

# Operational Audit and Asset Management System Review

Shire of Ravensthorpe

3605-04

Prepared for  
Economic Regulation Authority of Western  
Australia

August 2015



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# Executive Summary

## General

The Shire of Ravensthorpe holds a water services operating licence (WL26) which permits it to provide sewerage services and non-potable water supply services and undertake, maintain and operate any water appropriate service works to the Shire of Ravensthorpe. The operating licence was granted by the Economic Regulation Authority (ERA) on 29 April 1996 and last amended on 17 April 2014. For the period up to April 2014, the Shire's licenced operating area was centred on the township of Ravensthorpe. However, following a request by the Shire, the licence was amended by the Authority in April 2014 to include the operating area for the Munglinup sewerage scheme.

The Ravensthorpe sewerage scheme was originally constructed during 1983. The scheme is operated by the Shire of Ravensthorpe and includes a gravity reticulation system, a pump station, a rising main, a treatment plant and an effluent re-use scheme. The scheme provides sewerage services to the town's population of approximately 400 people.

The Ravensthorpe scheme collects and treats approximately 34,000m<sup>3</sup> of residential and commercial liquid wastes and re-uses approximately 18,500m<sup>3</sup> treated and disinfected effluent on spray irrigation of the town's ovals and parks. The scheme consists of 10 km of gravity mains and 0.6 km of pressure main. The treatment system comprises two primary settlement ponds and a secondary pond (combined storage capacity of 10,000m<sup>3</sup>), and a storage evaporation pond (capacity of 24,800m<sup>3</sup>). The irrigation pipeline runs from the storage pond to two irrigation tanks (70kL each) for further treatment, and then to the sporting complex oval, hockey field and school oval.

The Munglinup sewerage scheme is a gravity system consisting of a network of PVC pipes and concrete that collects and delivers the effluent to a fenced aeration lagoon. There is also a dispersal drain that comes off the back of the lagoon. The Munglinup sewerage scheme has been in operation since 1995s.

Although the Authority issued a new licence (WL26, Version 3) consistent with the *Water Services Act 2012* in November 2013, it issued an updated version of the licence (Version 4) on 17 April 2014 with an amendment to include the operating area for the town of Munglinup's sewerage scheme. The Munglinup sewerage scheme was previously owned, operated and maintained by the Shire but was not captured in its operating licence. Therefore, although the Munglinup scheme is now included in the licence, there have been no significant changes to the assets managed by the Shire since the last operating licence audit/asset management system review.

## Audit and Review Objectives

Cardno was commissioned by the ERA to undertake an operational audit and asset management system review of the Shire of Ravensthorpe in accordance with the requirements set out in Sections 24 and 25 of the *Water Services Act 2012* (WA) and also included in Clauses 14 and 20 of its operating licence.

The operational audit has been conducted in order to assess the Shire of Ravensthorpe's level of compliance with the conditions of its operating licence.

The asset management system review has been conducted in order to assess the effectiveness of the Shire of Ravensthorpe's asset management system.

This report outlines the findings of the audit and review of the Shire of Ravensthorpe to fulfil the above objectives, conducted on Wednesday 17 June 2015 and Thursday 18 June 2015. The operational audit covers the period of 1 June 2013 to 31 May 2015. The asset management system review covers the period 1 June 2013 to 31 May 2015.

The audit was carried out in accordance with the *Audit and Review Guidelines: Water Licences*, as published by the ERA in July 2014.

## Operational Audit

### **Findings from the Previous Operational Audit**

The previous audit identified that the Shire had complied with all of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1 December 2011 to 31 May 2013. However, it did make a number of improvement recommendations that were included in the Post-Audit Implementation Plan. These were:

1. Document the procedure for customer complaints including the roles and responsibilities of staff and use of the Synergy system.

*Resolved during audit period*

2. Provide the latest version (April 2013) of the Customer Service Charter on the Shire's website and the Reception counter and, as planned, includes an advice in the annual rates notice on the availability of the Charter

*Resolved during audit period. This recommendation has been made redundant with the introduction of the Water Services Act 2012.*

3. Include the next review date of the Customer Service Charter in the Compliance Schedule.

*Resolved during audit period. This recommendation has been made redundant with the introduction of the Water Services Act 2012.*

### **Findings from the Current Operational Audit**

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

#### **Water Services Licensing Act 1995**

1. A1/2015 – The licensee has not established customer consultation processes as set out in Schedule 3 as it did not meet the requirements of Clause 4.1(b) of Schedule 3 of the Licence (Version 2).
2. A2/2015 – The licensee has not met the requirements of Schedule 3, Clause 4.1 as it only established one of the three customer consultation processes.

These obligations under the *Water Services Licensing Act 1995* have now been made redundant by the introduction of the *Water Services Act 2012*. As a result, no further action is required by the licensee to comply with these obligations.

#### **Water Services Act 2012**

3. A3/2015 – The licensee has not complied with all applicable legislation.
4. A4/2015 - The licensee has not complied with all of the obligations of the *Water Services Code of Conduct (Customer Service Standards) 2013*.

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

5. A5/2015 – The licensee does not explicitly cover all of the specified matters set out in Clause 7 of the Code in the information about connections included in its Customer Service Code
6. A6/2015 to A8/2015 – The licensee does not have a formal written procedure for the review of a bill on the customer's request.
7. A9/2015 and A10/2015 - Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers.
8. A11/2015 and A12/2015 - Although the licensee has a Complaints Handling Policy that includes the complaints procedure, we note that the information included in the Customer Service Charter, which

informs customers of the process, has outdated references for referring complaints to the Department of Water.

9. A13/2015 - The information provided by the licensee does not inform customers that they don't have to use the licensee's complaints procedure or set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.
10. A14/2015 - Although the licensee's publically available Hardship Policy refers to the Complaints Handling Policy, states that it can be found on its website and provides a link to its home page, the Policy is currently not uploaded to the licensee's website.
11. A15/2015 - The licensee does not advertise large-print services being available if required by the customer.
12. A16/2015 - The licensee does not make all of the prescribed (Clause 37(1) of the Code) information publicly available.

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

13. A17/2015 - The licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013.
14. A18/2015 - The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.

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

With respect to the operation of the licenced services during the audit period, the Auditor conducted tests and assessed the control environment, the procedures, policies and performance of the Shire of Ravensthorpe and found that it had an adequate control environment to ensure that the majority of licence obligations are met and that it generally operates in accordance with the operating licence. For the non-compliances observed, we found that the controls were generally adequate. We did not observe any instances where we considered the controls in place to be inadequate.

#### **Operational Audit - Overall Compliance**

The overall compliance of the Shire of Ravensthorpe with its licence is summarised in Section 4.2 of this report. 18 of 167 items were rated as non-compliant. All other items were assessed as compliant, not applicable or not able to be rated.

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

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

The asset management system review assessed the performance of the Shire of Ravensthorpe against the key asset management processes and effectiveness criteria set out in the ERA Guidelines.

The previous asset management system review identified the following recommendations:

1. Asset Operations: Staff should be provided with appropriate inoculations, training for working in confined spaces and safe work practices.

*Resolved during audit period*

2. Asset Operations: No personnel, staff or contractor, should enter any confined space associated with the Ravensthorpe Sewerage System until training and equipment (acceptable to Worksafe WA) has been undertaken/supplied.

*Resolved during audit period*

3. Asset Operations: Update the risk assessment with the higher risk rating and risk treatment for the risk “entry into confined spaces of sewer pump station, etc.”  
*Resolved during audit period*
4. Asset Maintenance: The Shire should replace the access chamber (CP5).  
*Resolved during audit period*
5. Asset Maintenance: The Shire should bury the exposed section of the PVC inflow pipe to the secondary treatment pond to prevent potential flood damage.  
*Resolved during audit period*
6. Risk Management: The status of the actions in the risk mitigation and management strategies (Appendix D of the AMP) should be formally monitored such as monthly reporting by the EHO/Team Leader Parks & Gardens to the CEO to ensure the actions are implemented within a reasonable timeframe.  
*Resolved during audit period*
7. Contingency Planning: The contingency plans should include more details such as key local contact details, communication protocols, specifications, location and availability of emergency equipment/contractors, Authorities that need to be contacted and when.  
*Partly resolved during audit period. The Authorities that need to be contacted and when still needs to be added to the contingency plans*
8. Contingency Planning: The contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.  
*Resolved during audit period*
9. Contingency Planning: The annual review could be included in the Compliance Schedule.  
*Resolved during audit period*
10. Financial Planning: the allocation of costs (operating and capital) to the sewerage scheme needs to be reviewed to ensure that all costs are being accurately recorded against the scheme and staff are properly trained in cost allocations.  
*Partly resolved during audit period*
11. Capital Expenditure Planning: At the next update of the Asset Management Plan in June 2014, the Annual Capital Investment Budget should be fully populated with all assets, replacement costs re-assessed and the period extended out to 20 years, to recalculate the annuity and confirm the reserve is adequate to cover capital expenditure.  
*Unresolved during audit period*

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

The review of the Shire of Ravensthorpe asset management system identified that all of the asset management processes were rated B2 or better. Where the licensee's asset management system components have not be rated as A1, this reflects that there are improvement opportunities to achieve what would be considered 'best practice' for those components.

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee's system meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide.



Based on the findings from our site inspections, the assets appear to be in good condition and well-maintained.

Process improvement opportunities have been included in the review, Table 5.1. The following recommendations and process improvement opportunities were identified during the current review:

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R1/2015	B2 <i>Asset Planning – Asset management plan covers key requirements</i>	The financial forecasting data included in Section 5 of the AMP provides operating expenditure, capital expenditure and income forecasts for the five year period 2013 to 2017.	We recommend that all of the financial forecasts included in Section 5 of the AMP be reviewed and updated in the next update of the AMP and that the licensee implements an annual update of this information.
R2/2015	B2 <i>Asset Planning – Asset management plan covers key requirements</i>	The AMS currently only contains a 5 year financial planning forecast. The licensee is looking to extend this to 15 years.	We recommend that that licensee completes its intention to extend the financial planning forecasts included in the AMP from 5 years to 15 years.
R3/2015	B2 <i>Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</i>	Legal, environmental and safety obligations are documented in Section 2.3 of the Asset Management Plan. However, although the AMP was updated in January 2015, references to the <i>Water Services Licensing Act 1995</i> are out of date.	We recommend that the licensee revises the references to the <i>Water Services Licensing Act 1995</i> to reflect the requirements of the <i>Water Services Act 2012</i> in the next update of the document.
R4/2015	B2 <i>Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</i>	We observed that the AMP does not reference the <i>Health Act 1911</i> or the <i>Metropolitan Water Supply &amp; Sewerage Act 1909</i> which contain a number of provisions related to the regulation of recycled water.	We recommend that the licensee reviews the obligations included in the <i>Health Act 1911</i> and the <i>Metropolitan Water Supply &amp; Sewerage Act 1909</i> and references them appropriately in the AMP to provide an overview of the requirements for the licensee's recycled water scheme.
R5/2015	B2 <i>Environmental Analysis - Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</i>	Outside of annual performance reporting to the ERA, there does not appear to be further historical analysis of the licensee's performance against these measures or any other operating performance indicators.	We recommend that past records of the key performance measures (e.g. Queen Street pump run times, volumes recycled, chemical usage, customer service standards) are documented in the AMP to provide a baseline of performance, with any significant deviation from the standard reviewed and justified.

Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
R6/2015	B2 <i>Asset Maintenance - Regular inspections are undertaken of asset performance and condition</i>	Although the Shire prepares the annual system report for each of its schemes, these are only for the reticulation assets and do not include information on any other assets. The asset condition data captured during this annual inspection program is used in the licensee's renewals planning and budgeting.	We recommend that the Shire expands the format of its existing reports to the treatment ponds, the pumping station and the recycled water treatment system assets in its future annual inspection scheme reports.
R7/2015	B2 <i>Asset Maintenance - Regular inspections are undertaken of asset performance and condition</i>	Although there are regular inspections of assets outside of the formal annual inspection report process, the licensee does not maintain an ongoing record of asset condition.	We recommend that the licensee develops a register or uses the Condition & Performance spreadsheet included as part of the AMS provided by the ERA.
R8/2015	B2 <i>Asset Maintenance – Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</i>	Although the licensee has an annual planned maintenance program, it does not maintain a record of what work has been completed.	We recommend that the licensee develops a works register or uses the Maintenance Management spreadsheet included as part of the AMS provided by the ERA to keep a record of completed maintenance work
R9/2015	B2 <i>Risk Management - Risks are documented in a risk register and treatment plans are actioned and monitored</i>	The Shire has identified a number of risks in its risk register and developed mitigation and management strategies to address these risks. However, we consider that there is scope for the Shire to assess a number of additional risks and mitigation strategies related to the management of the recycled water scheme.	We recommend that the licensee assesses additional risks associated with the recycled water scheme and chlorine management (e.g. chlorine supply issues, failure of the dosing/monitoring assets, recycled water storage tank outage, failure of pump supplying the sports oval).
R10/2015	B2 <i>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</i>	The Shire has identified a number of risks in its risk register and developed mitigation and management strategies to address these risks. However, we consider that there is scope for the Shire to assess a number of additional risks and mitigation strategies related to the management of the recycled water scheme.	We recommend that the licensee includes water quality issues with the recycled water scheme and risks associated with the chlorine management (e.g. chlorine supply issues, failure of the dosing/monitoring assets, recycled water storage tank outage, failure of pump supplying the sports oval)
R11/2015	B2 <i>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</i>	Although the last asset management system review identified a number of recommendations for improving the Mitigation and Management Strategies document included in Appendix D of the AMP, we have identified additional recommendations.	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>▪ Contact for key regulatory and licensing bodies are also added to the Important Contacts section of the Mitigation and Management Strategies, e.g. ERA, DoW, DoER, DoH.</li> <li>▪ The document is updated to outline the external communications protocols to the</li> </ul>



Reference (no./year)	Asset Management System Component	Issue	Auditor's recommendation
			regulatory/licensing authorities. <ul style="list-style-type: none"> <li>The document includes a spare parts inventory for key assets that may need to be accessed to mitigate an event.</li> </ul>
R12/2015	B2 <i>Financial Planning - The financial plan states the financial objectives and strategies and actions to achieve the objectives</i>	Previously the financial planning was completed by the Deputy Chief Executive Officer. This responsibility is assigned in the Section 6.1 (Resources and Systems) of the AMP. However, the operations budget is now prepared by the Manager of Engineering Services.	We recommend that Section 6.1 (Resources and Systems) is revised in the next update of the AMP to document the change in responsibility for the development of the annual operations budget.
R13/2015	B2 <i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i>	The financial forecasting data included in Section 5 of the AMP provides operating expenditure, capital expenditure and income forecasts for the five year period 2013 to 2017.	Refer to R1/2015
R14/2015	B2 <i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i>	The licensee has calculated an annuity of \$7,250 needing to be paid into the reserve every year to meet the funding requirements for the replacement of the assets. However, we note that the calculation only includes the Ravensthorpe Sewerage Scheme and the Reuse system.	We recommend that the licensee includes the Munglinup scheme assets in its annuity calculation and recalculates the annuity required to fund the all of the replacements.
R15/2015	B2 <i>Financial Planning - The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i>	The income from sewerage rates is higher than had been forecast but the operating and maintenance costs have been much higher than forecast. The licensee's administration costs have increased but these are only included in the budgets every two years for compliance audits.	We recommend that the licensee revises its operational budget based on the actual expenditure in order to make the information available for forecasting more accurate and realistic. The updated forecasts should be included in the AMP.
R16/2015	B2 <i>Review of AMS - A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</i>	The AMP was last updated in January 2015. However, we observed that the document does not have a Document Control Sheet	We recommend that a Document Control Sheet is added at the front of the AMP at the time of the next update to provide a record of the main changes that have been made.

### Assessment of the Effectiveness of the Asset Management System

Based on the outcomes of the audit, the Auditors found that the asset management processes and measures have been implemented and are being followed. It is the Auditor's opinion that the asset management system is generally operating satisfactorily given the size and simplicity of the sewerage scheme and non-potable water service.

However, there were a number opportunities for improvement identified for a number of the licensee's asset management processes and these have been presented in the previous table.

***Asset Management System Review - Overall Effectiveness***

A summary of our assessment of the effectiveness of the Shire of Ravensthorpe's Asset Management System is provided in Section 4.3. All elements were rated "B" or better for policy and procedures. All elements were graded "2" or better for performance.

# Table of Contents

<b>Executive Summary</b>	<b>iii</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Background	1
1.2 Purpose of this Report	1
<b>2 Scope of Works</b>	<b>3</b>
2.1 Audit/Review Objectives	3
2.2 Scope of Works	3
2.3 Methodology and Approach	3
2.4 Time Period Covered by the Audit/Review	12
2.5 Time Period of the Audit/Review Process	12
2.6 Details of the Licensee Representatives Participating in the Audit/Review	12
2.7 Details of Key Documents and Other Information Sources	12
2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised	14
<b>3 Licensee's Response to Previous Recommendations</b>	<b>15</b>
3.1 Previous Audit Non-Compliances and Recommendations	15
3.2 Previous Review Ineffective Components and Recommendations	18
<b>4 Performance Summary</b>	<b>26</b>
4.1 Assessment Rating Scales	26
4.2 Operational Audit Compliance Summary	27
4.3 Asset Management Review Effectiveness Summary	34
<b>5 Observations and Recommendations</b>	<b>38</b>
5.1 Performance Audit	38
5.2 Asset Management System Review	109
<b>6 Recommendations</b>	<b>135</b>
6.1 Performance Audit	135
6.2 Asset Management System Review	140
<b>7 Confirmation of the Audit/Review</b>	<b>145</b>

## Tables

Table 2-1	Licence Audit Methodology	5
Table 2-2	Asset Management Review Methodology	8
Table 2-3	Details of Licensee Representatives	12
Table 2-4	Details of Audit / Review Team Members	14
Table 3-1	Previous Audit Non-compliances and Recommendations	15
Table 3-2	Previous Review Ineffective Components and Recommendations	18
Table 4-1	Audit Compliance and Controls Rating Scales	26
Table 4-2	Asset Management Process and Policy Definition Adequacy Rating	26
Table 4-3	Asset Management Performance Ratings	27
Table 4-4	Audit Obligation Ratings	27
Table 4-5	Asset Management Review Effectiveness Summary	34
Table 5-1	Performance Audit Observations	38

Table 5-1	Asset Management System Review Observations	109
Table 6-1	Table of Current Non Audit Compliances and Recommendations	135
Table 6-2	Table of Current Review Asset System Deficiencies/Recommendations	140

## Appendices

Appendix A	Risk Management Framework
Appendix B	Asset Management Performance Rating Definitions

# 1 Introduction

## 1.1 Background

The Economic Regulation Authority (ERA) is responsible for regulating the licensing schemes for gas, electricity and water services in Western Australia. The primary objective of regulation is to ensure the provision of a fair, competitive and efficient environment for consumers and businesses, particularly where businesses operate as natural monopolies.

The Shire of Ravensthorpe holds a water services operating licence (WL26) which permits it to provide sewerage services and non-potable water supply services and undertake, maintain and operate any water service works to the Shire of Ravensthorpe. The operating licence was granted by the Economic Regulation Authority (ERA) on 29 April 1996 and last amended on 17 April 2014. For the period up to April 2014, the Shire's licenced operating area was centred on the township of Ravensthorpe. However, following a request by the Shire, the licence was amended by the Authority in April 2014 to include the operating area for the Munglinup sewerage scheme.

The Ravensthorpe sewerage scheme was originally constructed during 1983. The scheme is operated by the Shire of Ravensthorpe and includes a gravity reticulation system, a pump station, a rising main, a treatment plant and an effluent re-use scheme. The scheme provides sewerage services to the town's population of approximately 400 people.

The Ravensthorpe scheme collects and treats approximately 34,000m<sup>3</sup> of residential and commercial liquid wastes and re-uses approximately 18,500m<sup>3</sup> treated and disinfected effluent on spray irrigation of the town's ovals and parks. The scheme consists of 10 km of gravity mains and 0.6 km of pressure main. The treatment system comprises two primary settlement ponds and a secondary pond (combined storage capacity of 10,000m<sup>3</sup>), and a storage evaporation pond (capacity of 24,800m<sup>3</sup>). The irrigation pipeline runs from the storage pond to two irrigation tanks (70kL each) for further treatment, and then to the sporting complex oval, hockey field and school oval.

The Munglinup sewerage scheme is a gravity system consisting of a network of PVC pipes and concrete that collects and delivers the effluent to a fenced aeration lagoon. There is also a dispersal drain that comes off the back of the lagoon. The Munglinup sewerage scheme has been in operation for several years.

## 1.2 Purpose of this Report

As a condition of its operating licence, the Shire of Ravensthorpe is required to conduct a performance audit and asset management review that assesses the performance of the licensee against its obligations under the licences.

Sections 24 and 25 of the *Water Services Act 2012* obligate the licensee to provide the Authority with an operational audit conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or such longer period as the Authority allows) and provide the Authority with a report by an independent expert acceptable to the Authority as to the effectiveness of the asset management system not less than once in every 24 month period (or such longer period as the Authority allows).

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations called up by the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee by considering:

- ▶ process compliance
- ▶ outcome compliance
- ▶ output compliance

- ▶ integrity of reporting
- ▶ compliance with any individual license conditions.

The asset management system review covers:

- ▶ 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.



## 2 Scope of Works

### 2.1 Audit/Review Objectives

The objectives of this audit were to:

1. Provide to the Authority an independent assessment of the Shire of Ravensthorpe's compliance with all of the relevant obligations under the licences
2. Provide to the Authority an independent assessment of the effectiveness of the Shire of Ravensthorpe's asset management system in relation to WL26
3. Provide recommendations to address non-compliances, if any.

### 2.2 Scope of Works

The audit encompassed an assessment of the following four key areas using a risk based approach (to ISO 31000:2009):

- ▶ Process compliance: assessment of the effectiveness of systems and procedures
- ▶ Outcome compliance: assessment of actual performance against the prescribed licence standards
- ▶ Output compliance: assessment of records to indicate procedures are followed and controls are maintained
- ▶ Integrity of reporting: assessment of the completeness and accuracy of the compliance and performance reports.

The scope of works of this audit included:

- ▶ Interviews with key staff members from the Shire of Ravensthorpe to:
  - Assess findings from the last audit and review the actions taken to address the recommendations from the previous audit / review
  - Assess performance against licence conditions for WL26
  - Assess performance against each asset management process for WL26.
- ▶ Reviews of documents, procedures and policy manuals.
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit report in accordance with the format outlined in the ERA Audit and Review Guidelines: Water Licences (July 2014).

