessment of the Coolgardie Sewerage System Financial Status over the period 2015 to 2034 which includes an estimate of Income and Expenditure for each year, annuity and interest income accruing to the Sewerage Reserve Fund and withdrawals to fund capital works.</p> <p>However, as noted in 10.3 a more detailed estimate of likely operating and maintenance costs need to be prepared in order to allow adjustment of the assessment of the Coolgardie Sewerage System Financial Status if necessary.</p>			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Variations in actual and budget income and expenses are identified in monthly reports. The Shire officers and the Council review the variances and take corrective action where necessary.			
<b>11</b>	<b>CAPITAL EXPENDITURE PLANNING</b>	Process Rating	<b>A</b>	Performance Rating	<b>2</b>
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	<p>The Capital Expenditure and Annuity Assessment worksheet provides an estimate of annual Capital Expenditure over the financial years 2015/2016 to 2064/2065, together with a listing of assets on which the funds will be expended. The worksheet uses the current (June 30<sup>th</sup> 2014) estimate of replacement cost of each asset to predict the cost of its replacement at the end of its expected useful life. The WWTP is not included in the assessment as its life is expected to terminate in 2064. However, capital expenditure of \$40,000 each 8 years has been allowed in the assessment for works that can be expected to extend the WWTP useful life beyond 2064.</p> <p>The worksheet indicates that the estimated total current (June 2014) replacement value of all assets, except the WWTP, which require replacement over the next 50 years is \$4,158,000. An annuity provision of \$72,300 is required to be transferred annually to the Sewerage Reserve fund to cover the cost replacement of assets over the period.</p> <p>The Coolgardie Sewerage System Financial Status Table, included in the AMP, highlights the variation of the Sewerage Reserve balance in response to capital withdrawals over the twenty years period 2015 to 2034. The balance is predicted to fall from \$1,630,700 at the end of 2033 to some \$760,000 the following year, due to planned replacement of some access chambers and the main pumping station. Over the following six years a further amount</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		of approximately \$800,000 will be withdrawn from the reserve to fund mainly additional access chamber replacements.			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The analysis assumes that assets will be replaced at the end of their standard economic life. The WWTP is not included in the assessment as its life is expected to terminate in 2064. However, capital expenditure of \$40,000 each 8 years has been allowed in the assessment for works that can be expected to extend the WWTP useful life beyond 2064.			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	<p>The Capital Expenditure Plan is consistent with the asset life, however, as noted in the Asset Maintenance section of this report, little information regarding asset condition has been recorded. The Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. It is intended that all inspections will be completed and the asset condition recorded by March 2015.</p> <p>The Shire also intends undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020. <i>Refer recommendation 10/2014</i></p> <p><i>Recommendation 12/2014</i></p> <p><i>The Shire should update the Capital Expenditure and Annuity Assessment worksheet based on the results of the asset condition and performance assessment, if required.</i></p>			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The AMP notes that the Capital Expenditure and Financial Status section of the AMP will be updated and extended by one year annually and the current replacement value estimates shall be updated at intervals not exceeding five years.			
12	<b>REVIEW OF ASSET MANAGEMENT SYSTEM</b>	Process Rating	A	Performance Rating	1
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	<p>The Asset Management Plan has been fully revised in June 2014.</p> <p>The Plan has a section on Asset Management System Review, detailing the review program and review record and sign-off requirements. This requires a full review of the overall asset management system at intervals not exceeding two years to coincide with formulation of the Shire's budget papers. The AMP notes that the exceptions to the two yearly review interval are the Capital Expenditure and Financial Status sections of the AMP. These will be updated and extended by one year annually. The current replacement value estimates will be updated at intervals not exceeding five years.</p> <p>The ongoing record of the AMP reviews is located on the inside front cover of the AMP, including review date, AMP sections reviewed, revision (if any and reason for) and relevant sections, and dated signature of the reviewer. The Plan has document control (version details).</p>			

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Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	An independent review is performed every 3 years as required by the licence. The Legislative Environment and Regulatory Environment sections of the AMP states the requirements and procedures for the external review of the system every 2 years as per the licence condition or such other period advised by the Authority.

### 3.6 Current Review Asset System Deficiencies and Recommendations

Table of Current Review Asset System Deficiencies and Recommendations			
A. Resolved during current review period			
Ref.	Asset System Deficiency (Rating/AMS Component/Effectiveness Criteria/Details)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
09/2014 A2	<p><b>Asset Operations</b></p> <p><i>Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.</i></p> <p>The assets in the Asset Register are discretely numbered with an alpha-numeric asset number and include the relevant asset type and descriptions, location, dimensions/type, construction material/model, construction dates and life expectancy for all main asset groups including chambers, pipes, treatment plant, pumping stations and effluent re-use scheme. For access chambers and pipes, the assets' location is documented on maps.</p> <p>The reviewer noted that the Asset Register has not yet been updated for the recently installed flow meters and new chlorination equipment.</p>	The Shire should update the Asset Register for new asset additions (flow meters and new chlorination equipment) and ensure that all future asset additions are recorded in the Asset Register in a timely manner.	Nil

