

Shire of Coolgardie – 2014 Operational Audit and Asset Management System Review

Post-Audit Implementation Plan

Reference (no./year)	Non-Compliance/Controls Improvement	Auditor's recommendation	Management action	Person Responsible	Target Date for Completion
01/2014	<p>Timeliness of Connections <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 8</i> <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"> 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. 2. The Shire should update the Compliance Schedule in section 3.5 of the AMP for this requirement in future. 	Compliance Schedule in section 3.5 of the AMP to be updated.	EHO	30.11.2015
02/2014	<p>Review of Rates Notices with Sewerage Charges <i>Water Services Act 2012 section 27</i> <i>Licence condition 5.3</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clause 18(1)</i> <i>Not rated</i> <i>Clause 18(2) – 18(6)</i> <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. The Shire does not have a written</p>	<ol style="list-style-type: none"> 1. The Shire should develop a written procedure for review of bills (rates notices with sewerage charges). 2. The procedure should be made publicly available on the Shire's website and in hardcopy. 3. The procedure should include: <ol style="list-style-type: none"> a) what happens if the customer has been undercharged or overcharged; b) what the customer can do if dissatisfied with the outcome of the review c) that the customer may, but does not have to, use the licensee's 	A written procedure for review of bills (rates notices with sewerage charges) to be developed and made publicly available on the Shire's website and in hardcopy at the Shire Offices.	EHO & MAS	30.11.2015

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	<p>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>	<p>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.</p> <p>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.</p>			
03/2014	<p>Complaints Procedure</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>Non-compliant – minor impact</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"> 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; 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 (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. 	<p>Complaints handling procedure in the Customer Service Charter to be updated.</p>	EHO	30.11.2015

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04/2014	<p>Prescribed Information to be Available in Hardcopy and on Website</p> <p><i>Water Services Act 2012 section 27</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 36(1) and 37(1)</i> <i>Licence condition 5.3</i></p> <p><i>Non-compliant – moderate impact</i></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 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>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>	<p>A brochure will be made available at the Shire Office and on the Shire's website with the “prescribed information” for sewerage services as set out in Section 37 of the Code.</p>	EHO	30.11.2015

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05/2014	<p>Performance and Compliance Reporting <i>Licence Conditions – Specific Clauses – Provision of Information Clauses 16(1), 16(3)</i> <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"> Annual performance reports no later than 31 July for the reporting year ending 30 June; and Annual compliance reports by 31 August for the year ending 30 June. <p>The 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"> 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. On 10 September 2012, the Authority requested the Shire to provide a corrected compliance 	<ol style="list-style-type: none"> The Shire should ensure that all future Performance Reports are submitted to the Authority within the timeframes required. The Shire should keep records of all Compliance reports and reports submissions. 	<p>Annual data report and annual compliance return to be submitted to the ERA within the required timeframes.</p> <p>Copies of annual data reports and annual compliance returns will be kept in the Shire's records.</p>	EHO	31.07.2015

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	<p>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.</p> <ul style="list-style-type: none"> • 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. • No evidence was available within the Shire's records to prove that the Compliance 				

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	<p>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.</p> <ul style="list-style-type: none"> The Shire was unable to source Compliance Reports for the year ended 30 June 2012 and 2013 within the Shire's records. <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>				
06/2014	<p>Compliance Register</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</p>	<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.</p>	<p>The Shire to develop and maintain a Compliance Breach Register on the Coolgardie Sewerage Scheme..</p>	<p>Coolgardie Ranger & EHO</p>	<p>30.11.2015</p>

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	breach) register in respect of their licence conditions. The Shire's Manager Development Services advised that they don't keep a compliance breach register.				
07/2014	<p>Internal Policies and Procedures relating to the Licence</p> <p><i>Water Services Act 2012 sections 82(4)&(5), 84(2), 87(2), 90(7), 119(2), 122(2), 128(4), 129(5), 139(3), 142, 143(2)&(3), 144(3), 145(2), 147(3)&(4), 151(1)-(3), 153(3), 165(5)&(6), 170, 173(4), 174(1)&(3), 175(2)&(5), 176(1),(3)&(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>Licence – Clause 15.1(d)</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</p>	<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.</p>	<p>The Shire to develop 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.</p>	EHO	30.11.2015

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	<p>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 that would ensure compliance with these conditions of the licence in future.</p>				
08/2014	<p>Compliance Schedule <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> Not rated</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 30th 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</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>	<p>The Shire to update the Compliance Schedule in section 3.5 of the AMP for the compliance activities, responsibilities and due dates, etc</p>	EHO	30.11.2015

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	requirements of the licence.				

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Post-Review Implementation Plan

Reference (no./year)	Asset System Deficiency	Auditor's recommendation	Management action	Person Responsible	Target Date for Completion
09/2014 A2	<p>Asset Operations</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>	<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.</p>	<p>the Asset Register to be updated to include 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.</p>	<p>Eho & Coolgardie Ranger</p>	<p>30.11.2015 Ongoing</p>
10/2014 C3	<p>Asset Maintenance</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</p>	<ol style="list-style-type: none"> As planned, the Shire should complete the condition assessment of the access chambers and pipes. As planned, the Shire should undertake and complete the progressive program of jetting and CCTV inspection of all gravity sewers. 	<p>Works already in progress.</p> <p>Works already in progress.</p>	<p>Coolgardie Ranger</p> <p>Coolgardie Ranger</p>	<p>Ongoing</p> <p>Ongoing</p>

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	<p>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>	<p>3. The Asset Condition Register Excel spreadsheet should be updated for the condition assessment and date inspected for future reference.</p> <p>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.</p> <p>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.</p> <p>As per the previous review, the Shire should implement a forward program for ongoing assessment of condition and performance of all assets.</p>	<p>The Asset Condition Register Excel spreadsheet should be updated for the condition assessment and date inspected for future reference.</p> <p>The Shire will 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.</p> <p>Planned maintenance will be included in the Shire's planned work programme and marked off as it is completed.</p> <p>The Shire will implement a forward program for ongoing assessment of condition and performance of all assets.</p>	<p>Coolgardie Ranger</p> <p>EHO</p> <p>EHO & Coolgardie Ranger</p> <p>EHO</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>11/2014</p> <p>A2</p>	<p>Financial Planning</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</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>	<p>The Shire will 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</p>	<p>MAS & EHO</p>	<p>30.11.2015</p>

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	<p>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</p>		<p>necessary.</p>		

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	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.				
12/2014 A2	<p>Capital Expenditure Planning</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.	The Shire will update the Capital Expenditure and Annuity Assessment worksheet based on the results of the asset condition and performance assessment, if required.	MAS & EHO	30.11.2015