### 2.3 Methodology and Approach

The audit was undertaken in accordance with ASAE3000. Our approach to the reporting work was to work closely with the licensee so that comments and challenges could be responded to and addressed before the audit report was finalised. The key areas of our approach included:

- ▶ A start-up discussion (by telephone) with the Shire to:
  - Discuss the main issues to be addressed at audit
  - Identify any issues from the previous audit

- Identify any new issues arising from changes to the Licence or operating environment requirements
  - Discuss the audit plan.
- ▶ Preparation of a draft audit plan for comment by the licensee. The audit plan identified the number and location of audits, the information to be addressed and the auditor responsible.
- ▶ Submission of the draft audit plan to the ERA for approval
- ▶ A start-up meeting on-site at the beginning of our audit work
- ▶ On-site audit work comprising:
  - Face-to-face interviews with business staff responsible for the audit area
  - Demonstration of key systems
  - Sample testing for outcome compliance (assessing sample of documents to confirm procedures / policies are followed and implemented)
  - Review of any non-compliances and assess if any corrective action was undertaken and its effectiveness
  - Controls assessment on obligations that are found to be non-compliant
- ▶ Preliminary audit feedback at the audit close-out meeting
- ▶ Preparation of a draft report for the Shire's review and comment
- ▶ Preparation of a final report for submission to the ERA

Our methodology for completing this audit assignment was based on:

- ▶ A risk assessment that determined the priority of each audit area, using the risk management framework in Appendix A
- ▶ Our understanding of the licensee's business
- ▶ The experience of our audit team in undertaking regulatory audits which has been gained in several jurisdictions in Australia and in the United Kingdom
- ▶ The outcome of the previous audit completed of the licensee

Our audit methodology, including the key documents required to be reviewed and the supporting systems that we requested to see demonstrated, is detailed in Table 2-1 and Table 2-2.

**Table 2-1 Licence Audit Methodology**

Audit Area	Priority	Approach	Systems	Key Documents
<b>Licence Audit</b>				
Clause 4 Fees	5	<ul style="list-style-type: none"> <li>Review invoices from Authority and receipts of payment</li> </ul>		<ul style="list-style-type: none"> <li>Invoices and receipts</li> </ul>
Clause 5 Compliance	Various	<ul style="list-style-type: none"> <li>Review legislative requirements and confirm compliance</li> <li>Identify any corrective action applied to correct / prevent breaches of compliance</li> </ul>	<ul style="list-style-type: none"> <li>Work scheduling system</li> </ul>	<ul style="list-style-type: none"> <li>Performance standards</li> <li>Compliance Summary Reports (record of breaches)</li> </ul>
Clause 12 Accounting Records	4	<ul style="list-style-type: none"> <li>Check that 2012/13 and 2013/14 financial statements are signed off as being to appropriate standards</li> </ul>		<ul style="list-style-type: none"> <li>2012/13 Financial Statement</li> <li>2013/14 Financial Statement</li> <li>Most recent 2014/15 financial information</li> </ul>
Clause 13 Individual Performance Standards	NA	<ul style="list-style-type: none"> <li>Confirm that not applicable</li> </ul>		
Clause 14 Operational Audit	4	<ul style="list-style-type: none"> <li>Confirm Authority's requirement for an operational audit every 24 months</li> <li>Check if any requests have been submitted to the Authority to review requirements</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Previous operational audit reports</li> <li>Correspondence with the ERA</li> </ul>
Clause 15 Reporting change in circumstances	5	<ul style="list-style-type: none"> <li>Review any correspondence with the Authority</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> </ul>
Clause 16 Provision of Information	4	<ul style="list-style-type: none"> <li>Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Annual compliance reports</li> <li>Annual performance reports</li> <li>Correspondence register</li> </ul>
Clause 17 Publishing Information	4	<ul style="list-style-type: none"> <li>Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Letters of notification / requests from the Authority</li> <li>Response to the Authority</li> </ul>
Clause 18 Notices	4	<ul style="list-style-type: none"> <li>Confirm all notices are issued in writing</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Issued notices</li> <li>Licensee communication/correspondence to the Authority</li> </ul>
Clause 19	4	<ul style="list-style-type: none"> <li>Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response</li> </ul>		<ul style="list-style-type: none"> <li>Requests for review of decision (Correspondence)</li> </ul>

Audit Area	Priority	Approach	Systems	Key Documents
Review of the Authority's Decisions				
Clause 20 Asset Management System	4	<ul style="list-style-type: none"> <li>Confirm that the asset management policies and procedures meet legislative requirements. Note for compliance with this clause the auditor simply needs to assure themselves that an asset management system is in place (i.e. AMP, staff, IT system etc.). For the level of effectiveness the auditor should refer to the Asset Management System Review undertaken concurrently.</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise Asset Management System</li> <li>Computerised Maintenance Management System</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management Policies</li> <li>Asset Management Plans</li> <li>Asset Management Systems and Procedures Manual</li> <li>Asset Register</li> </ul>
Clause 21 Water Services Ombudsman Scheme	4	<ul style="list-style-type: none"> <li>Confirm whether the licensee is a member of a scheme and assess compliance</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Correspondence with Ombudsman</li> </ul>
Clause 22 Standard Terms & Conditions	NA	<ul style="list-style-type: none"> <li>Confirm that not applicable</li> </ul>		
Clause 23 Customer Contract	4	<ul style="list-style-type: none"> <li>Check whether the Authority has asked for and approved a customer contract during the audit period.</li> <li>Confirm that the contracts comply with the Customer Contract Guidelines</li> <li>Check whether there have been any amendments to the customer contracts during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Examples of customer contracts</li> </ul>
Clause 24 Non Standard Terms & Conditions of Service	4	<ul style="list-style-type: none"> <li>Assess whether the licensee has agreements with customers that include non-standard terms and conditions</li> <li>If applicable, confirm that the non-standard terms and conditions have been approved by the Authority</li> <li>If applicable, confirm annual reports of agreements containing non-standard terms and conditions have been published and comply with the operating licence requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Examples of agreements with non-standard terms &amp; conditions (if applicable)</li> <li>Annual reports of non-standard terms &amp; conditions agreements</li> </ul>
Clause 25 Supplier of Last Resort	4	<ul style="list-style-type: none"> <li>Confirm whether the licensee is a supplier of last resort and, if applicable, assess compliance with the functions required under the operating licence.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA/Minister</li> <li>Last Resort Supply Plan</li> </ul>
Clause 26 Duties of the Licensee	4	<ul style="list-style-type: none"> <li>Assess compliance with the duties of the licensee under the Water Act</li> </ul>		<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Compliance Summary Reports (record of breaches)</li> </ul>

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

**Table 2-2 Asset Management Review Methodology**

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



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

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

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

## 2.4 Time Period Covered by the Audit/Review

The operational licence audit covers the period from 1 June 2013 to 31 May 2015. The asset management system review covers the period from 1 June 2013 to 31 May 2015.

The previous operational licence audit covered the period from 1 June 2011 to 31 May 2013 and was undertaken by Quantum Management Consulting and Assurance (Quantum Assurance). The previous asset management system review also covered the period from 1 June 2011 to 31 May 2013 and was also undertaken by Quantum Management Consulting and Assurance (Quantum Assurance).

## 2.5 Time Period of the Audit/Review Process

The audit/review commenced in March 2015 with preparation of the draft Audit Plan. Interviews with the Shire of Ravensthorpe's staff were carried out on Wednesday 17 June and Thursday 18 June 2015 at the Shire's office in Morgans Street, Ravensthorpe, WA.

## 2.6 Details of the Licensee Representatives Participating in the Audit/Review

Details of representatives from the Shire of Ravensthorpe who participated in the audit and review process are provided in Table 2-3 below.

**Table 2-3 Details of Licensee Representatives**

Name	Organisation	Role
Darryn Watkins	Shire of Ravensthorpe	Manager of Engineering Services
Ian Neil	Ian Neil and Associates	Consulting Engineer
Keith White	Shire of Ravensthorpe	Deputy Chief Executive Officer
Graham Sutherland	Shire of Ravensthorpe	Team Leader Parks & Gardens
Ian Fitzgerald	Shire of Ravensthorpe	Chief Executive Officer

## 2.7 Details of Key Documents and Other Information Sources

- ▶ Shire of Ravensthorpe Water Services Operating Licence – WL26, Version 2, 15 May 2009
- ▶ Shire of Ravensthorpe Water Services Operating Licence – WL26, Version 3, 18 November 2013
- ▶ Shire of Ravensthorpe Water Services Operating Licence – WL26, Version 4, 17 April 2014
- ▶ Ravensthorpe Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-040/2
- ▶ Munglilup Operating Area (Sewerage Supply Services) Plan No. OWR-OA-307
- ▶ Quantum Assurance, Shire of Ravensthorpe Operational Audit and Asset Management System Review, Final Report, August 2013
- ▶ Shire of Ravensthorpe website (<http://www.ravensthorpe.wa.gov.au/>)
- ▶ Post Audit Implementation Plan, March 2014
- ▶ Shire of Ravensthorpe Asset Management Plan, January 2015
- ▶ Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet
- ▶ Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet
- ▶ Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet

- ▶ Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets
- ▶ Shire of Ravensthorpe Waste Water Assets Management System – Maintenance Management Excel spreadsheets
- ▶ Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets
- ▶ Shire of Ravensthorpe Water Service Charter for Non-Potable Water Supply and Sewerage Services – April 2013
- ▶ Shire of Ravensthorpe - Financial Hardship Policy for Water Services, 2014
- ▶ Western Australia Tomorrow, Population Report No. 7, 2006 to 2026, Forecast Profile Ravensthorpe (S) Local Government Area, February 2012
- ▶ Annual Munglup Sewerage System Report 2014
- ▶ Annual Ravensthorpe Sewerage System Report 2014
- ▶ Shire of Ravensthorpe Sewerage & Waste Water Reuse System Complaint Log
- ▶ Shire of Ravensthorpe Complaints Handling Policy
- ▶ Shire of Ravensthorpe overall Customer Service Charter - Complaint Handling
- ▶ Shire of Ravensthorpe Effluent Treatment and Reuse Sampling Results 2015
- ▶ Shire of Ravensthorpe Local Planning Strategy, September 2013
- ▶ Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014
- ▶ Shire of Ravensthorpe Planning Approval Application Form, 2014
- ▶ Shire of Ravensthorpe Corporate Business Plan 2014-2018, 22 May 2014
- ▶ Shire of Ravensthorpe Record of Contingency Planning Audit, 19 February 2014
- ▶ Shire of Ravensthorpe Strategic Community Plan July 2014 - June 2024
- ▶ Disability Access and Inclusion Plan 2013-2018
- ▶ Annual Environmental/Compliance Report to the Department of Environment Regulation 2013/14
- ▶ Shire of Ravensthorpe Asset Management Plan (all Shire assets), adopted May 2013
- ▶ Shire of Ravensthorpe Annual Report for 2013/14
- ▶ Shire of Ravensthorpe Draft Budget 2015/16
- ▶ Shire of Ravensthorpe Operating Procedures Manual
- ▶ Sample of monthly Council meeting minutes
- ▶ Performance Reports to the Authority for the year ended 30 June 2013 and 2014
- ▶ Compliance Reports to the Authority for the year ended 30 June 2013 and 2014
- ▶ Hard copy file of Correspondence between the Shire and the Authority
- ▶ Department of Health, Water Recycling Assessment Report, April 2015

## ► Shire of Ravensthorpe Fees and Charges 2014/15

## 2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised

The audit/review team comprised two staff members from Cardno.

Details of their roles and hours utilised in the audit/review process are provided in the table below.

**Table 2-4 Details of Audit / Review Team Members**

Name	Organisation	Role	Summary of Task	Hours Utilised
Justin Edwards	Cardno	Auditor	<ul style="list-style-type: none"><li>▪ Prepare audit plan</li><li>▪ Undertake audit</li><li>▪ Prepare audit report</li></ul>	100
Stephen Walker	Cardno	Reviewer	<ul style="list-style-type: none"><li>▪ Review Audit Plan</li><li>▪ Review Audit Report</li></ul>	20



## 3 Licensee's Response to Previous Recommendations

In the previous operating licence audit and asset management review, a series of actions were recommended or suggested to improve the existing controls.

### 3.1 Previous Audit Non-Compliances and Recommendations

Details of the actions completed by the Shire of Ravensthorpe against each of the previous operational licence audit non-compliance and recommendations are presented in Table 3-1 below.

**Table 3-1 Previous Audit Non-compliances and Recommendations**

A. Resolved before end of previous Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
1.1/2013	<b>Customer Complaints Process</b> The previous audit noted the following: <ul style="list-style-type: none"> <li>The Shire's Wastewater Scheme Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes.</li> </ul>	<i>The Shire should document the procedure for customer complaints including the roles and responsibilities of staff and use of the Synergy system. This could include the Shire's target of resolving complaints within 15 business days and other reviews available to complainants.</i>	February 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	All complaints to the Shire are recorded in the Synergy system. The audit sighted the system and confirmed there were no recorded complaints concerning the wastewater scheme. However, it was noted that the complaints recording process and responsibilities are not documented in the Shire's procedures.	The Shire has developed a Complaints Policy that also includes the outline procedure. The document sets out the target to resolve complaints within 15 days and provides the escalation process to the CEO and then to external and independent organisations if the complainant is not satisfied with the Shire's response.		
1.2/2013	<b>Availability of Customer Service Charter</b> The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence. The previous audit noted the following: <ul style="list-style-type: none"> <li>The previous version of the Customer Service Charter was displayed at the Shire's reception and on the website, rather than the latest version dated April 2013.</li> </ul> The Shire plans to include an advice in the annual rates notice for 2013/14 on the availability of the Charter.	a) <i>The Shire should provide the latest version (April 2013) of the Customer Service Charter on the Shire's website and the Reception counter.</i>  Although this obligation is no longer a requirement, the Shire has maintained their Customer Service Charter and makes it readily available to customers on request or via its website. The April 2013 version of the Charter is the most recent update of the document and we note that some of the information included in it is now out of date, e.g. references to the <i>Water Services Licensing Act 1995</i> , informing customers of their right to refer complaint to the Department of Water.	November 2013	No further action required
		b) As planned in the Compliance Schedule, include advice in the 2013/14 rates notice on the availability of the Charter.  This obligation is no longer required under the <i>Water Services Act 2012</i> .	November 2013	No further action required
1.3/2013	<b>Review of Customer Service Charter</b> The previous audit noted the following:	The Shire should record the next review date for the Customer Service Charter in the Compliance Schedule.	November 2013	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> <li>The Wastewater Services Charter was reviewed in April 2013 in accordance with the regulatory timeframe.</li> <li>The Compliance Schedule does not include the next review date of the Charter to provide a reminder of the due date.</li> </ul>	This obligation is no longer required under the <i>Water Services Act 2012</i> .		

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

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable

## 3.2 Previous Review Ineffective Components and Recommendations

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

**Table 3-2 Previous Review Ineffective Components and Recommendations**

A. Resolved before end of previous review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.1/2013	<b>Asset Operations - Training</b> Staff should receive training commensurate with their responsibilities. The previous review noted the following: <ul style="list-style-type: none"> <li>As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations and training for working in confined spaces.</li> <li>The rating of the risk "entry into confined spaces of sewer pump station, etc." as "significant" is considered to be</li> </ul>	a) <i>As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations, training for working in confined spaces and safe work practices (as a high priority).</i>  Fields operations staff involved with the sewerage scheme have been inoculated and received the identified training. We confirmed the inoculations history information showed the staff had received	March 2014	No further action required.

## B. Resolved during current review period

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<p>under-stated as there is potential for personnel fatality from confined space access entry (methane gas). Appropriate training should be given a higher priority.</p> <ul style="list-style-type: none"> <li>Detailed operating procedures have been developed for key activities and to reduce the reliance upon the TLP&amp;G. Given the size of the operation, the progressive updating of the Operations Manual as unforeseen events occur, is considered acceptable.</li> <li>Also, with the relatively small number of people involved in operating the facilities, the continued development and training for a "succession" plan to cover the absence of the Team Leader has been recognised by the Shire should continue.</li> </ul>	<p>hepatitis A and B and tetanus inoculations. We also confirmed the confined space training certificate, dated 13/03/2014.</p> <hr/> <p><i>b) No personnel, staff or contractor, should enter any confined space associated with the Ravensthorpe Sewerage System until training and equipment (acceptable to Worksafe WA) has been undertaken/supplied.</i></p> <p>The Shire utilises a contract plumber located in Ravensthorpe that has confined space training when confined space work is needed to be completed. As such, the Shire did not consider this a major risk issue. However, the Shire's Field Staff now have confined space certification.</p> <hr/> <p><i>c) Update the risk assessment with the higher risk rating and risk treatment for the risk "entry into confined spaces of sewer pump station, etc."</i></p> <p><i>We confirmed that the Risk Register included in Appendix C of the Shire's Asset Management Plan has been revised to increase the overall risk rating of 'significant' observed at the last review to a higher rating of 'major'.</i></p>	<p>February 2014</p> <hr/> <p>February 2014</p>	<p>No further action required.</p> <hr/> <p>No further action required.</p>

## B. Resolved during current review period

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
		<p>d) <i>As planned, continue the development of the Operations Manual and implementation of succession planning to cover the absence of the Team Leader.</i></p> <p>We confirmed that the Shore has developed an Operations Manual for use by the field staff. This has been developed as a living document and a new procedure is created each time the staff identify that a new set of instructions is needed.</p> <p>The Operations Manual currently includes procedures for:</p> <ul style="list-style-type: none"> <li>▪ Dam operation</li> <li>▪ Drainage pipe blockage between No. 2 and 3 dams</li> <li>▪ WQ sampling</li> <li>▪ Change days to water on reticulation system (recycled)</li> <li>▪ Low water light on (recycled tank)</li> <li>▪ Switch reticulation on/off</li> <li>▪ Change chlorine drum</li> <li>▪ Repair to leaking reticulation line</li> <li>▪ Filter blocked at effluent treatment plant</li> <li>▪ Hand dose chlorine tanks</li> <li>▪ Effluent inflow reading monitor</li> </ul> <p>The Operations Manual has been used to cover the absence of the Team Leader due to injury during the review period.</p>	February 2014	No further action required.



**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.2/2013	<b>Asset Maintenance</b> The previous review noted the following: <ul style="list-style-type: none"> <li>Annual review of the condition of assets is included in the Compliance Schedule (by 30 June each year). The Planned Work Programme includes annual inspection of the main assets.</li> <li>The audit sighted the 2013 schedule with dates completed. Physical audit inspection of the visible assets confirmed that the general condition of the major assets is acceptable, apart from one access chamber (CP5) where the concrete has degraded and it needs to be replaced as recommended by the Team Leader Parks and Gardens.</li> <li>The risk assessment also notes that "the exposed part of the inflow pipe to the secondary treatment pond should be inspected with a view to determining works to alleviate the threat to the pipework posed by floodwaters." This was due for action by July 2014.</li> </ul>	a) The Shire should replace the access chamber (CP5). (Plastic lining of Access Chamber CP5 is the best option to prevent concrete degradation. A less expensive alternative may be to manufacture a chamber from large diameter Polyethylene (PE) drainage pipe and coat the underside of a standard concrete sewer access chamber lid with two pack epoxy paint.)  The Shire has replace access chambers CP4, CP5 and CP6 during the last year. Although the replacement of CP5 was identified as an action during the last review, the Shire identified that the other two chambers were close to needing to be replaced and so also carried out this work.	Completed during 2014/15	No further action required.
		b) <i>As planned, the Shire should bury the exposed section of the PVC inflow pipe to the secondary treatment pond to prevent potential flood damage.</i>  The Shire investigated burying the exposed section of the inflow pipe to the secondary treatment pond but identified that as it is a gravity system, the topography would not allow the pipe elevation to be altered. As a result, the Shire has constructed a concrete culvert under the exposed pipe to provide it with protection and stability. This was observed during the site inspection of the treatment plant. We consider that this alternative option has mitigated the risk of potential flood damage.	Completed during 2014/15	No further action required.