B. Unresolved at end of current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
10/2014 C3	<p><b>Asset Maintenance</b></p> <p><i>Regular inspections are undertaken of asset performance and condition.</i></p> <p>Asset operation is monitored via the planned maintenance checks by Waste Technical Officer. The Schedule and confirmation of completion operations and maintenance tasks is recorder on the Shire's Synergy software.</p> <p>The AMP states that the record of condition data and performance information for static and rotating assets is kept in the Asset Condition Register Excel spreadsheet. However, as noted in the AMP, little information regarding asset condition has been recorded. However, the Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. It is intended that all inspections will be completed and the asset condition recorded by April 2015.</p> <p>The Shire also intends undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020.</p> <p>The Manager Development Services also advised that the Shire has also initiated checking whether grease producing facilities connected to the sewer have properly maintained grease traps.</p>	<ol style="list-style-type: none"> <li>1. As planned, the Shire should complete the condition assessment of the access chambers and pipes.</li> <li>2. As planned, the Shire should undertake and complete the progressive program of jetting and CCTV inspection of all gravity sewers.</li> <li>3. The Asset Condition Register Excel spreadsheet should be updated for the condition assessment and date inspected for future reference.</li> <li>4. The Shire should prioritise the maintenance tasks resulting from the asset condition appraisal and complete any further action required, whether immediate repairs or as part of the planned maintenance program over the next 12 months.</li> <li>5. If planned maintenance is required, it needs to be included in the Shire's planned work programme and marked off as it is completed.</li> <li>6. As per the previous review, the Shire should implement a forward program for ongoing assessment of condition and performance of all assets.</li> </ol>	Nil

B. Unresolved at end of current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
11/2014 A2	<p><b>Financial Planning</b></p> <p><i>The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i></p> <p>The Asset Management Plan revised in June 2014 sets out an assessment of the Coolgardie Sewerage System Financial Status over the period 2015 to 2034 which includes an estimate of Income and Expenditure for each year, annuity and interest income accruing to the Sewerage Reserve Fund and withdrawals to fund capital works.</p> <p>The AMP notes that over the last two years operating and maintenance cost have varied between \$75,000 and \$200,000. The Shire's Finance Officer expects that a reasonable norm for operating and maintenance expenditure is in the order of \$125,000 excluding wages, which are included in the Shire's general costs. For budgeting purposes both rate income and operating/maintenance costs are estimated to increase by an amount of 2.5% annually.</p> <p>A steady annual increase in the excess of income over expenditure is noted. However, this excess is sensitive to the annual expenditure on maintenance, which as noted above have varied significantly over the past two years. However, the growth of annual excess expenditure should provide a significant buffer against increases in annual maintenance costs.</p> <p>In summary, given the future Capital Expenditure Plan and associated annuity payments, the financial viability of the scheme is positive. However, a more detailed estimate of likely operating and maintenance costs needs to be prepared in order to allow adjustment of the assessment of the Coolgardie Sewerage System financial status if necessary.</p>	<p>The Shire should prepare a more detailed estimate of likely operating and maintenance costs in order to allow adjustment of the assessment of the Coolgardie Sewerage System financial status if necessary.</p>	Nil

B. Unresolved at end of current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
12/2014 A2	<p><b>Capital Expenditure Planning</b></p> <p><i>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.</i></p> <p>The capital expenditure plan is consistent with the asset life, however, as noted in the Asset Maintenance section of this report, little information regarding asset condition has been recorded. The Shire has embarked on a program of manual inspections and condition assessment of access chambers and gravity sewers and will enter the relevant information on the register as it is obtained. It is intended that all inspections will be completed and the asset condition recorded by April 2015.</p> <p>The Shire also intends undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020.</p>	The Shire should update the Capital Expenditure and Annuity Assessment worksheet based on the results of the asset condition and performance assessment, if required.	Nil

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### 3.7 Conclusion

The review has been conducted to assess the effectiveness of the licensee's asset management system.

The assets are as described above with new flow meters and chlorination equipment being installed in the review period. The asset management system, including the Asset Management Plan, was also substantially improved.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Coolgardie:

- a) has implemented 11 out of 12 recommendations from the previous review mostly concerning the update and implementation of the Asset Management Plan and the Asset Management Information System. The remaining recommendation was to implement a forward program for ongoing assessment of the condition and performance of assets. The Shire has commenced a program of manual inspections and condition assessment of the access chambers and gravity sewers and it is intended that all inspections will be completed and the asset condition recorded by April 2015. The Shire has advised that they also intend undertaking a progressive program of jetting and CCTV inspection of all gravity sewers, including condition recording, over the financial years 2015/16 to 2019/2020.
- b) established an adequate control environment for ongoing compliance in respect of the asset management system with the only exception being:
  - the Compliance Schedule in the Section 3.5 Table 1 of the AMP does not stipulate the requirement for submission of the annual Compliance and Performance Reports to the Authority by their due dates.

