



Notice

28 August 2015

Gascoyne Water Cooperative Ltd

2015 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has published the 2015 performance audit (**audit**) and asset management system review (**review**) report, and the post-review implementation plan, for Gascoyne Water Cooperative Ltd's (**GWC**) water services licence WL38.

- [2015 Audit and Review report](#)
- [2015 Post-Review Implementation Plan](#)

Action by the ERA

The ERA is satisfied that GWC has demonstrated a high level of compliance with its licence conditions. Consequently, the ERA has decided to increase the period of time until the next audit from 24 months to 36 months. The next audit will cover the period from 1 May 2015 to 30 April 2018, with the report on the audit to be provided to the ERA by 31 July 2018.

The ERA has decided to defer the decision on the period of the next review until it receives an update of GWC's post-review implementation plan in February 2016.

BACKGROUND

Audit

GWC has fully complied with the applicable licence obligations throughout the audit period. Hence, the auditor did not make any recommendations in relation to the audit.

Review

The auditor has rated all 12 asset management system (**AMS**) components as C2: GWC's asset management performance meets the standards, but the AMS documentation and procedures require corrective action. The ratings reflect the fact that GWC has not updated any of its policies and procedures since the previous review in 2013, which has resulted in the financial information and the asset register parts of the documentation being outdated.

The review also identified that GWC has experienced staffing issues since the 2013 review, which has adversely impacted its ability to manage its assets and the AMS: there has been a turnover of general managers (who are responsible for managing the AMS documentation), and the field operations staff have recently been replaced by a contractor.

The auditor made 18 recommendations for GWC to update its AMS documentation to: contain up-to-date financial information; adequately record the responsibilities of GWC and those of an associated entity in



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relation to the assets;¹ expand the contingency plans to cover a wider range of risks and emergencies; undertake regular tests of contingency plans; and reflect the changes in legislation that have taken place since the 2013 review.

The post-review implementation plan prepared by GWC shows that the actions to address the auditor's recommendations are to be completed by 15 February 2016.

The ERA will decide the next review period after it has considered the updated post-review implementation plan in March 2016.

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¹ The assets are held by a related party: Gascoyne Water Asset Mutual Cooperative.