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.3/2013	<b>Risk Management – Treatment Actions</b> Risks are documented in a risk register and treatment plans are actioned and monitored. The previous review noted the following: <ul style="list-style-type: none"> <li>The risk mitigation and management strategies (Appendix D of the AMP) include a number of actions to mitigate risks. Due dates for most of the actions are included in Section 7 of the AMP.</li> <li>Whilst, there was evidence during the audit that these actions are being progressed, it is suggested that they be formally monitored such as by monthly reporting by the EHO/TLP&amp;G to the CEO until completed.</li> </ul>	<i>The status of the actions in the risk mitigation and management strategies (Appendix D of the AMP) should be formally monitored such as monthly reporting by the EHO/Team Leader Parks &amp; Gardens to the CEO to ensure the actions are implemented within a reasonable timeframe.</i>  The Team Leader Parks & Gardens, Manager of Engineering Services and the contracted Consulting Engineer meet annually to review the risk register and the risk mitigation and management strategies. The last review took place on 4 May 2015. All minor projects have been completed for actions that could have timeframe/monitoring applied to them.	September 2014	No further action required.
2.4/2013	<b>Contingency Planning</b> Contingency plans should be documented, understood and tested to confirm their operability and to cover higher risks. The previous review noted the following: <ul style="list-style-type: none"> <li>Based on the above risk assessment, the Shire has identified seven areas of operation which could be subject to moderate, significant or major risk. The strategies to mitigate/manage those risks are documented in Appendix D of the AMP.</li> <li>These strategies need to be supported by more detailed contingency plans that include the details previously recommended (contact details, communication protocols, alternate suppliers e.g. wastewater recovery supplier, etc.).</li> </ul>	a) <i>The contingency plans should include more details such as:</i> <ul style="list-style-type: none"> <li><i>Key local contact details – name, number and location</i></li> <li><i>Communication protocols – reporting of incidents and escalation</i></li> <li><i>Specifications, location and availability of emergency equipment/contractors (e.g. wastewater pumping contractors)</i></li> <li><i>Authorities that need to be contacted and when (health, environment, etc.).</i></li> </ul> The Shire's contingency planning included in its Mitigation and Management Strategies document	March 2014	We recommend that the contact for key regulatory and licensing bodies are also added to the Important Contacts section of the Mitigation and Management Strategies, e.g. ERA, DoW, DoER, DoH.  We also recommend that the Mitigation and Management Strategies document be updated to outline the external communications

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> <li>The plans have also not yet been tested (such as by annual desktop review of possible scenarios).</li> </ul>	<p>has been updated to include contact details for internal staff and the Shire's contract electrician and plumber.</p> <p>We confirmed that relevant communication protocols have been included within the procedural steps in each of the management strategies.</p> <p>Key locations and contractor details have been included in the Mitigation and Management Strategies document.</p> <p>We observed that the Mitigation and Management Strategies document does not include external reporting requirements.</p>		<p>protocols to the regulatory/licensing authorities.</p> <p>We also recommend that the Mitigation and Management Strategies document includes a spare parts inventory for key assets that may need to be accessed to mitigate an event.</p>
		<p>c) <i>The contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</i></p> <p>As noted above, the Shire has implemented an annual desktop review of the risk register and the risk mitigation and management strategies. The last review took place on 4 May 2015.</p>	May 2014	No further action required.
		<p>d) <i>The annual review could be included in the Compliance Schedule.</i></p> <p>We confirmed that the annual review of the Shire contingency planning has been included in its Compliance Schedule (Appendix F of the AMP)</p>	March 2014	No further action required.
2.5/2013	<b>Financial Planning – Cost Allocation</b> The previous review noted the following:	<i>As planned, the allocation of costs (operating and capital) to the sewerage scheme needs to be</i>	March 2014	This work is ongoing but no further action

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> <li>The financial plan provides projections of income, expenses and the sewerage reserve for the next 5 years. No capital expenditure is planned. The budget for 2013/14 confirms there is adequate income to cover the annual expenses.</li> <li>As noted in the risk mitigation and management strategies, a review of the accounts over the past 3 years has identified a number of cost allocations that are incorrect. It may be that not all costs are being recorded against the scheme including capital replacements.</li> <li>The Shire has installed a new SynergySoft financial system in 2012/13 and plans to review the cost allocation process and ensure that staff are properly trained.</li> </ul>	<p><i>reviewed to ensure that all costs are being accurately recorded against the scheme and staff are properly trained in cost allocations.</i></p> <p>The Shire reviews the allocation of costs for the sewerage scheme as an ongoing activity. We confirmed that it has updated the most recent annual budget with updated financial data from the cost data included in most recent update of the AMP. The Shire has a cost ledger and reviews invoices and timesheet information during the course of its normal financial management activities.</p>		required to complete the recommendation
	<p><b>Capital Expenditure Planning</b></p> <p>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan. The planned life of assets is considered acceptable by the audit. Also, a condition monitoring system has been implemented. The AMP includes an Annual Capital Investment Budget in Appendix B.</p> <p>The budget calculates an annuity for replacement of assets over their useful lives as \$7,250 per annum. This costing does not include all wastewater assets (such as only 4 access chambers compared with 40 in the asset register and piping is also understated). Also, the costing has not been extended beyond 2017.</p>	<p><i>At the next update of the Asset Management Plan in June 2014, the Annual Capital Investment Budget should be fully populated with all assets, replacement costs re-assessed and the period extended out to say 20 years, to recalculate the annuity and confirm the reserve is adequate to cover capital expenditure.</i></p> <p>The Shire's capital expenditure planning does not forecast any new capital works until 2026, when the fence at the Ravensthorpe treatment plant is due to be replaced (based on its asset life). After this, the next capital expenditure is not forecast until 2031. The licensee has calculated an annuity of \$7,250 needing to be paid into the reserve every year to meet the funding requirements for the replacement of the assets. However, we note that the calculation only includes the Ravensthorpe Sewerage Scheme and the Reuse system.</p>	March 2014	The Munglinup assets have not been included in the calculation and we recommend that the licensee includes these assets and recalculates the annuity required to fund all of its sewerage and reuse scheme asset replacements.

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

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation
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## 4 Performance Summary

The performance audit is summarised in a table with adequacy of control and compliance rating. The table includes all applicable compliance reporting items and are numbered according to the ERA's Water Compliance Reporting Manual, April 2014. Description of the rating scale and outcomes of the performance audit is provided in the following sections.

### 4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of the performance of the Shire of Ravensthorpe was completed using the rating scale in Table 4-1 and asset management system effectiveness using the rating scales in Table 4-2 and Table 4-3.

**Table 4-1 Audit Compliance and Controls Rating Scales**

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

**Table 4-2 Asset Management Process and Policy Definition Adequacy Rating**

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

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

**Table 4-3 Asset Management Performance Ratings**

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

## 4.2 Operational Audit Compliance Summary

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

Na = Not applicable - Determined during the audit that the compliance obligation does not apply to the Licensee's business operations

Nr = Not rated - No relevant activity took place during the audit period, therefore it is not possible to assess compliance.

**Table 4-4 Audit Obligation Ratings**

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
Water Services Licensing Act 1995													
2012/7	Clause 20.1	2					✓	✓					
2012/9	Clause 6.1	4					✓	✓					
2012/11	Schedule 3 Clause 3.8	4					✓						✓
2012/13	Schedule 3 Clause 3.9 (b)	5					✓	✓					
2012/16	Schedule 3 Clause 3.10	4					✓	✓					
2012/17	Schedule 3 Clause 3.6	4					✓						✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
2012/18	Schedule 3 Clause 3.7	4					✓						✓
2012/19	Clause 7.1	4					✓	✓					
2012/20	Schedule 3 Clause 2.5	4					✓	✓					
2012/21	Schedule 3 Clause 2.6	5					✓	✓					
2012/22	Schedule 3 Clause 2.7	4					✓	✓					
2012/23	Clause 8	4		✓						✓			
2012/24	Schedule 3 Clause 4.1	4		✓						✓			
2012/25	Schedule 3 Clause 4.2	4					✓	✓					
2012/26	Schedule 3 Clause 4.3	4					✓						✓
2012/28	Schedule 3 Clause 4.5 Sewerage licensee	4					✓						✓
2012/29	Schedule 3 Clause 4.6 LGA sewerage providers	4					✓	✓					
2012/32	Schedule 3 Clause 6	4					✓						✓
2012-	Schedule 6 Clause 2.1	4					✓	✓					
2012-	Schedule 6 Clause 2.2	4					✓	✓					
2012-	Schedule 6 Clause 2.3	4					✓						✓
Water Services Act 2012													
Fees (Clause 4)													
155	Clause 4	5					✓						✓
Compliance (Clause 5)													
156	Clause 5.1	4		✓						✓			
10	Clause 5.2	4					N/A					✓	
11	Clause 5.3	4		✓						✓			
13	Section 36	4					✓						✓
16	Section 77(3)	4					✓	✓					
17	Sections 82(4) & (5)	4					✓						✓
18	Section 84(2)	4					✓						✓
19	Section 87(2)	4					✓						✓
20	Section 90(7)	5					✓						✓
21	Section 95(3)	2					N/A					✓	
22	Section 96(1)	4					N/A					✓	



Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
23	Section 96(5)	5					N/A						✓	
24	Section 98(3)	4					✓							✓
25	Section 106(2)	4					✓							✓
28	Section 119(2)	4					✓							✓
29	Section 122(2)	4					✓							✓
30	Section 125(2)	4					N/A					✓		
31	Section 128(4)	4					✓							✓
32	Section 129(5)	4					✓							✓
33	Section 139(3)	4					✓							✓
34	Section 141(1)	4					✓							✓
35	Sections 142	4					✓							✓
36	Sections 143 (2)	4					✓							✓
37	Sections 143 (3)	5					✓							✓
38	Sections 144(3)	4					✓							✓
39	Section 145(2)	5					✓							✓
40	Section 147(3)	4					✓							✓
41	Section 147(4)	4					✓							✓
42	Section 151(1)	4					✓							✓
43	Section 151(2)	4					✓							✓
44	Section 152(3)	4					✓							✓
45	Section 153(3)	4					✓							✓
46	Section 166(5)	4					✓							✓
47	Section 166(6)	4					✓							✓
48	Section 170	4					✓							✓
49	Section 173(4)	4					✓							✓
50	Section 174(1)	4					✓							✓
51	Section 174(3)	4					✓							✓
52	Section 175(2)	4					✓							✓
53	Section 175(5)	4					✓							✓
54	Section 176(1)	4					✓							✓
55	Section 176(3)	4					✓							✓
56	Section 176(4)	4					✓							✓
57	Section 181	5					✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
58	Section 186	4					✓						✓
59	Section 187(1) – (3)	4					✓						✓
60	Section 190(4)	4					✓						✓
61	Section 190(5)	4					✓						✓
62	Section 210(5)	4					✓						✓
63	Section 218(2)	5					✓						✓
64	Section 218(3)	4					✓						✓
157	Clause 5.2	4					N/A					✓	
158	Clause 5.3	4		✓					✓				
159	Clause 5.4	4					✓						✓
Water Services Regulations 2013													
74	Regulation 60(2)	4					✓						✓
75	Regulation 63	4					✓						✓
89	Regulation 85	4					✓						✓
Water Services Code of Conduct (Customer Service Standards) 2013													
92	Clause 7	4		✓					✓				
93	Clause 8	4					N/A					✓	
94	Clause 9	4					✓	✓					
95	Clauses 10(2)	4					N/A					✓	
96	Clauses 10(3)	4					N/A					✓	
97	Clause10(4)	4					N/A					✓	
98	Clause 10(5)	4					N/A					✓	
99	Clause 11	4					✓	✓					
103	Clause 13(1)	4					N/A					✓	
104	Clause 13(2)	4					N/A					✓	
105	Clause 14(1)	4					N/A					✓	
106	Clause 15	4					N/A					✓	
107	Clause 16(2)	4					✓						✓
108	Clause 16(3)	4					✓						✓
109	Clause 16(4)	4					✓						✓
110	Clause 16(5)	4					✓						✓
111	Clause 17(1)	4					✓						✓
112	Clause 17(2)	4					✓						✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
113	Clause 18(1)	4					✓							✓
114	Clause 18(2)	4		✓						✓				
115	Clauses 18(3) & (6)	4		✓						✓				
116	Clause 18(4)	4		✓						✓				
117	Clause 18(5)	4						✓						✓
118	Clause 20	4						✓	✓					
119	Clause 21(1)	4		✓						✓				
120	Clause 21(2)	4						✓	✓					
121	Clause 22	4		✓						✓				
122	Clause 23(1)	4						✓	✓					
123	Clause 24	4						✓						✓
124	Clause 25	4						✓						✓
125	Clauses 26(1) & (2)	4						✓	✓					
126	Clause 26(3)	4						✓	✓					
127	Clause 26(4)	4						N/A					✓	
128	Clause 26(5)	4						✓	✓					
129	Clauses 26(6)	4						✓						✓
130	Clause 27(2)	4						✓						✓
131	Clause 27(3)	4						✓						✓
132	Clause 28(1)	4						✓						✓
133	Clauses 28(4) & (5)	4						✓	✓					
134	Clause 29	4						✓	✓					
145	Clause 35(1)	4		✓										✓
146	Clause 35(2)	4						✓	✓					
147	Clause 35(3)	4		✓						✓				
148	Clause 35(4)	4		✓						✓				
149	Clause 35(6)	4		✓						✓				
150	Clause 36(1)	4		✓						✓				
152	Clause 36(2)	4						✓						✓
153	Clause 37(1)	4		✓						✓				
Water Services Act 2012														
Accounting Records (Clause 12)														
160	Section 12	4						✓	✓					

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
	Individual Performance Standards (Clause 13)												
161	Section 12	5					N/A						✓
	Operational Audit (Clause 14)												
9	Section 25	5					✓	✓					
162	Section 12	4					✓	✓					
	Reporting a Change in Circumstance (Clause 15)												
163	Section 12	2					✓						✓
164	Section 12	4					✓						✓
	Provision of Information (Clause 16)												
165	Section 12	4					✓	✓					
166	Section 12	4					✓	✓					
167	Section 12	4					✓	✓					
	Publishing Information (Clause 17)												
168	Section 12	4					✓						✓
	Notices (Clause 18)												
169	Section 12	4					✓	✓					
	Asset Management System (Clause 20)												
170	Section 12	4					✓						✓
171	Section 12	5					✓						✓
172	Section 12	4					✓	✓					
6	Sections 24(1)(a) & 24(2)	4					✓	✓					
7	Section 24(1)(b)	5					✓						✓
8	Section 24(1)(c)	5					✓	✓					
	Water Services Ombudsman Scheme (Clause 21)												
173	Section 12	4					✓	✓					
15	Section 66	4					✓	✓					

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
	Standard Terms & Conditions of Service (Clause 22)												
174	Section 12	4					N/A						✓
	Customer Contract (Clause 23)												
175	Section 12	5					✓						✓
176	Section 12	5					✓						✓
177	Section 12	5					✓						✓
178	Section 12	5					✓						✓
	Non Standard Terms & Conditions of Service (Clause 24)												
179	Section 12	4					✓						✓
180	Section 12	4					✓						✓
	Supplier of Last Resort (Clause 25)												
181	Section 12	4					N/A					✓	
14	Section 60	4					N/A					✓	
	Duties of the licensee (Clause 26)												
12	Section 29	4		✓						✓			
	Provision of Water Services (Clause 27)												
1	Section 21(1)(a)	5					✓	✓					
2	Section 21(1)(b)	4					✓	✓					
3	Section 21(1)(c)	4					✓	✓					
	Provision of Water Services Outside Operating Area (Clause 28)												
182	Section 12	4					✓						✓
4	Section 22	4					✓						✓
	Works Holding Arrangements (Clause 29)												
5	Section 23	4					✓	✓					
	Hardship Policy (Clause 30)												
183	Section 12	4					✓	✓					

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	NR
	Memorandum of Understanding (Clause 31)												
184	Section 12	N/A					N/A						✓
185	Section 12	N/A					N/A						✓
186	Section 12	N/A					N/A						✓
	Performance Standards (Schedule 3)												
190	Section 9	N/A					N/A						✓

### 4.3 Asset Management Review Effectiveness Summary

The asset management system review assessed the effectiveness of the asset management system in delivering the services as required under the operating licence.

The review was conducted utilising the asset management adequacy and performance ratings as outlined in the Audit Guidelines. A summary of the outcomes of the review is provided in Table 4-5.

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee's system meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide. Generally the gradings that we have assigned to the licensee's asset management system components reflect that there is room for improvement to achieve what would be considered 'best practice'.

**Table 4-5 Asset Management Review Effectiveness Summary**

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<b>Asset planning</b>	<b>B</b>	<b>2</b>
▪ Asset management plan covers key requirements	B	2
▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning	A	1
▪ Service levels are defined	A	1
▪ Non-asset options (e.g. demand management) are considered	A	1
▪ Lifecycle costs of owning and operating assets are assessed	B	2
▪ Funding options are evaluated	B	2
▪ Costs are justified and cost drivers identified	A	1
▪ Likelihood and consequences of asset failure are predicted	A	1

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>Plans are regularly reviewed and updated</li> </ul>	B	2
<b>Asset creation/acquisition</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Full project evaluations are undertaken for new assets</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Evaluations include all life-cycle costs</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Projects reflect sound engineering and business decisions</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Commissioning tests are documented and completed</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</li> </ul>	B	2
<b>Asset disposal</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Under-utilised and under-performing assets are identified as part of a regular systematic review process</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Disposal alternatives are evaluated</li> </ul>	A	1
<ul style="list-style-type: none"> <li>There is a replacement strategy for assets</li> </ul>	A	1
<b>Environmental analysis</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Opportunities and threats in the system environment are assessed</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Compliance with statutory and regulatory requirements</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Achievement of customer service levels</li> </ul>	A	1
<b>Asset operations</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Operational policies and procedures are documented and linked to service levels required</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise operations tasks</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Operational costs are measured and monitored</li> </ul>	B	2

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



Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	B	2
<b>Financial planning</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> </ul>	B	2
<ul style="list-style-type: none"> <li>The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> </ul>	B	2
<ul style="list-style-type: none"> <li>The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>	A	1
<b>Capital expenditure planning</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The plan provides reasons for capital expenditure and timing of expenditure</li> </ul>	B	2
<ul style="list-style-type: none"> <li>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> </ul>	A	1
<ul style="list-style-type: none"> <li>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	A	1
<b>Review of AMS</b>	<b>B</b>	<b>2</b>
<ul style="list-style-type: none"> <li>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</li> </ul>	B	2
<ul style="list-style-type: none"> <li>Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	A	1

## 5 Observations and Recommendations

### 5.1 Performance Audit

**Table 5-1 Performance Audit Observations**

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Water Services Licensing Act 1995</b>						
<p><i>Note: Licence obligations under the Water Service Licensing Act 1995 have now been made redundant by the introduction of the Water Services Act 2012. The redundant obligations are included in this table with a reference to the 2012 version of the Compliance Manual in the second column).</i></p>						
<p>The Licensee must comply with the service and performance standards as set out in Schedule 4. These are:</p> <p><b>1.1 Emergency response</b></p> <p>The licensee shall provide an emergency telephone advice system such that customers need make only one telephone call to report an emergency and that the customer shall be advised of the nature and timing of the action to be undertaken by the licensee.</p> <p><b>Target:</b></p> <p>90% of customers within 1 hour of reporting an emergency shall be advised of the nature and timing of the action to be undertaken by the licensee.</p> <p><b>2.1 Customer complaints</b></p> <p>The licensee shall respond to customer complaints in accordance with the licence standard</p> <p><b>Target:</b></p>	2012/7	Clause 20.1	2	<p><u>Emergency Response</u></p> <ul style="list-style-type: none"> <li>The licensee maintains a 24hr emergency contact service. The contact numbers are detailed in the Customer Service Charter. The contact numbers include the Works Supervisor's and Manager of Works &amp; Service's mobile telephone numbers.</li> <li>After hours call to the main office number are forwarded to the on call staff</li> <li>Contact details for the licensee's office are located on the licensee's website. However, these are for office hours only and no emergency contacts are listed.</li> <li>The licensee does not maintain a register for tracking the details of emergency telephone calls (e.g. time received, nature of the issue, actions to be taken and time customer advised of actions) or other system for formally</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Annual Performance Reports (2013, 2014)</li> <li>Review of sewerage scheme complaints log</li> <li>Review of complaints recorded in Synergy</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>90% of customer complaints resolved within 15 business days.</p> <p><b>3.1 Continuity and overflows</b></p> <p>3.1(a) The number of sewer blockages per 100km of sewer mains.</p> <p><b>Target:</b></p> <p>In the preceding 12 months there were fewer than 40 blockages per 100km of sewer main</p> <p>3.1(b) Percentage of connected properties experiencing a wastewater overflow.</p> <p><b>Target:</b></p> <p>In the preceding 12 month period 90% of customers receive the standard for the licensee's schemes.</p>				<p>monitoring this performance standard. Therefore, it is unable to confirm that the response target has been met. The licensee considers that it attends all emergencies within one hour, and this is likely given the size of the scheme and the operating area, although there is no evidence to confirm or otherwise.</p> <ul style="list-style-type: none"> <li>However, the licensee reports that it did not receive any emergency calls relating to its water service during the audit period. Therefore, it has complied with this standard by default.</li> </ul> <p><u>Customer Complaints</u></p> <ul style="list-style-type: none"> <li>The licensee has a Complaints Handling Policy which outlines the objective, scope, procedures and referring complaints to independent parties.</li> <li>Section 2.9 of the licensee's Customer Service Charter sets out the Enquiries, Suggestions, Complaints and Disputes process.</li> <li>Section 7 of the licensee's Hardship Policy also informs customers of the complaints handling procedures and provides the contact details for the Government Ombudsman and the Energy and Water Ombudsman.</li> <li>Complaints may be made in writing, by telephone, in person at the licensee's office, by email or by</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>the web form on the licensee's website.</p> <ul style="list-style-type: none"> <li>▪ The licensee maintains a hard copy register for tracking complaints related to its water services. This is kept at the Shire Office front counter and was observed during the audit.</li> <li>▪ Complaints are also recorded in Synergy. All complaints are recorded in the system, including those relating to the sewer and non-potable water services.</li> <li>▪ No complaints have been received during the audit period. Therefore, the licensee has complied with this performance standard by default. We confirmed via the licensee's complaints log and the complaints recorded in Synergy that it has not received any complaints related to the sewerage and non-potable water schemes. We also reviewed the licensee's Annual Reports for 2012/13 and 2013/14 submitted to the ERA and confirmed that it has reported no complaints as having been reported for the period that this obligation was in effect.</li> </ul> <p><u>Continuity and overflows</u></p> <ul style="list-style-type: none"> <li>▪ We reviewed the licensee's performance reports for 2012/13 and 2013/14 and observed that the licensee has not experienced any blockages or overflows during the</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>part of the audit period when this obligation was in effect.</p> <ul style="list-style-type: none"> <li>▪ The licensee does not maintain any records of any blockages/overflows it has responded to in the field but any customer contacts related to these events would be recorded as complaints and would be recorded in the licensee's complaints system and in Synergy.</li> <li>▪ We interrogated Synergy but did not identify any customer contacts relating to blockages or overflows.</li> <li>▪ Therefore, the licensee has complied with its performance standard for sewer blockages during the time within the audit period for which its performance target applied.</li> </ul>		
<b>Other Licence Conditions</b>						
The licensee must establish a customer complaints process as set out in Schedule 3.	2012/9	Clause 6.1	4	<ul style="list-style-type: none"> <li>▪ Refer to Customer Complaints section included in the previous obligation (2012/7)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with license staff</li> <li>▪ Shire of Ravensthorpe Customer Charter, April 2013</li> <li>▪ Annual Performance Reports (2013, 2014)</li> <li>▪ Review of sewerage scheme complaints log</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					<ul style="list-style-type: none"> <li>Review of complaints recorded in Synergy</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	
The licensee must resolve customer complaints within 15 business days of the receipt of complaint or for matters to be considered by a Local Government Council within 5 business days after the first ordinary Council meeting following the 15 business day period.	2012/11	Schedule 3 Clause 3.8	4	<ul style="list-style-type: none"> <li>No complaints have been recorded by the licensee within the audit period. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of sewerage scheme complaints log</li> <li>Review of complaints recorded in Synergy</li> </ul>	NR
The licensee must provide one trained staff who is authorised or has access to another officer who is authorised to make necessary decisions to respond to complaints.	2012/13	Schedule 3 Clause 3.9 (b)	5	<ul style="list-style-type: none"> <li>The Shire CEO is authorised to make decisions to respond to complaints. This is set out in the licensee's Complaints Handling Policy.</li> <li>The licensee does not carry out any formal complaint management training for its staff and this is completed through on-the-job training.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> </ul>	1
The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water unless the complaint is a matter that relates to section 3.22 of the Local Government Act 1995.	2012/16	Schedule 3 Clause 3.10	4	<ul style="list-style-type: none"> <li>Section 2.9 of the licensee's Customer Service Charter informs customers that a disputed complaint may be referred to the Department of Water.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>As no complaints relating to the water service have been received in the audit period, it is not possible to test other ways that the licensee may inform customers.</li> </ul>	Customer Charter, April 2013 <ul style="list-style-type: none"> <li>Review of sewerage scheme complaints log</li> <li>Review of complaints recorded in Synergy</li> </ul>	
The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	2012/17	Schedule 3 Clause 3.6	4	<ul style="list-style-type: none"> <li>There have been no disputed complaints referred to the Department of Water during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>		NR
The licensee must, on request, provide complaints details to the Department of Water.	2012/18	Schedule 3 Clause 3.7	4	<ul style="list-style-type: none"> <li>There have been no disputed complaints referred to the Department of Water during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>		NR
The licensee must establish a Customer Service Charter as set out in Schedule 3.	2012/19	Clause 7.1	4	<ul style="list-style-type: none"> <li>A Customer Service Charter has been prepared in accordance with the ERA's guidelines.</li> <li>The current version of the Customer Service Charter was revised in April 2013. This version of the Charter was in place at the time of the last audit. It was submitted to the ERA for approval on 16 April 2013 and approved by the Authority in a letter dated 5 May 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Correspondence with ERA</li> </ul>	1
The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence. (a) By prominently displaying it in those parts of the licensee's	2012/20	Schedule 3 Clause 2.5	4	<ul style="list-style-type: none"> <li>The Customer Service Charter was not displayed in the Shire's reception at the time of the audit. However, this obligation ended on 18 November 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Access to Shire of Ravensthorpe website</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>offices to which customers regularly have access</p> <p>(b) By providing a copy, upon request, and at no charge, to the customer; and</p> <p>(c) By sending a current copy, or a summary document approved by the Authority, to all customers at least once in every three year period or as agreed with the Authority.</p>				<ul style="list-style-type: none"> <li>The previous operational audit report dated July 2013 included a recommendation for the Charter to be provided on the licensee's website at the Reception counter.</li> <li>The licensee has recorded in its Post Audit Implementation Plan that this recommendation was completed although also noting that the Charter was no longer required. Therefore, we cannot conclude that the licensee did not meet this obligation for the required duration in the current audit period.</li> <li>The April 2013 version of the Customer Service Charter is still available to be accessed from the licensee's website.</li> <li>In addition to the Wastewater Scheme Customer Service Charter, the licensee also has a separate overall Customer Service Charter that informs customers of the licensee's overall service standards.</li> <li>The last audit report notes that the licensee planned on issuing the updated April 2013 version of the Customer Service Charter with the 2013/14 annual rates notice. However, this was not completed at this time. The licensee revised the date of issue to then be sent out with the fire break notices but by this time this obligation had been made redundant with the</li> </ul>	<ul style="list-style-type: none"> <li>Inspection of Shire of Ravensthorpe offices</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Correspondence with ERA</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> </ul>	