The review recommended that the Shire:

- a) update the Asset Register for the asset additions (flow meters and new chlorination equipment) and ensure that all future asset additions are recorded in the Asset Register in a timely manner.
- b) as planned, complete the condition assessment of the access chambers and pipes and undertake and complete the progressive program of jetting and CCTV inspection of all gravity sewers.
- c) update the Asset Condition Register Excel spreadsheet for the condition assessment and date inspected for future reference.
- d) priorities the maintenance tasks resulting from the asset condition appraisal and complete any further action required, whether immediate repairs or as part of the planned maintenance program over the next 12 months. If planned maintenance is required, it needs to be included in the Shire's planned work programme and marked off as it is completed.
- e) implement a forward program for ongoing assessment of condition and performance of all assets.
- f) prepare a more detailed estimate of likely operating and maintenance costs in order to allow adjustment of the assessment of the Coolgardie Sewerage System financial status if necessary.
- g) update the Capital Expenditure and Annuity Assessment worksheet based on the results of the asset condition and performance assessment, if required.

Overall, the scheme is being well-maintained and is in good working order. There is an effective asset management system in place.



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## Appendix A - Methodology

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### A1. Audit and Review Approach

Our approach to meeting the requirements for the operational audit and asset management system effectiveness review is set out below.

#### *Planning*

- Review the status of the post-implementation action plans from the previous audit and the previous review.
- Contact the Shire to gain an understanding of the business, relevant management plans, systems, and any changes since the previous review that may affect the risk assessment for planning purposes.
- Update the risk assessment in the previous report for any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component).
- Submit a draft Audit and Review Plan, including the risk assessment and proposed approach, to the Authority for review and approval.
- Send a Pre-Visit Checklist of information and documentation required to the Shire to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

#### *Fieldwork*

- Visit the Shire's office and the wastewater treatment facilities in Coolgardie. Conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards.
- Review the status of actions in the previous Post Audit Implementation Plan.
- Analyse documented procedures to assess whether they are consistent with regulatory requirements or arrangements under the licence;
- Review the systems and procedures to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
  - **control environment** – management's philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
  - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data and documentation describing the information system;
  - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;
  - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management's attitude towards compliance; and
  - **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.

- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee's plan to ensure compliance and recommend any further improvements to achieve compliance.

### ***Reporting***

- Prior to the conclusion of the site visits, the lead auditor will discuss any observations and recommendations with the licensee's management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to the Authority for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to the Authority for review and feedback prior to finalising the report.
- Issue the final report to the Authority.
- The Authority will contact the Shire for the Post Audit Implementation Plan after the report is finalised.

## **A2. Key Documents and Information Sources**

### ***Regulatory Documents and Reports***

- Audit and Review Guidelines: Water Licences – July 2014
- Water Compliance Reporting Manual – April 2014
- Shire of Coolgardie - Water Operating Licence WL 13 – versions 2 and 3
- Map of Licence Area - Coolgardie
- Audit Report - Shire of Coolgardie Water Licence - Operational Audit and Asset Management System Review– March 2012
- Shire of Coolgardie - Asset Management System Review Report – March 2013
- Section 39(1) Rectification Notice issued after 2012 Audit and Review Report
- Post Audit and Review Action Plans – current status reports
- Compliance reports to the Authority – 2011/12, 2012/13 and 2013/14
- Performance reports to the Authority – 2011/12, 2012/13 and 2013/14
- Department of Health licence and any compliance reporting (water reuse)
- Department of Environment licence and any Environmental Assessment Reports
- Relevant correspondence between the Licensee and the Authority, Department of Environment and Department of Health (as applicable).

### ***Scheme Information and Procedures***

- Customer Service Charter for Wastewater Services (optional after 18 November 2013)
- Complaints and Issues Register and complaint records
- Complaints Policy – AD10
- Financial Hardship Policy
- Shire's Fees and Charges Schedule 2013/14 and 2014/15
- Annual Shire Rates Notice

### ***Asset Management System***

- Asset Management Plan for Shire of Coolgardie Sewerage Scheme – June 2014
- Asset Register
- Asset Inspection Reports
- Asset Register spreadsheets

- Asset Condition and Performance spreadsheet
- Risk Assessment spreadsheet
- Financial Management spreadsheets
- Maintenance Management spreadsheets.

***Shire Planning and Financial Information***

- 2013 Annual Report
- Shire of Coolgardie 2014-2015 Budget
- Annual Shire Rates Notice

**A3. Licensee's Representatives**

The Shire's primary contacts were:

- Paul Webb – Chief Executive Officer (CEO)
- Terry Sargent – Manager Development Services (MDS)
- Arianne Thornton - Compliance and Records Officer
- Maurice Walsh – Environmental Health Officer (EHO)

**A4. Audit and Review Team and Hours**

NAME AND POSITION	HOURS
Geoff White – Director	10
Andrea Stefkova – Assistant Manager	30
David Wills – Principal Consulting Engineer	3
Cleve Flottman – Senior Consulting Engineer	12
TOTAL	55

END OF REPORT