



Notice

10 July 2015

Shire of Wickepin

2014 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has published the 2014 performance audit (**Audit**) and asset management system review (**Review**) report, and the post-audit and post-review implementation plan, for the Shire of Wickepin's (**Shire**) water services licence WL27.

- [2014 Audit and Review report](#)
- [2014 Post-Audit and Post-Review Implementation Plan](#)

Action by the Authority

The ERA is satisfied the Shire has demonstrated an adequate level of compliance with its licence conditions, and has an effective asset management system.

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

BACKGROUND

Audit

The audit report disclosed a total of 14 non-compliances.

The auditor has made seven recommendations with respect to the audit. Five recommendations address nine of the 14 non-compliances. The remaining five non-compliances did not require recommendations, as the non-compliance had either been rectified by the time of the Audit, or the non-compliance was consequential to the other non-compliances.

One recommendation addressed the obligations that were not rated for compliance (because no relevant activity occurred during the audit period), but were found to have ineffective controls, resulting from a lack of written policies and procedures.

A significant number of the non-compliant obligations, or obligations with ineffective controls, involve overlaps or discrepancies between other legislation applicable to local government water licensees and the *Water Services Act 2012* (including its subsidiary legislation); that appear to impose unnecessary regulatory burden on the licensees.

The ERA notes that the Department of Water is currently conducting a review local government water service licensing, the purpose of which is to identify ways the regulation of small local government water licensees



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could be simplified. If, after the Department has concluded its review, there are still overlaps between the obligations under the Code of Conduct and other legislation, the ERA will refer them for consideration when the Code is next reviewed.

The post-audit implementation plan provided by the Shire addresses all seven recommendations, and shows that the actions to address the recommendations are due to be completed by March 2016.

Review

The auditor has rated 11 of the 12 asset management components as effective (rated B2 or better). The single component that received a rating of ineffective was Contingency Planning. It was rated as ineffective because the Shire has no formal contingency plans in place.

The auditor has made three recommendations in relation to the Review. One recommendation addresses the one process deficiency, while the remaining two recommendations are process improvements. The recommendation to address the process deficiency is scheduled to be completed by July 2015.

The post-review implementation plan prepared by the Shire shows that the actions to address the auditor's recommendations will be completed by March 2016.

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