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>introduction of the <i>Water Services Act 2012</i>. As a result, the April 2013 version of the Customer Service Charter was not sent out to customers.</p> <ul style="list-style-type: none"> <li>The October 2009 audit report did not report on an obligation to send the Charter to all customers at least once in every three year period. Under Clause 19 of the then operating license, the licensee had an obligation to advise 'Customers of the availability of the Customer Service Charter on an annual basis'.</li> <li>Therefore, although the licensee does not appear to have issued the Customer Service Charter to all customers at least once on every three year period, it does not appear to have breached the obligation as the obligation became redundant within the three year term.</li> </ul>		
The licensee must review its Customer Service Charter at least once in every three year period.	2012/21	Schedule 3 Clause 2.6 or 2.7	5	<ul style="list-style-type: none"> <li>The Customer Service Charter was reviewed and revised by the licensee in April 2013. The Charter was approved by the ERA on 5 May 2013.</li> <li>Although the next review would be required by April 2016, this obligation has been made redundant with the introduction of the <i>Water Services Act 2012</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Correspondence with ERA</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must provide its services consistent with its Customer Service Charter.	2012/22	Schedule 3 Clause 2.7	4	<ul style="list-style-type: none"> <li>The April 2013 review and revision of the Customer Service Charter reflected the relevant conditions outlined in the licence at that time.</li> <li>During the period April 2013 to November 2013, when the changes in legislation made the requirements related to the Customer Service Charter redundant, the licensee operated with the intention to provide services as outlined in the licence and in the Customer Service Charter.</li> <li>During the period within the current audit timeframe when the licensee was required to implement a Customer Service Charter, processes were in place to guide the operation of the licensee's wastewater services to meet the requirements outlined in the Customer Service Charter and licence. This included reviews of the Charter and making it available to customers.</li> <li>We observed no instances where the licensee provided its services inconsistent with the Customer Service Charter.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Review of Shire processes for managing water service</li> <li>Correspondence with ERA</li> </ul>	1
The licensee must establish customer consultation processes as set out in Schedule 3.	2012/23	Clause 8	4	<ul style="list-style-type: none"> <li>The licensee holds monthly Council meetings where public question time is a fixed agenda item and is a forum for consultation and feedback. We reviewed a sample of Council meeting minutes and confirmed that Public</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of sample of monthly Council meeting minutes</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>Questions is a fixed agenda item. We did not see any questions from the public as having been asked from the sample of minutes we reviewed.</p> <ul style="list-style-type: none"> <li>The licensee does not publish a newsletter. However, the licensee's website has a Bulletin Board section where notices can be published in order to enable community involvement. At the time of the audit, the Bulletin Board did not include any information related to the sewerage or non-potable water services.</li> <li>Based on our findings at the audit, we consider that the licensee did not meet the requirements of Clause 4.1(b) of Schedule 3 of the Licence (Version 2). However, this obligation is now redundant and no action is needed In order to comply with the requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Access to Shire of Ravensthorpe website</li> </ul>	
The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.	2012/24	Schedule 3 Clause 4.1	4	<ul style="list-style-type: none"> <li>As noted above, we consider that the licensee has not met the requirements of Schedule 3, Clause 4.1 as it only established one of the three customer consultation processes. However, this obligation is now redundant and no action is needed In order to comply with the requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of sample of monthly Council meeting minutes</li> <li>Access to Shire of Ravensthorpe website</li> </ul>	2
The licence must consult the Authority on the type and extent of consultation to be adopted by the licensee.	2012/25	Schedule 3 Clause 4.2	4	<ul style="list-style-type: none"> <li>There has been no change to the type and extent of the customer consultation that has been adopted by the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					Customer Charter, April 2013	
The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	2012/26	Schedule 3 Clause 4.3	4	<ul style="list-style-type: none"> <li>The licensee was not requested by the Authority to establish other forums or consultations. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
The licensee must prior to making a major change to the operation of a water service hold a public meeting and seek written submissions.	2012/28	Schedule 3 Clause 4.5 Sewerage Licensee	N/a	<ul style="list-style-type: none"> <li>There have been no major changes to the licensee's services during the audit period. Therefore, this obligation cannot be rated.</li> <li>Although the operating licence was updated to include the Munglinup sewerage scheme in April 2014, this scheme was already under the licensee's operation and the change to the licence was not made until after this obligation became redundant.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Asset Management Plan</li> <li>Asset Management System</li> </ul>	NR
The licensee must allow customers to raise matters of concern at public question time in accordance with the Local Government Act 1995.	2012/29	Schedule 3 Clause 4.6 LGA sewerage providers	4	<ul style="list-style-type: none"> <li>Allowance for public question time is included at each monthly Council meeting.</li> <li>However, although we reviewed a sample of minutes from Council meetings, we did not observe any questions that had been asked by the public.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of a sample of Council meeting minutes</li> </ul>	1
The licensee must conduct a customer survey if directed to by the Authority.	2012/32	Schedule 3 Clause 6	4	<ul style="list-style-type: none"> <li>The licensee advised that it has not been directed by the Authority to undertake a customer survey in the audit period. Therefore, this obligation cannot be rated</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must set out in writing its conditions for connection and make it available to people enquiring or applying for connection.	-	Schedule 6 Clause 2.1	4	<ul style="list-style-type: none"> <li>For the period between 1 June 2013 and 18 November 2013 that the previous operating licence was in place and this obligation was required, the licensee's conditions for connection were set out in Section 2.6 of the Customer Service Charter.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
The licensee must ensure that its services are available for connection on any land in the Operating Area subject to compliance with the licensee's conditions.	-	Schedule 6 Clause 2.2	4	<ul style="list-style-type: none"> <li>As noted above, Section 2.6 of the licensee's Customer Service Charter set out the conditions for connection.</li> <li>The licensee's services are available for connection on any land in the Operating Area subject to compliance with its conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Review of drawings of sewerage reticulation system</li> </ul>	1
The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable. <sup>21</sup>	-	Schedule 6 Clause 2.3	4	<ul style="list-style-type: none"> <li>There have been no instances of the water service being discontinued due to it being not commercially viable. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Fees (Clause 4)</b>						
The licensee must pay the applicable fees in accordance with the Regulations.	155	Clause 4	5	<ul style="list-style-type: none"> <li>The licensee has not been required to pay any applicable fees (as per Schedule 4 of the Water Service Regulations 2013) during the audit period. Therefore, this obligation cannot be rated</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Compliance (Clause 5)</b>						
Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	156	Clause 5.1	4	<ul style="list-style-type: none"> <li>The licensee lists legislation and regulations applicable to the operation of their organisation and provision of the services in Section</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				2.3 of the licensee's Asset Management Plan. Some of the information in Section 2.3 of the licensee's AMP does not reflect the current legislative environment and will need to be updated in the next version of the Asset Management Plan. <ul style="list-style-type: none"> <li>The licensee's CEO is ultimately responsible for the organisation's asset management activities and any revisions or exemptions as well as keeping staff informed of these changes.</li> <li>We have identified a number of non-compliances with applicable legislation as follows:               <ul style="list-style-type: none"> <li>Section 27 – Compliance with Code of Conduct (Obligation 11)</li> <li>Section 29 – Duties of the Licensee (Obligation 12)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Annual compliance reports</li> <li>This audit report</li> </ul>	
The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	157	Clause 5.2	4	<ul style="list-style-type: none"> <li>Refer to observations detailed in Compliance Manual Reference 10.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	158	Clause 5.3	4	<ul style="list-style-type: none"> <li>Refer to observations detailed in Compliance Manual Reference 11.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
The licensee must comply with a direction from the Authority in relation to a breach of applicable legislation.	159	Clause 5.4	4	<ul style="list-style-type: none"> <li>The licensee has not had any directions from the Authority in relation to a breach of applicable legislation and therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Water Services Act 2012</b>						
<b>Requirements for Licences</b> The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	10	Clause 5.2	4	<ul style="list-style-type: none"> <li>No code(s) of practice have been made by the Minister that apply to the licensee. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NA
<b>Requirements for Licences</b> The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	11	Clause 5.3	4	<ul style="list-style-type: none"> <li>Obligations 92 – 153 in this table relate to specific requirements of the licensee relating to the Code of Conduct.</li> <li>We have found through this audit that the licensee has not complied with all requirements of the Code of Conduct, specifically:               <ul style="list-style-type: none"> <li>Clause 7 – Information about connections (Obligation 92)</li> <li>Clause 18(2) – Procedure for review of bills (Obligation 114)</li> <li>Clause 18(3) &amp; (6) Procedure for review of bills (Obligation 115)</li> <li>Clause 18(4) – Procedure for review of bills (Obligation 116)</li> <li>Clause 21(1) – Payment methods (Obligation 119)</li> <li>Clause 22 – Consent for Direct Debits (Obligation 121)</li> <li>Clause 35(3) - Complaints procedure (Obligation 147)</li> <li>Clause 35(4) - Complaints procedure (Obligation 148)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Annual compliance reports</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>This audit report</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>Clause 35(6) - Complaints procedure (Obligation 149)</li> <li>Clause 36(1) - Services to be provided without charge (Obligation 150)</li> <li>Clause 37(1) – Information to be publically available (Obligation 153)</li> </ul>		
<b>Provision of a water service ceasing — duty to leave system in safe condition</b> 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.	13	Section 36	4	<ul style="list-style-type: none"> <li>The licensee advised that it has not ceased to provide a water service during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Interruption of water services</b> The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	16	Section 77(3)	4	<ul style="list-style-type: none"> <li>The licensee has in place appropriate asset management practices to minimise the extent or duration of any interruption of its water services. We discuss asset management practices further in the second section of this report.</li> <li>Interruptions are predominantly due to blockages in the sewerage network. These are reported to the Manager of Engineering Services and the Team Leader Parks and Gardens via customer contact or internally.</li> <li>Interruptions may also be caused by repair works on the network. The licensee consults customers before works are undertaken. Although the licensee has</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of asset management system</li> <li>Annual Compliance Reports 2012/13, 2013/14</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>completed some replacement of access chambers during the audit period, this work is not considered to have impacted on the customers' service.</p> <ul style="list-style-type: none"> <li>▪ The household connections, and any blockages or breaks that occur in them, are the customer's responsibility.</li> <li>▪ The licensee has not recorded any breaks or chokes during the audit period</li> <li>▪ The licensee is the only customer for the non-potable water supply service. No interruptions to this service have been experienced during the audit period.</li> <li>▪ The licensee has an emergency generator but would be unlikely to use this for emergencies with the sewerage scheme. The majority of the town gravity feeds to the treatment plant. The pumping station that serves part of the town has at least a 12 hour capacity and lag time before the licensee needs to address any issues at the pump station.</li> <li>▪ The licensee has access to two contract plumbers in the town who are able to provide pump tankers if required.</li> </ul>		
<b>Notification of and requirements as to building work</b>  If a person must give the licensee notice of any building work to be carried out on land	17	Sections 82(4) & (5)	4	<ul style="list-style-type: none"> <li>▪ As a local government, the licensee is responsible for managing development approvals.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Review of Application for</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>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.</p> <p>The licensee must do this within 7 days of receiving the fee for dealing with the notification.</p>				<ul style="list-style-type: none"> <li>Notice of any building work is provided to the licensee through its Application for Planning Approval Form and Application for Building Permit. There is a separate form for certified and uncertified applicants. The licensee also has a subdivision application form. The forms are available on the licensee's website and at its offices.</li> <li>The licensee considers the proposed works and advises of any work that it considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided.</li> <li>The licensee requires one copy of plans to be submitted with building and planning approval applications.</li> <li>The Regulation 20 under the Building Act 2011 prescribes that certified plans are to be approved in 10 days and uncertified plans within 25 days. The Licensee is aware of these requirements but generally is able to complete approvals within a couple of days.</li> <li>The timeframe for returning plans in the Act is stricter than required by Regulation 20 under the <i>Building Act 2011</i>. Because the licensee has aligned its approvals process with the <i>Building Act 2011</i>,</li> </ul>	<ul style="list-style-type: none"> <li>Planning Approval Form</li> <li>Review of Application for Building Approval Forms</li> </ul>	

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				it does not comply with this obligation. <ul style="list-style-type: none"> <li>However, the <i>Building Act 2011</i> (Regulation 20, Clause 10 of the Building Act 2011) is the primary legislation in this area. The licensee complies with the <i>Building Act 2011</i> but does not comply with this obligation in the <i>Water Service Act 2012</i>.</li> <li>As there is no evidence from the audit period that the licensee has not met the timeframe included in the <i>Water Act 2012</i>, this does not constitute a non-compliance, and a Not Rated rating has been assigned.</li> </ul>		
<b>Ensuring water service works are done</b> 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.	18	Section 84(2)	4	<ul style="list-style-type: none"> <li>The licensee has not had need to provide a notice of this kind during the audit period. Therefore, this obligation is unable to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Review of certain decisions under or relating to Development and building control, and infrastructure contributions</b> 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	19	Section 87(2)	4	<ul style="list-style-type: none"> <li>The licensee advised that no applications have been made to the State Administrative Tribunal for review of a decision during the audit period. Therefore, this obligation is unable to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
works until the application has been finally dealt with, except in limited circumstances.						
<b>Construction etc. over or in vicinity of water service works of licensee</b> If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	20	Section 90(7)	5	<ul style="list-style-type: none"> <li>The licensee has not issued any compliance notices under the Act during the audit period. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Disconnection or reduction in rate of flow etc.</b> The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	21	Section 95(3)	2	<ul style="list-style-type: none"> <li>The licensee does not provide water supply services to dwellings. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Fire hydrants</b> If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	22	Section 96(1)	4	<ul style="list-style-type: none"> <li>The licensee does not provide water supply reticulation works to fire hydrants. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Fire hydrants</b> The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	23	Section 96(5)	5	<ul style="list-style-type: none"> <li>The licensee does not provide water supply services. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Minister may require connection to sewerage works</b>	24	Section 98(3)	4	<ul style="list-style-type: none"> <li>The licensee advises that it did not receive any requests from the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

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<b>Tradewaste Compliance Notice</b> The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	25	Section 106(2)	4	Minister to connect a wastewater inlet to the Shire's network in the period being audited. Therefore, this obligation is not able to be rated.		
				<ul style="list-style-type: none"> <li>The licensee does not regulate trade waste discharges to either of its two sewerage reticulation systems. The systems only take the liquid portion of the wastewater, with each property having a septic tank to take the solid portion of the wastewater discharge.</li> <li>No commercial or industrial wastes are accepted into the licensee's sewerage schemes and these property types serviced by their own septic tank systems. Therefore, this obligation has not been rated.</li> <li>However, we note that Section 2.2 of the licensee's Customer Service Charter notes that 'Industrial and commercial wastewater will be accepted for discharge into the wastewater system subject to compliance with the Shire of Ravensthorpe's requirements. A documented agreement with a customer for the receipt to certain industrial wastewater maybe required by the Shire of Ravensthorpe in the form of an industrial waste permit issued by the council'.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Compliance Notices</b> The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	28	Section 119(2)	4	<ul style="list-style-type: none"> <li>The licensee has not issued any compliance notices under the Act. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Review of decision relating to giving compliance notices</b> If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	29	Section 122(2)	4	<ul style="list-style-type: none"> <li>The licensee has not issued any compliance notices under the Act and therefore there has been no applications to the Tribunal. Therefore, this obligation is not applicable for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Supplying groups of dwellings</b> If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the Strata Titles Act 1985.	30	Section 125(2)	4	<ul style="list-style-type: none"> <li>The licensee's fees are based on rateable land value and therefore does not apportion fees where two properties share a single property connection. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Prohibition on dealings in land</b> If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	31	Section 128(4)	4	<ul style="list-style-type: none"> <li>The licensee advised that it has not lodged any memorials with the Registrar during the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Reading meters etc. and routine inspection and maintenance</b> If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the	32	Section 129(5)	4	<ul style="list-style-type: none"> <li>The licensee is aware of its obligation to provide 48 hours' notice of a proposed entry.</li> <li>However, the licensee considers that entry times would be agreed with the occupier if required, as</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
occupier of the place unless the occupier agrees otherwise.				<p>opposed to using the formal 48 hours' notice.</p> <ul style="list-style-type: none"> <li>As the licensee does not recall requiring entry to a customer's property for routine inspection and maintenance during the audit period, this obligation has not been rated.</li> <li>The licensee noted that it has powers to access customer's property under the Health Act 1911 and the Local Government Act 1995.</li> </ul>		
<b>Ancillary works powers</b> If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	33	Section 139(3)	4	<ul style="list-style-type: none"> <li>The licensee is aware of its obligation to provide affected parties notice if it removes or erects a fence or gate.</li> <li>Where possible, the licensee provides written notice of any potential disruptions and this will typically be followed up by in person visits. However, this has not happened during the audit period. Therefore, this obligation is not able to be rated.</li> <li>We are satisfied that the licensee has met the requirements of this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Special provisions applicable to road works</b> In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least	34	Section 141(1)	4	<ul style="list-style-type: none"> <li>The licensee is also the public authority responsible for managing roads within the operating area with the exception of the major roads that run through the Shire. Therefore this clause is generally not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
48 hours' notice to the public authority managing the road.				<ul style="list-style-type: none"> <li>However, there are two main roads under State government control that coincide with the sewerage network. These are the South Coast Highway and the Hopetoun-Ravensthorpe Road. There are well established procedures for communication between the licensee and that State road authority regarding works.</li> <li>During the audit period the licensee has not undertaken works in the State controlled main roads.</li> <li>Although a new bypass of the South Coast Highway is currently being constructed, this has only impacted on access to the Ravensthorpe treatment plant and has not impacted directly on any of the sewerage scheme assets.</li> </ul>		
<b>Prerequisites to provision of major works</b> The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	35	Sections 142	4	<ul style="list-style-type: none"> <li>The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Asset Management Plan</li> <li>Review of Synergy for capital expenditure over the audit period</li> </ul>	NR
<b>Licensee to prepare plans and publish and give notice of major works</b> Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	36	Sections 143 (2)	4	<ul style="list-style-type: none"> <li>The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b><i>Licensee to prepare plans and publish and give notice of major works</i></b> The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	37	Sections 143 (3)	5	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b><i>Objections and submissions</i></b> The licensee must have regard to an objection or submission lodged within the relevant period.	38	Sections 144(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b><i>Licensee may amend proposal</i></b> 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.	39	Section 145(2)	5	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b><i>Powers of Minister in respect of proposal</i></b> The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	40	Section 147(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b><i>Powers of Minister in respect of proposal</i></b> If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	41	Section 147(4)	4	<ul style="list-style-type: none"> <li>The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b><i>Licensee to prepare plans and give notice of general works</i></b>	42	Section 151(1)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
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.				(as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated.		
<b>Licensee to prepare plans and give notice of general works</b> The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	43	Section 151(2)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Asset Management Plan</li> <li>Review of Synergy for capital expenditure over the audit period</li> </ul>	NR
<b>Objections and submissions</b> The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	44	Section 152(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Licensee may amend proposal</b> If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	45	Section 153(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Taking of interest in land for purposes of licensee</b> On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	46	Section 166(5)	4	<ul style="list-style-type: none"> <li>The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
Any costs incurred in taking an interest in land are to be paid by the licensee.	47	Section 166(6)	4	<ul style="list-style-type: none"> <li>The Shire has not been required to take an interest in land under the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				Act. Therefore, this clause is not applicable.		
<b>Sale of land</b> The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the Planning and Development Act 2005, unless the Minister permits the licensee to do so.	48	Section 170	4	<ul style="list-style-type: none"> <li>The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Entry with consent or under notice or warrant</b> In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is 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.	49	Section 173(4)	4	<ul style="list-style-type: none"> <li>Section 3.1 of the licensee's Customer Service Charter sets out the licensee's powers in relation to entry of property.</li> <li>However, we consider that a process improvement is required by the licensee in order to make customers aware of their rights and the licensee's powers as the text in the Charter does not specify that the licensee is required to give 48 hours' notice unless the occupier or owner agrees otherwise.</li> <li>The licensee has not developed any specific documentation to meet the requirements of this obligation to provide at least 48 hours' notice and will agree entry with the occupier or owner.</li> <li>We note that the licensee has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Notice of entry</b> 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.	50	Section 174(1)	4	<ul style="list-style-type: none"> <li>The licensee does not recall requiring to enter a customer's property during the audit period. As a result this obligation has not been able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	NR
				<ul style="list-style-type: none"> <li>As noted above, section 3.1 of the licensee's Customer Service Charter sets out the licensee's powers in relation to entry of property.</li> <li>The licensee has not developed any specific documentation to meet the requirements of this obligation and will agree entry with the occupier or owner.</li> <li>The licensee's pipes are located in laneways or its own property/easements so the licensee does not generally need to gain entry to an occupier or owner's property for any work related to the sewerage service.</li> <li>Where customers experience blockages occurring in the household connection pipes, these are the responsibility of the property owner and would typically be attended by plumbers located in the town.</li> <li>The licensee does not recall requiring to enter a customer's property during the audit period. As a result this obligation has not been able to be rated.</li> </ul>		
				<ul style="list-style-type: none"> <li>Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
Even if in a particular instance the licensee may enter a place under the Act without	51	Section 174(3)	4	<ul style="list-style-type: none"> <li>Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
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.				<p>staff have the authority to enter a property. We note that the licensee also has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i>.</p> <ul style="list-style-type: none"> <li>However no unconsented entries associated with water services were made during the audit period. Therefore, this obligation is not able to be rated.</li> <li>As noted above, Section 3.1 of the licensee's Customer Service Charter, sets out the licensee's powers in relation to entry of property.</li> </ul>		
<b>Rights of occupier of dwelling</b> If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	52	Section 175(2)	4	<ul style="list-style-type: none"> <li>Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. We note that the licensee also has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i>.</li> <li>Any entries to a customer's dwelling when the occupier is present are performed in accordance with the prescribed actions included in Section 175(2) of the Act.</li> <li>The licensee's staff are required to comply with the licensee's own Code of Conduct in relation to communicating and dealing with members of the public.</li> <li>In addition to the Wastewater Scheme Customer Service</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013 (for wastewater scheme)</li> <li>Shire of Ravensthorpe Customer Charter (overall)</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>Charter, the licensee also has a separate overall Customer Service Charter that informs customers of the licensee's overall service standards. This includes the service standards related to face-to-face interactions between the licensee's staff and customers.</p> <ul style="list-style-type: none"> <li>▪ The licensee's pipes are located in laneways or its own property/easements so the licensee does not generally need to gain entry to an occupier or owner's property for any work related to the sewerage service.</li> <li>▪ Where customers experience blockages occurring in the household connection pipes, these are the responsibility of the property owner and would typically be attended by plumbers located in the town.</li> <li>▪ No entries into a customer's dwelling for purposes related to the licenced water services are known to have been made during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>		
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.	53	Section 175(5)	4	<ul style="list-style-type: none"> <li>▪ Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. We note that the licensee also has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i>. However no entries into an unoccupied dwelling were</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				made during the audit period. Therefore, this obligation is not able to be rated.		
<b>When authorised person must leave etc.</b> If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	54	Section 176(1)	4	<ul style="list-style-type: none"> <li>Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. The licensee also has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i>.</li> <li>As noted above, the licensee's staff are required to comply with the licensee's own Code of Conduct in relation to communicating and dealing with members of the public.</li> <li>However, no incidents could be recalled from the audit period where the owner or occupier has refused or withdrawn their consent and the licensee's staff have been required to leave the premises as soon as practicable after being notified. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act until they are not able to do so.	55	Section 176(3)	4	<ul style="list-style-type: none"> <li>As noted above, the licensee's staff are required to comply with the licensee's own Code of Conduct in relation to communicating and dealing with members of the public.</li> <li>The licensee's requirements are in accordance with the Act and staff are required to produce their</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				certificate of authority if asked to do so. ▪ However, the licensee does not recall any occasions where staff were required to produce their certificate of authority and no evidence of occasions when this has happened are recorded. Therefore, this obligation has been rated as Not Rated.		
If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	56	Section 176(4)	4	▪ Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. The licensee also has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i> . ▪ As noted above, the licensee's staff are required to comply with the licensee's own Code of Conduct in relation to communicating and dealing with members of the public. Staff are required to produce their certificate of authority if asked to do so. ▪ There have been no known cases during the audit period where staff have been requested to produce evidence of authority for that entry by the owner or occupier and not been able to provide the evidence. Therefore, this obligation is not able to be rated.	▪ Interviews with licensee staff	NR
<b>Actions of authorised persons and others</b>	57	Section 181	5	▪ Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's	▪ Interviews with licensee staff	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
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.				<p>staff have the authority to enter a property. The licensee also has entry powers under other legislation that it may use if necessary, e.g. <i>Local Government Act 1995</i>.</p> <ul style="list-style-type: none"> <li>The licensee's staff are required to comply with the licensee's own Code of Conduct in relation to communicating and dealing with members of the public.</li> <li>There have been no known cases during the audit period where staff have had to comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier. Therefore, this obligation is not able to be rated.</li> </ul>		
<b>Contents of application</b> If the licensee applies for a warrant, the application must contain the prescribed information.	58	Section 186	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>How application to be made</b> If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	59	Section 187(1) – (3)	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Execution of warrant</b> Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on	60	Section 190(4)	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
entry (if practicable), and if requested to do so.						
On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	61	Section 190(5)	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Designation of inspectors and compliance officers</b> If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	62	Section 210(5)	4	<ul style="list-style-type: none"> <li>The licensee has not designated any person as an inspector or compliance officer under the <i>Water Services Act 2012</i>. Therefore, this obligation cannot be rated.</li> <li>We note that the licensee also has these powers of designation under the <i>Building Act 2011</i>, the <i>Planning and Development Act 2005</i>, the <i>Health Act 1911</i> and the <i>Local Government Act 1995</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Liability of certain persons for damage caused in exercise of powers</b> 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.	63	Section 218(2)	5	<ul style="list-style-type: none"> <li>The licensee has not exercised a works power of power of entry under this act during the audit period. Therefore this obligation is not able to be rated.</li> <li>The licensee has a strong customer focus and strong connection with its customers which provides assurance that it would comply with this obligation if tested.</li> <li>We confirmed that no complaints regarding the licensee's actions to deliver the licenced water services have been received during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
If the licensee does any physical damage in the exercise of a works power or a	64	Section 218(3)	4	<ul style="list-style-type: none"> <li>The licensee has not exercised a works power of power of entry</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
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.				under this act during the audit period. Therefore this obligation is not able to be rated.		
<b>Water Services Regulations 2013</b>						
<b>Altering position of service infrastructure in roads</b> If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	74	Regulation 60(2)	4	<ul style="list-style-type: none"> <li>The licensee has not exercised a works power in a road during the audit period. Therefore this obligation is not able to be rated.</li> <li>The licensee has well established relationships and processes for liaising with other infrastructure owners.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Roads broken up to be reinstated</b> If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	75	Regulation 63	4	<ul style="list-style-type: none"> <li>The licensee, as a local authority, is also the roads owner and manager. The exception of relevant is for the State controlled roads that coincide with the sewerage network.</li> <li>The licensee is well aware of its obligations to reinstate and make good roads following works.</li> <li>No road surfaces were required to be broken up and reinstated during the audit period in relation to the provision of the licenced water services.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Compliance Notices</b> Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the	89	Regulation 85	4	<ul style="list-style-type: none"> <li>The licensee has not issued any compliance notices during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
rights of review under the Act in relation to the notice and who may apply for review.						
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>						
<b>Information about connections</b> The licensee must have written information for customers about the specified matters.	92	Clause 7	4	<ul style="list-style-type: none"> <li>The Shire's Customer Service Charter, last revised in April 2013, fulfils some of the requirements of this obligation.</li> <li>The Charter includes a statement that 'Connection to the Shire of Ravensthorpe's wastewater system will be granted under the terms and conditions set out in this charter, the license and Water Acts', although no specific details of the legislative conditions are provided.</li> <li>As a result, Customer Service Charter does not explicitly cover the following specified matter:               <ul style="list-style-type: none"> <li>There is no statement about owners of land to which statutory water service charges apply being entitled to service as per section 73 of the Act</li> <li>There is no statement about the licensee having a duty to provide services as per section 21 of the act</li> <li>The regulations relating to Section 21(2)(c)</li> <li>The fees that apply in relation to connections and when the fees are payable</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>– The period in which connections are required to be completed</li> <li>▪ We consider that the extent of information not addressed in the Customer Service Charter regarding information about connections constitutes a minor non-compliance.</li> <li>▪ We recommend that the licensee reviews its Customer Service Charter against the requirements of the <i>Water Services Code of Conduct (Customer Service Standards)</i> 2013 and makes the necessary updates to make the information made available to customers compliant with this regulation.</li> </ul>		
<b>Minimum performance standards for standard water supply connections</b> 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.	93	Clause 8	4	<ul style="list-style-type: none"> <li>▪ The licensee does not provide water supply services. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	NA
<b>Bills other than for quantities supplied, discharged</b> The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	94	Clause 9	4	<ul style="list-style-type: none"> <li>▪ The licensee issues water service charges along with its general Council rates. This is undertaken annually.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Review of example bill</li> </ul>	1
<b>Bills for quantities supplied, discharged</b>	95	Clauses 10(2)	4	<ul style="list-style-type: none"> <li>▪ The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must issue a bill for usage to each customer at least once in every 6 month period.						
The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	96	Clauses 10(3)	4	<ul style="list-style-type: none"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	97	Clause 10(4)	4	<ul style="list-style-type: none"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	98	Clause 10(5)	4	<ul style="list-style-type: none"> <li>The licensee does not issue bills for usage. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Sending bills</b>						
The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	99	Clause 11	4	<ul style="list-style-type: none"> <li>The licensee sends bills to the address nominated by the ratepayer. This does not need to be the location at which the water service is provided.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>Estimates: licensees' obligations</b>						
If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	103	Clause 13(1)	4	<ul style="list-style-type: none"> <li>The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	104	Clause 13(2)	4	<ul style="list-style-type: none"> <li>The licensee does not base bills on usage and therefore does not need to make estimates of usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Requested meter readings, revised bills: licensee's obligations</b> The licensee must provide to the customer on request a meter reading and a bill in in the prescribed circumstances.	105	Clause 14(1)	4	<ul style="list-style-type: none"> <li>The licensee does not base bills on usage and therefore does not have meters. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Leaks</b> The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	106	Clause 15	4	<ul style="list-style-type: none"> <li>The licensee does not charge based on usage. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Undercharging in bills</b> The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	107	Clause 16(2)	4	<ul style="list-style-type: none"> <li>The licensee's charging is based on property valuation and a set rate (\$charge/\$land value) for residential and commercial properties. There are no usage charges.</li> <li>Undercharging could occur where a property valuation used as the basis for billing is found at a later date to be incorrect or if the wrong unit rate had been applied. However, the licensee advises that it uses the latest available property valuations available from the state valuer and would not retrospectively change the valuation.</li> <li>The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				audit period. Therefore this obligation cannot be rated.		
An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.	108	Clause 16(3)	4	<ul style="list-style-type: none"> <li>The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must not charge interest or late payment fees on an undercharged amount.	109	Clause 16(4)	4	<ul style="list-style-type: none"> <li>The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	110	Clause 16(5)	4	<ul style="list-style-type: none"> <li>The licensee is not aware of any instances of where it has undercharged customers and has therefore not sought to recover undercharged amounts during the audit period. Therefore this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Overcharging in bills</b> 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.	111	Clause 17(1)	4	<ul style="list-style-type: none"> <li>The licensee's charging is based on property valuation and a set rate (\$charge/\$land value) for residential and commercial properties. There are no usage charges.</li> <li>Although unlikely, overcharging could potentially occur when a property valuation used as the basis for billing is found at a later date to be incorrect or if the wrong</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				unit rate had been applied. However, the licensee advises that it uses the latest available property valuations available from the state valuer and would not retrospectively change the valuation. <ul style="list-style-type: none"> <li>The licensee is not aware of any instances of where it has overcharged customers during the audit period. Therefore this obligation cannot be rated.</li> </ul>		
The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	112	Clause 17(2)	4	<ul style="list-style-type: none"> <li>The licensee is not aware of any instances of where it has overcharged customers during the audit period. Therefore this obligation cannot be rated.</li> <li>If a customer believes that they have been overcharged, they can make a complaint through the licensee's complaints process. The licensee has procedures for refunding overcharged amounts on other parts of their rates bills. The overcharged amount is immediately credited to the customer's account. The customer then has the option of leaving this amount as a credit against their account or having the amount refunded to them.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Review of bills</b> The licensee must review a bill on the customer's request.	113	Clause 18(1)	4	<ul style="list-style-type: none"> <li>The licensee reviews bills when requested to by customers.</li> <li>This is typically performed in person at the Shire offices at the time the request is made.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>The licensee reports that no requests for review of bills have been received during the audit period. Therefore this obligation cannot be rated.</li> </ul>		
The licensee must have a written procedure for the review of a bill on the customer's request.	114	Clause 18(2)	4	<ul style="list-style-type: none"> <li>The licensee does not have a written procedure for review of a bill. However, we note that the licensee has not been asked to review any bills during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
The review procedure in clause 18(2) must include the specified information and be publicly available.	115	Clauses 18(3) & (6)	4	<ul style="list-style-type: none"> <li>The licensee does not have a written procedure for review of a bill.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	116	Clause 18(4)	4	<ul style="list-style-type: none"> <li>The licensee does not have a written procedure for review of a bill.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	117	Clause 18(5)	4	<ul style="list-style-type: none"> <li>The licensee has not received any requests to review any customer bill during the audit period but considers that it would inform customers of the outcome of the review of bills within five business days.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>When payment due if not set under regulations</b> The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	118	Clause 20	4	<ul style="list-style-type: none"> <li>The licensee requires payments of its bills within 35 days of issue.</li> <li>Customers are able to set up a payment plan with the licensee to pay their annual rates charge in</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample rates bill</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Payment methods</b> The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer. The prescribed methods are: a) Direct debit b) Centrepay c) Internet d) Telephone e) Post	119	Clause 21(1)	4	four instalments and can also use the licensee's hardship policy to set up payment plans.		
				<ul style="list-style-type: none"> <li>The Hardship Policy states that customers are allowed to pay a bill using all of the prescribed methods included in Clause 21(1) of the Code, including payment by direct debit or Centrepay.</li> <li>However, we reviewed the licensee's rates template which we noted provided all the information necessary to make payments by post, telephone, in person and by BPay internet payment. The template does not include any information to allow customers to pay by direct debit or Centrepay.</li> <li>Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers.</li> <li>The licensee noted that there had not been any requests from its customers to pay it rates notice using direct debit or Centrepay.</li> <li>The licensee is the only organisation which can set up a direct debit. Customers can't actually do it for themselves, they can only set up a standing order for a fixed amount (e.g. a payment</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>Review of example rates notice</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				plan) and this is not the same thing as a direct debit. Therefore, we consider that this is a minor non-compliance.		
The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	120	Clause 21(2)	4	<ul style="list-style-type: none"> <li>The license does not apply any additional fees and charges to different payment methods</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example rates notice</li> </ul>	1
<b>Consent for direct debits</b> Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	121	Clause 22	4	<ul style="list-style-type: none"> <li>As noted above in the observations made for Obligation 119, licensee's Hardship Policy informs customers that it accepts payment by direct debit although this is not included on the rates notice as an option. The licensee considers that to date it has not had any requests from customers to pay their bills using this method.</li> <li>Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers.</li> <li>The licensee is the only organisation which can set up a direct debit. Customers can't actually do it for themselves, they can only set up a standing order for a fixed amount (e.g. a payment plan) and this is not the same thing as a direct debit. Therefore, we</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>Review of example rates notice</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				consider that this is a minor non-compliance.		
<b>Payment in advance</b> The licensee must accept payment in advance from a customer on a customer's request.	122	Clause 23(1)	4	<ul style="list-style-type: none"> <li>The licensee accepts payment in advance from customers. Payments are credited to the customer's account.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>Free redirection in absence, illness</b> The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	123	Clause 24	4	<ul style="list-style-type: none"> <li>The licensee is able to redirect customer's bills on request and at no charge.</li> <li>This provision is also set out in Section 6 of the licensee's Financial Hardship Policy.</li> <li>However, no requests for redirection of customer bills are thought to have been carried out during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	NR
<b>Assistance for customers experiencing payment difficulties</b> The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	124	Clause 25	4	<ul style="list-style-type: none"> <li>The licensee allows customers to pay bills under a payment plan or other arrangement.</li> <li>Information on payment plans is set out in Section 4 the licensee's Financial Hardship Policy.</li> <li>The licensee also has a schedule for payment by instalments on their annual rate notices, with payment being made in four instalments over the year. If customers have a difficulty in paying outside of that criteria, then the licensee's Hardship Policy can be enacted.</li> <li>It could not be confirmed if there have been any instances of customers paying on a payment plan due to payment difficulties during the audit period, as</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				opposed to using a payment plan for better budgeting,. As a result, this obligation has not been rated.		
<b>Financial hardship policy</b> The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	125	Clauses 26(1) & (2)	4	<ul style="list-style-type: none"> <li>The licensee has in place a Financial Hardship Policy that was approved by the ERA</li> <li>The Financial Hardship Policy is available on the licensee's website</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	1
If the licensee's licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.	126	Clause 26(3)	4	<ul style="list-style-type: none"> <li>The licensee a licence in place before the commencement of the Act (version 2 of its licence which commenced in May 2009) and a new version of its licence came into effect on the same day that the Act came into effect.</li> <li>Therefore the licensee was required to have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.</li> <li>Section 27 of the Act commenced on 18 November 2013 (See Note 1 to the Act) and, therefore, the licensee was required to have a Financial Hardship Policy by 18 May 2014.</li> <li>The licensee submitted its Financial Hardship Policy to the Authority on 5 March 2014 for approval. The Financial Hardship Policy was initially approved by the Authority on 16 May 2014.</li> <li>However, the Authority noticed after approval that there were errors with the telephone numbers</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>Letter from Authority to Licensee dated 17 July 2014 regarding approval of the licensee's Hardship Policy</li> <li>Letter from Authority dated 25 November 2014 regarding approval of the amended policy.</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				for the TTY services included on the licensee's policy. The Authority notified the licensee of this issue in a letter dated 17 July 2014. <ul style="list-style-type: none"> <li>After the licensee made the required change, the Authority confirmed in a letter dated 25 November 2014 that the Hardship Policy had been approved.</li> <li>Although the licensee was required to amend the Hardship Policy after the initial approval by the Authority, we do not consider that this is a non-compliance on behalf of the licensee in regard</li> </ul>		
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 licence.	127	Clause 26(4)	4	<ul style="list-style-type: none"> <li>The licensee was granted a licence before commencement of the Act. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> </ul>	NA
The licensee's financial hardship policy must be publicly available.	128	Clause 26(5)	4	<ul style="list-style-type: none"> <li>The Financial Hardship Policy is currently available on the licensee's website.</li> <li>We accessed the Financial Hardship Policy at audit.</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> <li>Access to the licensee's website</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	1
The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	129	Clauses 26(6)	4	<ul style="list-style-type: none"> <li>The licensee's original Financial Hardship Policy submission was approved in May 2014 and, therefore, needs to be reviewed before May 2019. Therefore, this obligation cannot be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>Section 8 of the Financial Hardship Policy states that the licensee will review and update the policy at least every five years.</li> </ul>		
<b>Assistance for customers experiencing financial hardship</b>  The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	130	Clause 27(2)	4	<ul style="list-style-type: none"> <li>The licensee allows customers to pay bills under a payment plan or other arrangement that does not incur interest or fees.</li> <li>Information on payment plans is set out in Section 4 of its Financial Hardship Policy. It states that 'We will not charge you any fees or interest as part of your arrangement. However, if the arrangement is not honoured, fees and interest will be charged and backdated if applicable'.</li> <li>It could not be confirmed if there have been any instances of customers paying on a payment plan due to payment difficulties during the audit period, as opposed to using a payment plan for better budgeting. As a result, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>Example of rates notice</li> </ul>	NR
The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	131	Clause 27(3)	4	<ul style="list-style-type: none"> <li>The licensee does consider writing off amounts owed to it in certain circumstances. The hardship policy informs customers that if they are in financial hardship, the Licensee 'will consider reducing the amount you owe us'.</li> <li>Approval for writing off amounts owed must be given by the Council, officers are not authorised to do so.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Matters relating to customers experiencing payment difficulties or financial hardship</b>  Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	132	Clause 28(1)	4	<ul style="list-style-type: none"> <li>The licensee considers that write-offs of customer debts are very rare. No write-offs have occurred during the audit period. Therefore, this obligation has not been rated.</li> </ul>		
				<ul style="list-style-type: none"> <li>Section 4 of the licensee's Hardship Policy informs customers that <i>'If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the land owner of the proposed extension or payment plan (and provide us with evidence that you have done so), or you can give us permission to notify the landowner'.</i></li> <li>During the audit period, the licensee has not had to make a property owner aware of a proposed plan or arrangement. Therefore, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	NR
The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	133	Clauses 28(4) & (5)	4	<ul style="list-style-type: none"> <li>This information is available in the licensee's Financial Hardship Policy.</li> <li>The Financial Hardship Policy is publically available on the licensee's website.</li> <li>Information on instalment plans that allow customers to pay their annual rates in four instalments is also included on the rates notice.</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>Access to the licensee's website</li> <li>Example of rates notice</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>No debt collection in certain cases</b>						
The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	134	Clause 29	4	<ul style="list-style-type: none"> <li>The licensee does not collect debts where a customer is in a payment arrangement. This is specified in Section 5 of the licensee's Hardship Policy.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	1
<b>Procedure for dealing with complaints about water services</b>						
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.	145	Clause 35(1)	4	<ul style="list-style-type: none"> <li>The licensee has a Complaints Handling Policy which outlines the objective, scope, procedures and referring complaints to independent parties.</li> <li>Section 2.9 of the licensee's Customer Service Charter sets out the Enquiries, Suggestions, Complaints and Disputes process. However, we note that this section provides contact details for referring complaints to the Department of Water and will need to be revised to inform customers of the option for referring complaints to the Energy and Water Ombudsman that has replaced the previous option.</li> <li>Section 7 of the licensee's Hardship Policy also informs customers of the complaints handling procedures and provides the contact details for the Government Ombudsman and the Energy and Water Ombudsman.</li> <li>Complaints may be made in writing, by telephone, in person at the licensee's office, by email or by</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Annual Performance Reports (2013, 2014)</li> <li>Review of sewerage scheme complaints log</li> <li>Review of complaints recorded in Synergy</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>the web form on the licensee's website.</p> <ul style="list-style-type: none"> <li>▪ The licensee maintains a hard copy register for tracking complaints related to its water services. This is kept at the Shire Office front counter and was observed during the audit.</li> <li>▪ Complaints are also recorded in Synergy. All complaints are recorded in the system, including those relating to the sewer and non-potable water services.</li> <li>▪ No complaints have been received during the audit period. Therefore, the licensee has complied with this performance standard by default. We confirmed via the licensee's complaints log and the complaints recorded in Synergy that it has not received any complaints related to the sewerage and non-potable water schemes. We also reviewed the licensee's Annual Reports for 2012/13 and 2013/14 submitted to the ERA and confirmed that it has reported no complaints as having been reported for the period that this obligation was in effect.</li> </ul>		
The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the Authority's guidelines (if any).	146	Clause 35(2)	4	<ul style="list-style-type: none"> <li>▪ The main components of a complaints procedure under AS ISO1002-2006 (now superseded by the 2014 version) are:               <ul style="list-style-type: none"> <li>– Commitment</li> <li>– Supporting policy and procedures</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>– Defined responsibilities</li> <li>– Staff awareness</li> <li>▪ Appendix A of the Standard provides guidance for small organisations in order to highlight the key areas where a small organisation can focus its attention to achieve maximum effectiveness and efficiency in its complaint management system. The main components covered in Appendix A of the Standard are:               <ul style="list-style-type: none"> <li>– Welcome complaints</li> <li>– Clear process</li> <li>– Staff awareness</li> <li>– Lowest level resolution</li> <li>– Acknowledge receipt of all complaints</li> <li>– Assess the complaint</li> <li>– Manage expectations</li> <li>– Inform the complainant about the outcome of their complaint</li> <li>– Record keeping</li> <li>– Review all complaint data</li> </ul> </li> <li>▪ The licensee has a Complaints Handling Policy that outlines how complaints are handled by the licensee and the actions customer may take if they consider that their complaint has not been handled correctly or provided them with a satisfactory resolution.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review of sewerage scheme complaints log</li> <li>▪ Shire of Ravensthorpe Complaints Handling Policy</li> <li>▪ Shire of Ravensthorpe Hardship Policy</li> </ul>	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>Customers are also informed of the licensee's complaints procedure in the Wastewater Scheme Customer Service Charter, the Hardship Policy and the overall Customer Service Charter. As noted above, we recommend that the licensee remove the referral to the Department of Water information in the Customer Service Charter and replaces it with information relating to the Energy and Water Ombudsman.</li> <li>Based on our review of the licensee's Complaints Handling Policy, we consider that the information that forms the licensee's procedure is essentially in accordance with the AS 10002-2014 guidance for small organisations included in Appendix A of the Standard.</li> <li>As a result, although the licensee does not have a specific, separate procedural document, the publicised information that forms the outline procedure is compliant with the obligation.</li> <li>We note that although the licensee's publically available Hardship Policy refers to the Complaints Handling Policy, states that it can be found on its website and provides a link to its home page, the Policy is currently not uploaded to the licensee's website. Therefore, we recommend that the</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	147	Clauses 35(3)	4	Complaints Handling Policy is uploaded to the Document Centre on the licensee's website. <ul style="list-style-type: none"> <li>We note that the licensee has not received any complaints from customers related to its water services during the audit period.</li> </ul>		
				<ul style="list-style-type: none"> <li>The licensee's Complaints Handling Policy addresses all of the matters under this obligation. This includes how complaints are lodged and recorded, time limits for responding to complaints, dispute resolution arrangements and resolving a complaint within 15 days.</li> <li>Section 2.9 of the licensee's Customer Service Charter sets out the Enquiries, Suggestions, Complaints and Disputes process.</li> <li>Section 7 of the licensee's Hardship Policy also informs customers of the complaints handling procedures and provides the contact details for the Government Ombudsman and the Energy and Water Ombudsman.</li> <li>Although the licensee does not have a specific procedural document, with the procedure included within the Policy itself, we consider that information for most of the steps that would be expected to be in a procedure are included in the Complaints Handling Policy.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>Customers are able to refer complaints to the licensee's CEO if they are not satisfied with the response from the first point of contact. If the customer is not satisfied with the CEO's response, they are able to refer complaints to the Ombudsman Western Australia or the Energy and Water Ombudsman.</li> <li>However, as noted above, we recommend that the licensee remove the referral to the Department of Water information in the Customer Service Charter and replaces it with information relating to the Energy and Water Ombudsman. We consider this discrepancy between the licensee's key complaints documents to be a minor non-compliance that required rectification.</li> <li>We note that the licensee has not received any complaints from customers related to its water services during the audit period.</li> </ul>		
<p>The licensee's complaints procedure must inform the customer that they</p> <ul style="list-style-type: none"> <li>do not have to use the licensee's complaints procedure,</li> <li>provide details of procedures under the Act, and</li> <li>set out the costs and benefits to the customer if the use the complaint</li> </ul>	148	Clauses 35(4)	4	<ul style="list-style-type: none"> <li>Based on our review of the licensee's Complaint Handling Policy, we consider that the procedure does not address all of the matters under this obligation.</li> <li>Section 2.9 of the Customer Service Charter outlines the processes for Enquiries, Suggestions, Complaints and Disputes and addresses the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
resolution procedure or instead of the procedures under the Act.				<p>requirements of this obligation to a better extent than the Complaint Handling Policy does although the information in the Customer Service is out of date in that it references the Department of Water for the referral/escalation of complaints not the Energy and Water Ombudsman.</p> <ul style="list-style-type: none"> <li>▪ The information provided by the licensee does not inform customers that they don't have to use the licensee's complaints procedure or set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</li> <li>▪ We consider this to be a minor non-conformance. We recommend that the licensee reviews the information provided in the Complaint Handling Policy Hardship Policy and Customer Service Charter to reflect the matters included in this obligation. We have previously recommended that the licensee update the information in the Customer Service Charter to reflect the change of complaint referring body from the Department of Water to the Energy and Water Ombudsman.</li> <li>▪ We note that the Licensee has not received any complaints from</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Hardship Policy</li> </ul>	



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				customers related to its water services during the audit period.		
The licensee's complaints procedure must be publicly available.	149	Clauses 35(6)	4	<ul style="list-style-type: none"> <li>We note that although the licensee's publically available Hardship Policy refers to the Complaints Handling Policy, states that it can be found on its website and provides a link to its home page, the Policy is currently not uploaded to the licensee's website. Therefore, we recommend that the Complaints Handling Policy is uploaded to the Document Centre on the licensee's website.</li> <li>Although complaints handling processes are also included in the Customer Service Charter and the Hardship Policy, we consider this to be a minor non-conformance as it is the main document that the licensee is directing its customers to for more information</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> <li>Shire of Ravensthorpe Complaints Handling Policy</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	2
<b>Services to be provided without charge</b> The licensee must provide a customer with the specified services on request and at no charge.	150	Clause 36(1)	4	<ul style="list-style-type: none"> <li>The licensee makes these services available to customers at no charge.</li> <li>The licensee has in place a disability access and inclusion plan.</li> <li>We have witnessed that many of the licensee's documents, e.g. the Financial Hardship Policy, include accessibility information.</li> <li>However, we note that the licensee does not advertise large-print services being available if required by the customer. We recommend</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Disability Access &amp; Inclusion Plan</li> <li>Shire of Ravensthorpe Hardship Policy</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				that the licensee includes this in its Hardship Policy.		
The licensee must make available to each customer the customer's personal account information.	152	Clause 36(2)	4	<ul style="list-style-type: none"> <li>The licensee provides account information such as current account balance when requested.</li> <li>The licensee does not record when customers request this information and does not recall responding to any requests during the audit period. As a result, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Information to be publicly available</b> The licensee must make the prescribed information publicly available.	153	Clause 37(1)	4	<ul style="list-style-type: none"> <li>The licensee makes the required information publically available as follows:               <ul style="list-style-type: none"> <li>(a) Fees and charges for the current year are publically available on the licensee's website in the Fees and Charges document.</li> <li>(b) Bill payment methods are available on the customer's rate notice and in the Hardship Policy. The customer bills do not include direct debit or Centrepay although it is publicised in the Hardship Policy. The licensee does not charge any additional fees for using different payment methods.</li> <li>(c) Exemptions, rebated, discounts are included on the customer's rates notice. Information regarding the exemptions,</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Disability Access &amp; Inclusion Plan</li> <li>Shire of Ravensthorpe Hardship Policy</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>rebated, discounts that customers may be entitled to are advertised on the back of the rates notice and also in Section 5 of the licensee's Hardship policy.</p> <p>(d) The licensee's Financial Hardship Policy notes that customers can contact the Shire through the National Relay Service (TTY) or with assistance from the Translating and Interpreting Service (TIS). We note, however, that the licensee does not make reference to large-print services in publically available information and, therefore, consider that this is a minor non-compliance. The licensee considers that it would provide this service if requested by a customer.</p> <p>(e) Authorised person powers – not applicable as the licensee has not authorised any persons under the Act.</p> <p>(f) Not applicable</p> <p>(g) Not applicable</p> <p>(h) Not applicable</p> <p>(i) Not applicable</p> <p>(j) Not applicable</p>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				(k) Not applicable (l) Not applicable		
<b>Accounting Records (Clause 12)</b>						
The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	160	Section 12	5	<ul style="list-style-type: none"> <li>Accounting records are prepared in accordance with AASB standards.</li> <li>Financial records are included in the Shires' annual reports and are published on the internet.</li> <li>The financial statement includes a sign-off from the independent auditor and the Shire's CEO that the financial report complies with the Australian Accounting Standards and the provisions of the Local Government Act 1995 and the regulations under that Act related to Financial Management.</li> <li>The licensee also makes available its annual budget information available on its website.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of financial statements in annual reports</li> <li>Review of Annual Budget 2014/15</li> </ul>	1
<b>Individual Performance Standards (Clause 13)</b>						
The licensee must comply with any individual performance standards prescribed by the Authority.	161	Section 12	4	<ul style="list-style-type: none"> <li>There are no individual performance standards specified in Schedule 3 of the licensee's licence. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Operational Audit (Clause 14)</b>						
The licensee, must, unless otherwise notified in writing by the Authority, provide the Authority with an operational audit	9	Section 25	5	<ul style="list-style-type: none"> <li>The licensee is currently subject to operational audits at 24 month intervals and this was confirmed by</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of previous operational audit</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
within 24 months after the commencement date, and every 24 months thereafter.				the Authority in writing at the completion of the last audit. <ul style="list-style-type: none"> <li>The last operational audit was undertaken in 2013 by Quantum Assurance (report prepared in August 2013) which covered an 18 month period from 1 December 2011 to 31 May 2013.</li> <li>The next operational audit (this audit) covers the period from 1 June 2013 to 31 May 2015.</li> </ul>	report (Quantum Assurance, August 2013)	
The licensee must cooperate with the independent expert and comply with the Authority's standard audit guidelines dealing with the operational audit.	162	Section 12	4	<ul style="list-style-type: none"> <li>The current operational audit follows the Audit and Review Guidelines - Water Licences – Final (July 2014)</li> <li>The audit has been conducted following the audit plan prepared in accordance with the guidelines and approved by the Authority.</li> <li>The licensee has complied with all requests for information made by the auditor and has made its staff and resources freely available to assist the conduct of this audit.</li> <li>The licensee's staff have acted in a professional and helpful manner throughout this audit.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
<b>Reporting a Change in Circumstance (Clause 15)</b>						
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	163	Section 12	4	<ul style="list-style-type: none"> <li>The licensee is not under external administration and there has been no material change of circumstances. Therefore, this clause is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
affect a licensee's ability to meet its obligations.						
The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	164	Section 12	4	<ul style="list-style-type: none"> <li>As noted, the licensee has not undertaken any major works or general works during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Provision of Information (Clause 16)</b>						
The licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	165	Section 12	4	<ul style="list-style-type: none"> <li>The licensee has provided the required information to the Authority.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>2012/13 and 2013/14 Annual Compliance Reports</li> <li>2012/13 and 2013/14 Annual Performance Reports</li> <li>Correspondence with ERA</li> </ul>	1
The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	166	Section 12	4	<ul style="list-style-type: none"> <li>We reviewed the following compliance reports at audit:               <ul style="list-style-type: none"> <li>2012/13 compliance report dated 25 July 2013</li> <li>2013/14 compliance report dated 22 August 2014</li> </ul> </li> <li>We confirmed that the licensee reported no non-compliances in the annual compliance reports submitted to the ERA for these two years. The period for the 2014/15 compliance report has not yet been finished.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>2012/13 and 2013/14 Annual Compliance Reports</li> <li>Correspondence with ERA</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must provide the Authority with the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual, and the National Performance Framework that apply to the licensee.	167	Section 12	3	<ul style="list-style-type: none"> <li>The licensee has provided the Authority with performance reporting data. We reviewed the following performance reports at audit:               <ul style="list-style-type: none"> <li>2012/13 performance report dated 29 July 2013</li> <li>2013/14 performance report dated 28 July 2014</li> </ul> </li> <li>We confirmed that the licensee submitted both performance reports in the audit period before the due date. Although the Authority requested amendments to some of the data included in both years' reports and the resubmission of the reports, we do not consider these to be non-compliances</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Performance reporting data for 2012/13 and 2013/14</li> <li>Correspondence with ERA</li> </ul>	1
<b>Publishing Information (Clause 17)</b>						
Subject to clause 17.3, the licensee must publish within the specified timeframe any information that the Authority has directed the licensee to publish under clause 17.1.	168	Section 12	4	<ul style="list-style-type: none"> <li>The Authority has not directed the licensee to publish information related to this obligation. Therefore the obligation cannot be rated.</li> <li>We note that publication of the Financial Hardship Policy followed timing under legislation, not at the Authority's direction.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Notices (Clause 18)</b>						
Unless otherwise specified, all notices must be in writing.	169	Section 12	4	<ul style="list-style-type: none"> <li>The licensee issues all formal correspondence in writing.</li> <li>We reviewed a sample of correspondence at audit.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Annual Compliance Reports</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					<ul style="list-style-type: none"> <li>Correspondence with ERA file</li> </ul>	
<b>Asset Management System (Clause 20)</b>						
The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	170	Section 12 Licence Clause 20.1	4	<ul style="list-style-type: none"> <li>The licensee provided details of the asset management system at the time of its licence application. This obligation is not rateable for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	171	Section 12, Licence Clause 20.2	5	<ul style="list-style-type: none"> <li>The licensee advised that no material change has been made to the Asset Management System during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	172	Section 12, Licence Clause 20.6	4	<ul style="list-style-type: none"> <li>The asset management system review is being conducted in accordance with the Authority's <i>Audit and Review Guidelines: Water Licences (2014)</i> and the preceding <i>Audit Guidelines: Electricity, Gas and Water Licences (2009)</i> as both were in effect during the audit period.</li> <li>An audit plan consistent with these guidelines has been prepared prior to this audit. The licensee has been consulted with respect to the audit plan and the audit plan has been approved by the Authority.</li> <li>The outcomes of the asset management system review are included in a later section of this report.</li> </ul>	<ul style="list-style-type: none"> <li>Audit and review plan</li> <li>Audit and review guidelines</li> <li>Interviews with licensee staff</li> </ul>	1
The licensee must have an asset management system that provides for the	6	Sections 24(1)(a) & 24(2)	4	<ul style="list-style-type: none"> <li>The licensee has in place an asset management system for the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
operation and maintenance of the water service works.				<p>operation and maintenance of its water service works. The AMS is a hybrid of the Excel templates provided by the ERA for use by small water service providers. Each worksheet is independent and the licensee has taken out the macros.</p> <ul style="list-style-type: none"> <li>The main components of the asset management system are:               <ul style="list-style-type: none"> <li>An Asset Management Plan</li> <li>Detailed Asset Register</li> <li>Maintenance Management spreadsheet including annual program of inspections and completed works</li> <li>Condition and Performance spreadsheet with date of inspection, condition and any comments/work completed</li> <li>Annual O&amp;M budget, including capital expenditure and a breakdown of maintenance work into routine, breakdown and restorative &amp; preventative maintenance activities</li> <li>Five year Capital Works Plan</li> <li>Staff training and awareness</li> </ul> </li> <li>A review of this asset management system has been completed at the same time as this operational audit and the outcomes are presented in a later section of this report.</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management Plan</li> <li>Asset Management System Excel spreadsheets</li> <li>Annual O&amp;M budgets</li> <li>Capital Works Plan</li> </ul>	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must give details of the asset management system and any changes to it to the Authority.	7	Section 24(1)(b)	5	<ul style="list-style-type: none"> <li>The licensee provided details of the asset management system at the time of its licence application. This obligation is not applicable for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	8	Section 24(1)(c)	5	<ul style="list-style-type: none"> <li>An asset management system review was conducted by Quantum Assurance and documented in a report prepared August 2013, which covered the 18 month period from 1 December 2011 to 31 May 2013.</li> <li>The next asset management system review (this review) covers the period from 1 June 2013 to 31 May 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of previous asset management review report</li> </ul>	1
<b>Water Services Ombudsman Scheme (Clause 21)</b>						
The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	173	Section 12	4	<ul style="list-style-type: none"> <li>The Energy and Water Ombudsman of Western Australia became responsible for the water services ombudsman scheme referred to in Part 4 of the Act on 1 January 2014.</li> <li>The licensee is a member of this scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1
Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision or direction of the water services ombudsman under the scheme.	15	Section 66	4	<ul style="list-style-type: none"> <li>The licensee has agreed to be bound by and compliant with any decision or direction of the Ombudsman</li> <li>No complaints concerning the licensee have been referred to the Ombudsman during the audit period</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Complaints log</li> <li>Complaints logged in Synergy</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Standard Terms &amp; Conditions of Service (Clause 22)</b>						
Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	174	Section 12	4	<ul style="list-style-type: none"> <li>There are no Standard Terms and Condition of Service that apply to the licensee. This obligation is not applicable.</li> <li>The licensee seeks to provide its services in accordance with the Act and other legislation including the <i>Local Government Act 1995</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Customer Contract (Clause 23)</b>						
If directed by the Authority, the licensee must submit a draft customer contract for approval.	175	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	176	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee may only amend the customer contract with the Authority's approval.	177	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
The licensee must comply with any direction by the Authority to amend the customer contract.	178	Section 12	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
<b>Non Standard Terms &amp; Conditions of Service (Clause 24)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Unless clause 24.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code without the prior approval of the Authority.	179	Section 12	4	<ul style="list-style-type: none"> <li>The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. Therefore, this obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the Customer Services Code, the licensee must publish an annual report containing the information specified.	180	Section 12	4	<ul style="list-style-type: none"> <li>The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Supplier of Last Resort (Clause 25)</b>						
If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	181	Section 12	4	<ul style="list-style-type: none"> <li>The licensee has not been appointed as a supplier of last resort. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	14	Section 60	4	<ul style="list-style-type: none"> <li>The licensee has not been appointed as a supplier of last resort. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Duties of the Licensee (Clause 26)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	12	Section 29	4	<ul style="list-style-type: none"> <li>The duties of the licensee are set out in Part 2, Division 3 of the Act. The compliance of the licensee with these obligations has already been tested in this audit, resulting in a small number of non-compliances related to Section 27 of the Division, Compliance with the Code made by Authority, being found. As a result, this obligation has been rated as non-compliant.</li> <li>The licensee seeks to comply with its duty to provide sewerage and non-potable water services within its operating area. The licensee is the only user of the non-potable water service and provides sewerage services to residential customers in Ravensthorpe and Munglinup.</li> <li>The licensee has not received any complaints regarding its water services in the audit period.</li> <li>The licensee advises it has not refused provision of sewerage services nor suspended provision of sewerage services in the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Operating Licence</li> <li>Asset Management System</li> <li>Operational Audit Report, August 2013</li> </ul>	2
<b>Provision of Water Services (Clause 27)</b>						
The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	1	Section 21(1)(a)	5	<ul style="list-style-type: none"> <li>The licensee provides sewerage services and non-potable water services under the Act.</li> <li>The sewerage service is available for connection to the majority of residential areas of the towns of Ravensthorpe and Munglinup.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>The system only takes the liquid portion of the wastewater, with each property having a septic tank to take the solid portion of the wastewater discharge.</p> <ul style="list-style-type: none"> <li>No commercial or industrial wastes are accepted into the licensee's sewerage scheme and these property types serviced by their own septic tank systems.</li> <li>The licensee's Customer Service Charter sets out the conditions of and process for connecting to its sewerage network</li> <li>The non-potable water supply service is not available to customers. Land owners are not entitled to this service as they do not pay a water service charge for it.</li> </ul>	<ul style="list-style-type: none"> <li>Review of operating area map</li> <li>Inspection of assets</li> </ul>	
The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	Section 21(1)(b)	4	<ul style="list-style-type: none"> <li>The water service charges are determined annually by Council as part of its budgeting process. Council determines reasonable charges based on its costs to operate, maintain and renew the system.</li> <li>Water service charges are based on the rateable value of the land determined by the state valuer.</li> <li>The licensee advises that there have been no instances where it has discontinued providing a service because it has been not practicable or not financially viable.</li> </ul>	<ul style="list-style-type: none"> <li>Review of annual budget 2014/15</li> <li>Review of Fees &amp; Charges 2014/15</li> <li>Interviews with licensee staff</li> <li>Shire of Ravensthorpe Customer Charter, April 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> <li>The licensee's two sewerage networks are limited to the extent of the Ravensthorpe and Munglinup townships.</li> </ul>		
The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	3	Section 21(1)(c)	4	<ul style="list-style-type: none"> <li>The licensee has in place an effective asset management system for the operation and maintenance of its water service works. We have undertaken an asset management review at the same time as this operational audit and the findings of this review are presented later in this report.</li> <li>We inspected the licensee's assets at the time of audit including the treatment ponds, the Ravensthorpe Queen Street pumping station, reticulation assets where visible, e.g. pit lids and the recycled water storage tanks and chlorine dosing system.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of operating area map</li> <li>Inspection of assets</li> <li>Review of operation and maintenance records</li> <li>Review of licensee performance monitoring records, e.g. pump run hours, chlorine monitoring data</li> </ul>	1
<b>Provision of Water Services Outside Operating Area (Clause 28)</b>						
If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the Authority.	182	Section 12	4	<ul style="list-style-type: none"> <li>The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of operating area map</li> <li>Inspection of assets</li> </ul>	NR
The licensee must notify the Authority as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	4	Section 22	4	<ul style="list-style-type: none"> <li>The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<b>Works Holding Arrangements (Clause 29)</b>						
All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	5	Section 23	4	<ul style="list-style-type: none"> <li>The licensee owns all of the water service works used to provide the water service</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review financial records</li> <li>Review of financial asset register</li> </ul>	1
<b>Hardship Policy (Clause 30)</b>						
The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	183	Section 12	4	<ul style="list-style-type: none"> <li>The licensee has prepared a Financial Hardship Policy with reference to the Authority's guideline and using the template provided by the Authority. The Financial Hardship Policy has been approved by the Authority.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Financial Hardship Policy</li> <li>Review of guidelines</li> </ul>	1
<b>Memorandum of Understanding (Clause 31)</b>						
The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date.	184	Section 12	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Asset Management Plan</li> <li>Inspection of assets</li> </ul>	NA
The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	185	Section 12	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Asset Management Plan</li> <li>Inspection of assets</li> </ul>	NA
The licensee must comply with the terms of the Memorandum of Understanding.	186	Section 12	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					<ul style="list-style-type: none"> <li>Asset Management Plan</li> <li>Inspection of assets</li> </ul>	
<b>Performance Standards (Schedule 3)</b>						
The licensee must comply with the service and performance standards as set out in Schedule 3.	190	Section 9	N/A	<ul style="list-style-type: none"> <li>There are no performance standards specified in Schedule 3 of the licensee's license. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Operating license</li> </ul>	NA

## 5.2 Asset Management System Review

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

**Table 5-1 Asset Management System Review Observations**

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<b>Asset Planning – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>Asset Management Plan covers key requirements</li> <li>Planning processes and objectives reflect the needs of all stakeholders and is integrated with business planning.</li> <li>Service levels are defined.</li> <li>Non-asset options (e.g. demand management) are considered.</li> <li>Lifecycle costs of owning and operating assets are assessed.</li> <li>Funding options are evaluated.</li> <li>Costs are justified and cost drivers identified.</li> </ul>	<b>Overview</b> <ul style="list-style-type: none"> <li>The licensee operates two sewerage schemes and a recycled water system. The Ravensthorpe scheme was originally constructed in 1983 and expanded in 2001. The Munglinup scheme was constructed in 1995 and has not been expanded since this time. The Ravensthorpe recycled water system was constructed in 2006.</li> <li>The system assets are considered by the licensee to be in good condition. Our asset inspections of the above ground assets, which included the treatment ponds, Queen Street pumping station, access chambers, chlorinator system and pump, and the recycled water storage tanks, confirmed this.</li> <li>There are no capacity issues related to either of the two sewer reticulation system or treatment plants. Both schemes were constructed at greater capacities than they are being used for.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>Likelihood and consequences of asset failure are predicted.</li> <li>Plans are regularly reviewed and updated.</li> </ul>	<ul style="list-style-type: none"> <li>The recycled water system only provides treated effluent for the watering of Ravensthorpe's sports oval. The Munglinup scheme utilises an evaporation pond process and does not have any reuse of treated effluent.</li> <li>Mining operations near Ravensthorpe have scaled back in recent years and this has had an impact on the town. There has been no growth in Ravensthorpe and demand forecasts show minimal growth in the number of connections with negligible impact on the current system. No growth is forecast for the Munglinup scheme and it is possible that there might be negative growth in the town based on one of the ABS scenarios.</li> </ul> <p><b>Asset Management Plan</b></p> <ul style="list-style-type: none"> <li>The licensee has an Asset Management Plan (AMP) that covers both the Ravensthorpe and Munglinup sewerage schemes and the Ravensthorpe reuse system. The document was reviewed and updated in January 2015. Prior to the most recent update, the AMP was last reviewed and updated in January 2013.</li> <li>The AMP is the driving document for the licensee's asset management activities. It is a standalone document but the annual budget feeds into it.</li> <li>The AMP includes an outline of the operating environment, Levels of Service, a description of the asset system and regulatory requirements. However, the regulatory requirements are now out of date and we recommend that they are updated in the next revision of the AMP. We also recommend that a document control section is added into the front of the document to record the key changes made in each revision of the document.</li> <li>Section 2 of the AMP outlines the licensee's Levels of Service and Demand Management. This includes the policies related to availability, capacity, continuity, odour control and emergency response.</li> <li>Levels of Service are included in Section 2.6. These define the licensee and customer's requirements for the assets to provide the service at the required standards. The levels of service include in the AMP reflect those in the Customer Service Charter. Key service criteria of Safety, Quality, Legislative/Statutory, Corporate/Strategic and Efficiency have been used to develop service characteristics, target levels of service and performance measurement procedures for each main asset type (reticulation network, pumping station, treatment plant, effluent reuse).</li> <li>The AMP also documents the key aspects of risk management and lifecycle management for the schemes, including the asset management practices used by the licensee. The asset register, cost models, risk assessment, contingency plans, maintenance plan, compliance schedule and environmental analysis (SWOT) are included in the AMP appendices.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Maintenance Management Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets</li> <li>Shire of Ravensthorpe Water Services Operating Licence – WL26, Version 2, 15 May 2009</li> <li>Shire of Ravensthorpe Water Services Operating Licence – WL26, Version 3, 18 November 2013</li> <li>Shire of Ravensthorpe Water Services Operating Licence – WL26, Version 4, 17 April 2014</li> <li>Ravensthorpe Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-040/2</li> <li>Munglinup Operating Area (Sewerage Supply Services) Plan No. OWR-OA-307</li> <li>Quantum Assurance, Shire of Ravensthorpe Operational Audit and Asset Management System Review, Final Report, August 2013</li> <li>Shire of Ravensthorpe Local Planning Strategy, September 2013</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>The AMP outlines the performance measurement procedures for the different asset types and also outlines the activities/frequency of inspections and maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> </ul>
	<b>Standard Operating Procedures</b> <ul style="list-style-type: none"> <li>The licensee does has a comprehensive set of operating procedures related to the operation and maintenance of the sewerage and recycled water services. Further details are provided in the Asset Operations section.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Planning Approval Application Form, 2014</li> <li>Shire of Ravensthorpe Corporate Business Plan 2014-2018, 22 May 2014</li> </ul>
	<b>Asset Management System</b> <ul style="list-style-type: none"> <li>The licensee has an Asset Management System that uses a series of Excel spreadsheets. The system is simplistic and was provided to the licensee by the ERA as a system that could be used by small service providers. The licensee has revised the system from the one provided so that each worksheet is standalone and the macros have been removed.</li> <li>The asset management system consists of:               <ul style="list-style-type: none"> <li>An Asset Register</li> <li>Condition &amp; Performance Monitoring</li> <li>Risk Assessment</li> <li>Maintenance Management</li> <li>Financial Budget</li> <li>Planned Works Program</li> </ul> </li> <li>The AMS is used as the key tool for future asset predictions that are included in the licensee's asset planning. It is also used to inform the Management/Board of these forecasts</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Strategic Community Plan July 2014 - June 2024</li> <li>Shire of Ravensthorpe Asset Management Plan (all Shire assets), adopted May 2013</li> <li>Shire of Ravensthorpe Annual Report for 2013/14</li> <li>Shire of Ravensthorpe Draft Budget 2015/16</li> <li>Shire of Ravensthorpe Operating Procedures Manual</li> <li>Western Australia Tomorrow, Population Report No. 7, 2006 to 2026, Forecast Profile Ravensthorpe (S) Local Government Area, February 2012</li> </ul>
	<b>Asset Management Planning</b> <ul style="list-style-type: none"> <li>The Deputy CEO has the overall responsibility for overall planning and developing the Local Planning Strategy and Strategic Plan documents that identify the infrastructure and facilities that are required.</li> <li>The licensee has a corporate budgeting process to review and approve any new works that have been identified.</li> <li>The current Planning Scheme document (Shire of Ravensthorpe Town Planning Scheme No. 5) was last updated on 7 December 2012.</li> <li>Population growth forecasts (Forecast Profile for the Ravensthorpe (S) Local Government Area, Western Australian Planning Commission) have shown</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>uncertainty regarding growth between 2006 and 2026. The average annual growth rate has been forecast at 2.8%, compared with a low of 0.1% and a high of 4.7% over the 20 years. However, as noted above the licensee considers that population growth will be minimal as a result of the downscaling of mining activities in the Shire.</p> <ul style="list-style-type: none"> <li>▪ The Risk Assessment included in the licensee's AMS has been completed and includes assessments of the risks for failing assets, including the failure of the Queen Street pumping station, failure of the submersible pump in the tertiary treatment pond and failure of the filtration system.</li> <li>▪ Generally most of the asset renewals are prioritised based on condition and performance. However, the licensee has a maintenance strategy for the pumps at the Queen Street pumping station where the pumps are refurbished at 80% of the asset life.</li> <li>▪ The AMP includes a five year capital works program. This is based on the lifecycle costs for that have been populated in the AMS. These are based on renewals of assets as they reach the end of their asset life. However, no new works for growth, levels of service or legislation have been identified in the current planning projections.</li> <li>▪ The licensee has used a long-term lifecycle asset replacement program to calculate an annual annuity that needs to be set aside to fund future capital expenditure associated with replacing the assets at the end of their lives. This is also included in the AMP (Appendix B).</li> <li>▪ The long-term forecast shows little capital expenditure will be required in the short to medium term. The fencing at the Ravensthorpe treatment plant is forecast for replacement ion 2026. The next major asset replacements that are forecast are for the reticulation (reuse) system pumps/motors in 2031 and the sewer pump station motors in 2033.</li> <li>▪ Under the <i>Local Government Act 1995</i>, the licensee is required to break out their planned expenditure budget to show the estimates for capex, renewals and maintenance so that there is a clear report of the predicted costs.</li> <li>▪ The Annual Operations and Maintenance module of the AMS breaks down the forecast maintenance budgets into Routine &amp; Breakdown, Restorative and Preventative forecasts. However, the licensee has recorded all of the cost estimates under the Routine &amp; Breakdown maintenance types. The annual operations and maintenance budgets have been completed by the licensee at asset type level for the reticulation assets rather than for each individual asset. For the treatment plants the cost estimates have been developed at process area (primary, secondary and tertiary) and appurtenances. For the effluent reuse system, the licensee has developed the annual budgets for storage, pressure mains, pumping, controls, reticulation and appurtenances.</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>Funding options are included in Section 5 of the AMP. The only options available to the licensee to fund its sewerage service are income from rates and reserves. The licensee does not have any loans for its sewerage or reuse services.</li> <li>Table 8 in the AMP provides the forecast reserve fund for the five year period 2013 to 2017. Table 9 in the AMP provides the estimated revenue from sewerage rates for the same five year period. We recommend that all of the financial forecasts included in Section 5 of the AMP be reviewed and updated in the next update of the AMP and that the licensee implements an annual update of this information.</li> <li>The licensee has a sewerage reserve that can only be used for the purpose of replacing or upgrading the sewerage systems. The reserve has been set up for both the Ravensthorpe and Munglinup schemes. Although the Munglinup scheme was only added to the licensee's operating licence in 2014, the reserve had been developed using the capital expenditure associated with both schemes.</li> <li>The licensee has used a long-term lifecycle asset replacement program to calculate an annual annuity that needs to be set aside to fund future capital expenditure associated with replacing the assets at the end of their lives. At the current time this annuity has been calculated as \$7,250 per year being added to the reserve. However, this has been identified as needing recalculating and further details are included in the Financial Management section.</li> <li>The licensee has to prepare Business Cases under the <i>Local Government Act 1995</i> for new assets that are identified but not for renewal of current assets. At the present time all of the asset planning work identified by the licensee has been for renewals and this is not expected to change in the short-term.</li> </ul>	

Asset Creation – Overall Rating: B2		
<ul style="list-style-type: none"> <li>Full project evaluations are undertaken for new assets including comparative assessment of non-asset solutions.</li> <li>Evaluations include all life-cycle costs.</li> <li>Projects reflect sound engineering and business decisions.</li> <li>Commissioning tests are documented and completed.</li> <li>Ongoing legal / environmental / safety obligations of the asset owners are assigned and understood.</li> </ul>	<ul style="list-style-type: none"> <li>An overview of how assets should be acquired is included in the Section 4.5 – New Assets Creation Plan in the Asset Management Plan.</li> <li>This specifies that new assets will be procured through the Government Supply system, where available, or through select and public tendering on an as needs basis.</li> <li>As noted previously, full project evaluations are completed as part of the licensee's business case process required for new assets and include all life-cycle costs. This includes assessment of non-asset solutions.</li> <li>Business cases are submitted through the licensee's budgeting process for review and approval by the Council Board.</li> <li>The need / requirement for new assets are identified from the five year capital works program. Although the licensee is able to forecast future asset</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>replacements based on the nominated asset lives, we recommend that the licensee develops a longer capital program for inclusion in the AMP.</p> <ul style="list-style-type: none"> <li>▪ No new assets have been identified in the forecast and the licensee has not created any new assets during the review period.</li> <li>▪ Based on the finding of the previous asset management system review, a total of \$6,000 was included in the 2013/14 budget for replacement of the access chamber and consolidation of the inflow pipe to the Ravensthorpe treatment plant. However, this work was not completed until 2014/15 and expanded to include the replacement of another two access chambers.</li> <li>▪ The licensee does not have specific testing and commissioning procedures for its active assets but would expect to include these in the conditions of contract if tendering any major work. For smaller assets/components, the licensee would expect to acquire and install as per the manufacturers' guidelines.</li> <li>▪ Legal, environmental and safety obligations are documented in Section 2.3 of the Asset Management Plan. However, although the AMP was updated in January 2015, references to the <i>Water Services Licensing Act 1995</i> are out of date and we recommend that these are revised in the next update of the document. We also note that the AMP does not reference the <i>Health Act 1911</i> or the <i>Metropolitan Water Supply &amp; Sewerage Act 1909</i> which contain a number of provisions related to the regulation of recycled water and recommend that these are reviewed and referenced appropriately in the AMP.</li> </ul>	<p>System – Financial Planning Excel spreadsheets</p> <ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets</li> <li>▪ Shire of Ravensthorpe Local Planning Strategy, September 2013</li> <li>▪ Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Corporate Business Plan 2014-2018, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Strategic Community Plan July 2014 - June 2024</li> <li>▪ Shire of Ravensthorpe Annual Report for 2013/14</li> <li>▪ Shire of Ravensthorpe Draft Budget 2015/16</li> </ul>
<b>Asset Disposal – Overall Rating: A1</b>		
<ul style="list-style-type: none"> <li>▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process.</li> <li>▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.</li> <li>▪ Disposal alternatives are evaluated.</li> <li>▪ There is a replacement strategy for assets.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee's Asset Disposal Plan is included in Section 4.6 of the AMP. This sets out the policy that <i>'Assets at the end of their life will be replaced with a similar capacity and the old asset dumped or recycled for scrap as appropriate'</i>.</li> <li>▪ The licensee's ongoing capital expenditure plan forms the asset disposal plan.</li> <li>▪ No assets have been disposed in the review period and no assets have been identified for disposal in the AMP or AMS. The work completed on the fencing at the Ravensthorpe treatment plant consisted of repair work to patch up fair wear and tear.</li> <li>▪ Both the Ravensthorpe and Munglinup sewerage schemes and the Ravensthorpe non-potable water system are considered relatively basic in concept and nature. Demand for both sewerage schemes is currently well within capacity and population forecasts indicate little growth for the Shire. As such the need for disposing of assets surplus to requirements is unlikely in the foreseeable future with limited surplus availability within the asset base.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> </ul>



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ <i>The Local Government Act 1995</i> sets the policy framework for asset disposal and the licensee disposes of its sewerage assets in accordance with Section 3.58 of the Act. The licensee follows the Australian Accounting Standards to register asset disposal in its financial accounts.</li> <li>▪ The licensee has a renewal/ replacement program developed for the asset base that is predominantly based on asset age and condition. A like-for-like replacement (or repair on sewer main) is typically the most appropriate option and with the existing, failed asset disposed of. Assets such as buried pipes, access chambers, or worn out plant and equipment are unlikely to have any second hand market value. These assets would normally be left in ground or disposed of to landfill. The previous pumping station wet well and old switchboard have been left in-situ adjacent to the newer pumping station.</li> <li>▪ The licensee has a refurbishment program for the Queen Street pumps that renews the pumps components at 80% of the asset life. The licensee has three pump sets and rotates them to complete the refurbishments and extend the asset life.</li> <li>▪ There is no formal process in place for assessing under-utilised or under-performing assets. Such assets are identified in the AMS using knowledge gained from site and historical information such as asset performance, failures and age. Assets are continually reviewed in the AMS.</li> <li>▪ The licensee has an annual inspection program for its sewerage schemes and prepares an annual report based on this information. However, there is no recording of the condition of the assets unless by exception if action is required.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets</li> <li>▪ Shire of Ravensthorpe Local Planning Strategy, September 2013</li> <li>▪ Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Corporate Business Plan 2014-2018, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Strategic Community Plan July 2014 - June 2024</li> <li>▪ <i>Local Government Act 1995</i></li> <li>▪ Local Government and Australian Accounting Standards requirements for asset disposal</li> </ul>
<b>Environmental Analysis – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>▪ Opportunities and threats in the system environment are assessed.</li> <li>▪ Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.</li> <li>▪ Compliance with statutory and regulatory requirements.</li> <li>▪ Achievement of customer service levels.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The overall Asset Environment is included in Section 1.3 of the AMP and provides an overview of the physical environment that the licensee's assets are operating in.</li> <li>▪ The licensee has identified statutory and regulatory requirements in its Section 2.3 of the AMP. However, it makes reference to the <i>Water Services Licensing Act 1995</i> which has been superseded by the <i>Water Services Act 2012</i>. We recommend that the asset management plan be updated to reflect the new legislative framework.</li> <li>▪ The licensee has completed SWOT analysis on its services. This analysis was last reviewed in May 2015 and is included in Appendix G of its AMP. Weaknesses that have been identified include that there is no formalised maintenance program and cost allocation is not accurate.</li> <li>▪ With regards to the licensee not having a formalised maintenance program, although the licensee has a program, it is not recording maintenance tasks and activities that have been completed for any of the systems it operates.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>▪ Annual ERA Compliance Reports 2012/13 and 2013/14</li> <li>▪ Annual Munglinup Sewerage System Report 2014</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>Similarly, and as noted previously, asset condition is only recorded by exception if it needs to be addressed.</p> <ul style="list-style-type: none"> <li>▪ The licensee has a simple compliance register that is reviewed and updated annually to assist in keeping track of its statutory and regulatory obligations in the year. The Compliance Register is included in Appendix F of the AMP.</li> <li>▪ The licensee uses the compliance reporting procedure based on the Authority's Compliance Report Manual for preparing its annual compliance report to the Authority.</li> <li>▪ Risk assessment is undertaken within the AMS and has been completed in accordance with AS 4360. The risk assessment considers the consequences related to customers, community and State. These are combined with likelihood scores in a risk exposure matrix in order to derive an overall risk level for each of the identified risks.</li> <li>▪ Levels of Service for availability of service, capacity, continuity, emergency response, odours are outlined in Section 2.1 of the AMP.</li> <li>▪ Section 2.6.4 of the AMP outlines the performance measurement procedures that the licensee uses to assess performance against the service levels.</li> <li>▪ During the period for which its performance targets were applicable (1 June 2013 to 18 November 2013, the licensee complied with the service and performance standards as set out in Schedule 4 of Version 2 of its operating licence. The licensee complied with its licence requirement target of fewer than 40 blockages per 100km of sewer main and 90% of connecting customers experiencing no overflow in each preceding 12 month period. This was reported to the Authority in the annual Compliance Reports submitted by the licensee.</li> <li>▪ Outside of reporting requirements there does not appear to be further historical analysis of the licensee's performance against these measures or any other operating performance indicators. We recommend that past records of the key performance measures be documented in the AMP with any significant deviation from the standard justified.</li> <li>▪ Performance standards have been reported to the ERA annually and signed-off by the CEO. This obligation was only applicable until 18 November 2013. The current licence does not impose performance standards for sewerage and non-potable water.</li> <li>▪ The licensee's recycled water scheme was assessed by a representative from the Department of Health in April 2014. The resulting assessment report identified a number of areas where the licensee was not compliant with the requirements of the <i>Guidelines for the Non-Potable Uses of Recycled Water in Western Australia, August 2011</i>.</li> <li>▪ The key non-compliances that the assessment reported were that:</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual Ravensthorpe Sewerage System Report 2014</li> <li>▪ Annual Environmental/Compliance Report to the Department of Environment Regulation 2013/14</li> <li>▪ Department of Health, Water Recycling Assessment Report, April 2015</li> </ul>



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>– No interlocks were in place</li> <li>– No auto shut off and no alarms present</li> <li>– No continuous online or daily total chlorine sampling conducted</li> <li>– No signs at the entrance of the fenced storage tanks area</li> <li>▪ The assessment also identified a number of areas for improvement.</li> <li>▪ The licensee has completed the majority of the recommendations that were included in the assessment report. It has not implemented continuous online chlorine sampling but takes daily samples and manages the system accordingly.</li> <li>▪ The licensee is committed to developing a Recycled Water Quality Management Plan by June 2016. Preparation of this document is currently in progress.</li> </ul>	
<b>Asset Operations – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>▪ Operational policies and procedures are documented and linked to service levels required.</li> <li>▪ Risk management is applied to prioritise operations tasks.</li> <li>▪ Assets are documented in an Asset Register, including asset type, location, material, plans of components, an assessment of assets' physical / structural condition and accounting data.</li> <li>▪ Operational costs are measured and monitored.</li> <li>▪ Staff receives training commensurate with their responsibilities.</li> </ul>	<p><b>Policies</b></p> <ul style="list-style-type: none"> <li>▪ The Goals and Objectives of the Sewer and Reuse Schemes included in Section 1.2 of the AMP provides a very high level outline of the licensee's overall objectives in its provision of its services.</li> <li>▪ The AMP only includes an overview of the system. Section 2.6 Levels of Service provides an overview of the key service criteria, the service characteristics, target level of service and the performance measurement procedure for the reticulation assets, Queen St pump station assets, treatment plant assets and effluent reuse assets. This information, together with the maintenance plans included in the Lifecycle Management Plan included in Section 4 of the AMP, infer how the assets are operated, although explicit instructions are not provided or referenced.</li> <li>▪ Where appropriate, the manufacturer's operating instructions/manuals are kept and used by the works and maintenance staff.</li> </ul> <p><b>Operational / Maintenance Procedures and Tasks</b></p> <ul style="list-style-type: none"> <li>▪ The Team Leader Parks &amp; Gardens is responsible for the operations and maintenance of the Shire's wastewater and reuse systems in conjunction with the Manager of Engineering Services and the external contractors used by the Shire.</li> <li>▪ The licensee has a comprehensive set of operating procedures related to the operation and maintenance of the sewerage and recycled water services. The operations manual was developed as a recommendation from the previous asset management system review. It has been developed as a living</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Maintenance Management Excel spreadsheets</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>document and a new procedure is created each time the staff identify that a new set of instructions is needed.</p> <ul style="list-style-type: none"> <li>▪ The Operations Manual currently includes procedures for:               <ul style="list-style-type: none"> <li>– Dam operation</li> <li>– Drainage pipe blockage between No. 2 and 3 dams</li> <li>– WQ sampling</li> <li>– Change days to water on reticulation system (recycled)</li> <li>– Low water light on (recycled tank)</li> <li>– Switch reticulation on/off</li> <li>– Change chlorine drum</li> <li>– Repair to leaking reticulation line</li> <li>– Filter blocked at effluent treatment plant</li> <li>– Hand dose chlorine tanks</li> <li>– Effluent inflow reading monitor</li> </ul> </li> <li>▪ The Operations Manual has been used to cover the absence of the Team Leader due to injury during the review period.</li> <li>▪ The Shire does not have any plumbers or electricians on the staff and the majority of the Shire's maintenance is contracted out to plumbers and electricians located in the town. Three plumbers and two electricians are located in Ravensthorpe that the Shire is able to access.</li> <li>▪ The Queen Street pumping station has an alarm and a light on the outside to alert the Shire of any issues. It does not have an auto-dialling system to call on call staff if there are any problems. The pumping station is inspected regularly and the Shire's procedures manual includes a check of the asset three times a week.</li> <li>▪ The Queen Street pumping station has two pumps and uses a duty/standby mode of operation. If the Shire identifies that one pump is working more than the other, it monitors the situation in order to assess whether maintenance is required. A spare pump is kept in the Shire's depot to allow for a change out. A refurbishment of one of the pumps was completed in December 2014.</li> <li>▪ Pump run times are maintained by the Team Leader Parks &amp; Gardens. These form the basis for rotation/refurbishment of the three available pump sets.</li> <li>▪ The Team Leader Parks &amp; Gardens is responsible for the inspections of the assets.</li> <li>▪ The Shire conducts daily inspections of the treatment plant and the reuse system. If the daily checks of the chlorine show insufficient levels, the Shire</li> </ul>	<p>Maintenance Budget Excel spreadsheets</p> <ul style="list-style-type: none"> <li>▪ Annual Munglinup Sewerage System Report 2014</li> <li>▪ Annual Ravensthorpe Sewerage System Report 2014</li> <li>▪ Shire of Ravensthorpe Sewerage &amp; Waste Water Reuse System Complaint Log</li> <li>▪ Performance Reports to the Authority for the year ended 30 June 2013 and 2014</li> <li>▪ Compliance Reports to the Authority for the year ended 30 June 2013 and 2014</li> <li>▪ Shire of Ravensthorpe Effluent Treatment and Reuse Sampling Results 2015</li> <li>▪ Annual Environmental/Compliance Report to the Department of Environment Regulation 2013/14</li> <li>▪ Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Draft Budget 2015/16</li> <li>▪ Shire of Ravensthorpe Operating Procedures Manual</li> <li>▪ Shire of Ravensthorpe Annual Report for 2013/14</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>does not use the recycled water for irrigation and hand dose the storage tanks until the chlorine level is increased to sufficient levels to allow recycling to be restarted.</p> <ul style="list-style-type: none"> <li>▪ The chlorine that the Shire uses for disinfecting its recycled water is in liquid form and provided from a supplier based in Perth.</li> <li>▪ The Shire uses two external laboratories for its water quality testing. PathWest carries out the bacterial testing and ChemCentre carries out the testing for the other parameters.</li> <li>▪ A full suite of water quality testing is completed each quarter for the Department of Environment and Conservation (DEC).</li> <li>▪ The bacterial testing of the recycled water is carried out in the third week of each month and reported to the Department of Health. The samples are taken from the storage tanks, after filtration and chlorination, prior to reuse on the sports oval. The Shire has not experienced any issues regarding the water quality of the recycled water.</li> <li>▪ An Issue and Identification Form is used to record any asset issues and the repair work completed.</li> <li>▪ With the exception of the Queen Street pumping station pump assets, maintenance work on the sewerage and recycled schemes is predominantly reactive at the present time, which is appropriate given the simplicity of the scheme, its size and the type of assets utilised. As noted previously, the licensee has a maintenance strategy for the pumps at the Queen Street pumping station where the pumps are refurbished at 80% of the asset life</li> </ul> <p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>▪ The licensee's risk management methodology is included in Section 3 of the AMP. The Risk Assessment is included in Appendix C of the AMP.</li> <li>▪ As noted previously, a risk management tool is built into the licensee's AMS. This is used, together with performance, condition and age data recorded in the AMS to identify possible future asset issues and prioritise them for renewal/refurbishment.</li> <li>▪ Risk management related to the non-potable water supply are included in the AMS.</li> <li>▪ The licensee has committed to developing a Recycled Water Quality Management Plan by June 2016. This will include a detailed Health Risk Assessment in accordance with the <i>Guidelines for the Non-Potable Uses of Recycled Water in Western Australia, August 2011</i>.</li> </ul> <p><b>Asset Register</b></p>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The Shire's asset register is maintained in the Excel spreadsheet template provided by the ERA. The asset register has been updated to include the Munglinup scheme assets.</li> <li>▪ The asset register is broken down to provide information for:               <ul style="list-style-type: none"> <li>– Access chambers</li> <li>– Sewer pipes</li> <li>– WWTW (ponds and fencing)</li> <li>– Pumping station (wet well, pump sets, motor controls, valves)</li> <li>– Effluent reuse (storage tanks, pump sets, control/monitoring, disinfection)</li> </ul> </li> <li>▪ The details included for each asset include:               <ul style="list-style-type: none"> <li>– asset reference numbers</li> <li>– description/location</li> <li>– material</li> <li>– dimensions</li> <li>– construction date</li> <li>– asset life</li> <li>– Replacement value</li> <li>– Planned replacement year</li> <li>– Current replacement value</li> </ul> </li> <li>▪ The asset register is used as the base data template for other information recorded in the AMS, e.g. condition and performance data, dates of inspection and refurbishment works.</li> </ul> <p><b>Asset Costs</b></p> <ul style="list-style-type: none"> <li>▪ Financial/accounting costs associated with the licensed services are recorded in the licensee's main finance system (Synergy).</li> <li>▪ Financial data is recorded at a system level. Annual operations and maintenance budgets are prepared at an asset level, e.g. chambers, sewer mains, pumping station, treatment plant and effluent reuse. There is also an additional budget item for administration related to operating the sewerage and reuse schemes.</li> <li>▪ The costs associated with the recycled assets are not recorded under the sewerage scheme cost codes but are charged to a separate account.</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>Energy bills and invoices go through the licensee's corporate system and are forwarded to the CEO for sign-off. All costs are recorded against the ongoing annual operations budget.</li> <li>The Shire's energy provider for the sewerage and reuse schemes in Ravensthorpe is Synergy Energy. The Shire receives monthly invoices for its energy consumption, with separate invoices for the Queen Street pumping station and the treatment plant and reuse system.</li> <li>The operational budget is developed by the CEO with input from other members of staff. The previous year's budget is the starting point, with any new expenditure needing to be approved by the Council.</li> <li>Operational costs are included in the long-term forecasts included in the AMS</li> <li>Operational budget is documented in the eight-year financial plan included in the AMP together with the long-term forecast.</li> </ul> <p><b>Staff Training</b></p> <ul style="list-style-type: none"> <li>Field staff are trained to meet their position responsibilities.</li> <li>The Shire has an annual staff review process and training is identified and organised if required.</li> <li>OH&amp;S training is completed on a general basis rather than being staff specific.</li> <li>Fields operations staff involved with the sewerage scheme have been inoculated and received the identified training. We confirmed the inoculations history information showed the staff had received hepatitis A and B and tetanus inoculations. We also confirmed the confined space training certificate, dated 13/03/2014.</li> <li>The Shire has a pre-qualified panel of suppliers. It does not have any fixed contracts with the plumbers/electricians located in Ravensthorpe but have include specific contractors in the AMP and the Shire's contingency plans that it can utilise if required.</li> <li>The licensee operations staff demonstrated a good level of understanding of the system, its assets and associated operating procedures.</li> </ul>	
<b>Asset Maintenance – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>Maintenance policies and procedures are documented and linked to service levels required.</li> <li>Regular inspections are undertaken of asset performance and condition.</li> </ul>	<p><b>Policies and Procedures</b></p> <ul style="list-style-type: none"> <li>Refer to previous section for details of policies and procedures.</li> </ul> <p><b>Asset Inspections</b></p> <ul style="list-style-type: none"> <li>The Shire prepares a comprehensive system report for each of its schemes based on a formal annual inspection. We observed the 2013 and 2014 reports</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</li> <li>Failures are analysed and operational / maintenance plans adjusted where necessary.</li> <li>Risk management is applied to prioritise maintenance tasks.</li> <li>Maintenance costs are measured and monitored.</li> </ul>	<p>during the review. We confirmed that the annual reports provide a summary sheet of the condition of each asset and identify any maintenance work that needs to be completed or any issues that need to be addressed. The annual inspection reports are used to develop the next year's budget and works schedule.</p> <ul style="list-style-type: none"> <li>The 2014 system reports identified an increase in the degradation of the concrete access chambers in the Ravensthorpe scheme in the 12 month period since the 2013 was prepared. As a result, funds were allocated for the replacement of access chambers in the 2014/14 budget. Three concrete access chambers have been replaced during the year with uPVC chambers and another two chambers have been vacuum cleaned.</li> <li>The Shire has experienced a few issue with tree roots impacting on the access chambers. Generally tree roots are not considered an issue for the below ground pipework.</li> <li>Although the Shire prepares the annual system report for each of its schemes, these are only for the reticulation assets and do not include information on the treatment ponds, the pumping station or the recycled water treatment system assets. We recommend that the Shire expands the format of its existing reports to include these assets in its future annual inspection scheme reports.</li> <li>Although there are regular inspections of assets outside of the formal annual inspection report process, the licensee does not maintain an ongoing record of asset condition. We recommend that the licensee develops a register or uses the Condition &amp; Performance spreadsheet included as part of the AMS provided by the ERA.</li> <li>In addition, although the licensee has a maintenance program, it does not maintain a record of what work has been completed. We recommend that the licensee develops a works register or uses the Maintenance Management spreadsheet included as part of the AMS provided by the ERA to keep a record of completed maintenance work.</li> <li>To date, no CCTV inspections of the pipework have been undertaken but given that the Ravensthorpe sewerage system is less than 35 years old and no issues with have been experienced, this would not be unexpected. It is likely that in the next 15 to 20 years the licensee will need to plan for a sample of CCTV inspections to assess the condition of the below ground assets. However, as noted above, tree roots are not considered an issue for the below ground pipework. The reticulation systems only receive the liquid component from domestic septic tank wastes and blockages are also not considered to be an issue for either sewerage scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Maintenance Management Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets</li> <li>Annual Munglinup Sewerage System Report 2014</li> <li>Annual Ravensthorpe Sewerage System Report 2014</li> <li>Shire of Ravensthorpe Sewerage &amp; Waste Water Reuse System Complaint Log</li> <li>Performance Reports to the Authority for the year ended 30 June 2013 and 2014</li> <li>Compliance Reports to the Authority for the year ended 30 June 2013 and 2014</li> <li>Shire of Ravensthorpe Effluent Treatment and Reuse Sampling Results 2015</li> <li>Annual Environmental/Compliance</li> </ul>
<b>Maintenance Plans</b>		

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>Routine maintenance activities are included in Section 4.3 and the Renewals and Replacement Plan is outlined in Section 4.4 of the AMP.</li> <li>The Maintenance Plan is included in Appendix E of the AMP. The Plan outlines the annual program of maintenance activities for each asset, together with the frequency and due date for each.</li> <li>The licensee's Mitigation and Management Strategies are included in Appendix D of the AMP. More details are included in the Contingency Planning section of this report.</li> </ul>	<p>Report to the Department of Environment Regulation 2013/14</p> <ul style="list-style-type: none"> <li>Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> <li>Shire of Ravensthorpe Draft Budget 2015/16</li> <li>Shire of Ravensthorpe Operating Procedures Manual</li> <li>Shire of Ravensthorpe Annual Report for 2013/14</li> </ul>
	<p><b>Asset Failure Analysis</b></p> <ul style="list-style-type: none"> <li>The AMP is reviewed annually and any failures that have occurred and been recorded in the AMS are considered in the budget cycle and the operation/maintenance plans. There is no asset failure analysis outside of the budget process.</li> </ul>	
	<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>Refer to previous section for details of risk management included in the AMS.</li> </ul>	
	<p><b>Maintenance Costs</b></p> <ul style="list-style-type: none"> <li>Financial/accounting costs associated with maintenance costs are recorded in the licensee's main finance system (Synergy).</li> <li>Annual operations and maintenance budgets are prepared at an asset level, e.g. chambers, sewer mains, pumping station, treatment plant and effluent reuse. There is also an additional budget item for administration related to operating the sewerage and reuse schemes.</li> <li>As noted previously, the costs associated with the recycled assets are not recorded under the sewerage scheme cost codes but are charged to a separate account.</li> <li>All sewerage maintenance costs are recorded against the ongoing annual operations budget.</li> <li>The Annual Operations and Maintenance module of the AMS breaks down the forecast maintenance budgets into Routine &amp; Breakdown, Restorative and Preventative forecasts. However, the licensee has recorded all of the cost estimates under the Routine &amp; Breakdown maintenance types. The annual operations and maintenance budgets have been completed by the licensee at asset type level for the reticulation assets rather than for each individual asset. For the treatment plants the cost estimates have been developed at process area (primary, secondary and tertiary) and appurtenances. For the effluent</li> </ul>	



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>reuse system, the licensee has developed the annual budgets for storage, pressure mains, pumping, controls, reticulation and appurtenances.</p> <ul style="list-style-type: none"> <li>Actual O&amp;M expenditure vs budget is regularly reviewed. There is a formal six monthly reporting process for reporting the financial data to Council as part of the budgeting process. The report also includes the actual capital spend against the proposed budget.</li> </ul>	
<b>Asset Management Information System – Overall Rating: A1</b>		
<ul style="list-style-type: none"> <li>Adequate system documentation for users and IT operators</li> <li>Input controls include appropriate verification and validation of data entered into the system</li> <li>Logical security access controls appear adequate, such as passwords</li> <li>Physical security access controls appear adequate</li> <li>Data backup procedures appear adequate</li> <li>Key computations related to licensee performance reporting are materially accurate</li> <li>Management reports appear adequate for the licensee to monitor licence obligations</li> </ul>	<p><b>Overview</b></p> <ul style="list-style-type: none"> <li>The licensee utilises the following asset information systems:             <ul style="list-style-type: none"> <li>AMS – the licensee’s Asset Management System, for the sewerage assets, consisting of the asset register, inventory control, condition and performance monitoring, maintenance management, risk assessment and financial planning.</li> <li>The Asset Management Plan, which describes the assets, provides an understanding and forecasting of asset management options and costs, and provides details of drivers for forward works planning and the associated funding requirements</li> <li>Annual Inspection Reports, which set out the future asset maintenance/renewal work</li> <li>Synergy Soft – corporate financial system.</li> <li>Manuals and other documentation are maintained for the licensee's corporate systems.</li> </ul> </li> <li>For the scale of the scheme, the AMS is considered to be fit-for-purpose.</li> </ul> <p><b>Data Entry</b></p> <ul style="list-style-type: none"> <li>The data is only generally verified and validated on input, although ad hoc reporting is used to identify and rectify any errors in the input information.</li> </ul> <p><b>Management Reports</b></p> <ul style="list-style-type: none"> <li>There is no regular internal management reporting related to the sewerage or reuse systems other than the six monthly budget reporting.</li> <li>Licence obligations are continually monitored by the Manager of Engineering Services but would only be expected to be reported upwards to the CEO when issues are experienced and to the Council if required.</li> <li>Performance standards have been reported to the ERA annually and signed-off by the CEO. This obligation was only applicable until 18 November 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Maintenance Management Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets</li> <li>SynergySoft</li> <li>Annual Munglilup Sewerage System Report 2014</li> <li>Annual Ravensthorpe Sewerage System Report 2014</li> </ul>



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>The current licence does not impose performance standards for sewerage and non-potable water.</p> <ul style="list-style-type: none"> <li>Sampling and monitoring data related to the recycled water scheme is reported to the Department of Health. A full suite of water quality testing is completed each quarter for the Department of Environment and Conservation (DEC) in relation to the licensee's environmental licence obligations.</li> <li>Performance standards are not included in the licensee's publically available overall Annual Report. Any key activities related to the operation of the sewer network would only be included in the Annual Report by exception.</li> </ul>	<ul style="list-style-type: none"> <li>Performance Reports to the Authority for the year ended 30 June 2013 and 2014</li> <li>Compliance Reports to the Authority for the year ended 30 June 2013 and 2014</li> <li>Shire of Ravensthorpe Effluent Treatment and Reuse Sampling Results 2015</li> </ul>
	<p><b>Security access of system</b></p> <ul style="list-style-type: none"> <li>Access to the system is governed by standard IT access protocols and data back-up is undertaken regularly. All systems require a password to log on.</li> <li>All systems require a password to log on.</li> <li>Users have regulated/control access and not all staff are able to access the server that stores the AMS and other engineering-related information</li> <li>The licensee has a documented protocol for third party software.</li> <li>Some areas of the system (e.g. administration and the finance information) are write-access restricted to the relevant staff, with other staff members only having read access.</li> <li>Section 6.3 of the AMP covers the licensee's data and information management activities. All systems are backed up offsite and overnight every day.</li> <li>Locks are installed on the gates to all of the licensee's sites. The lock to the Ravensthorpe treatment ponds is a combination lock that is reset after each external contractor visits the site in order to prevent the contractors from getting access to discharge septic tank waste without the knowledge of the licensee.</li> </ul>	
<b>Risk Management – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system</li> <li>Risks are documented in a risk register and treatment plans are actioned and monitored</li> <li>The probability and consequences of asset failure are regularly assessed</li> </ul>	<ul style="list-style-type: none"> <li>The licensee's risk management methodology is included in Section 3 of the AMP. The Risk Assessment is included in Appendix C of the AMP. The assessment has been completed in accordance with AS 4360.</li> <li>Risk management related to the non-potable water supply are included in the AMS.</li> <li>The risk consequences related to Customers, Community and State are assessed and used to derive an overall consequence score based on the maximum individual score. The consequence score for each identified risk is combined with the likelihood scores to assign inherent risk scores to each element in the assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> <li>Shire of Ravensthorpe Record of Contingency Planning Audit, 19 February 2014</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The adequacies of the existing controls in terms of preventative actions are also assigned and contingency actions are also listed against each identified risk.</li> <li>▪ The Risk Exposure Matrix included in Section 3.4 of the AMP shows that the licensee has accepted a risk appetite of 'Moderate'.</li> <li>▪ The Risk Assessment includes assessments of the risks for failing assets, including the failure of the Queen Street pumping station, failure of the submersible pump in the tertiary treatment pond and failure of the filtration system. It also includes the damages asset risks for being unable to open access chambers and damage to the secondary dam pipe by flood waters. The assessment also includes the non-asset risks of staff absence, non-compliance with licence conditions, staff injury and poor expenditure recording.</li> <li>▪ The licensee's Mitigation and Management Strategies for key risk events are included in Appendix D of the AMP. These reconcile with the risks identified and recorded in the Risk Assessment in Appendix C.</li> <li>▪ Although the risks that have been identified that include the failure of the filtration system for the non-potable water system, we recommend that the licensee assesses additional risks associated with the recycled water scheme and chlorine management (e.g. chlorine supply issues, failure of the dosing/monitoring assets, recycled water storage tank outage, failure of pump supplying the sports oval).</li> <li>▪ Generally most of the licensee's asset renewals are prioritised based on condition and performance. However, the licensee has a maintenance strategy for the pumps at the Queen Street pumping station where the pumps are refurbished at 80% of the asset life.</li> <li>▪ The licensee has committed to developing a Recycled Water Quality Management Plan by June 2016. This will include a detailed Health Risk Assessment in accordance with the <i>Guidelines for the Non-Potable Uses of Recycled Water in Western Australia, August 2011</i>.</li> <li>▪ The Team Leader Parks &amp; Gardens, Manager of Engineering Services and the contracted Consulting Engineer meet annually to review the risk register and the risk mitigation and management strategies. The last review took place on 4 May 2015. All minor projects have been completed for actions that could have timeframe/monitoring applied to them.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Department of Health, Water Recycling Assessment Report, April 2015</li> </ul>
<b>Contingency Planning – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	<ul style="list-style-type: none"> <li>▪ The licensee's Mitigation and Management Strategies for key risk events are included in Appendix D of the AMP. These reconcile with the risks identified and recorded in the Risk Assessment in Appendix C.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The risk mitigation and management strategies that have been developed by the licensee cover:               <ul style="list-style-type: none"> <li>– Extended absence of Team Leader Parks and Gardens</li> <li>– Non-Compliance with licence conditions</li> <li>– Failure of Queen Street pumping station</li> <li>– Failure of submersible pump in tertiary treatment pond</li> <li>– Failure of filtration system</li> <li>– Unable to open access chamber lids</li> <li>– Inflow pipe to secondary treatment pond damaged</li> <li>– Staff injury</li> <li>– Poor cost allocation</li> </ul> </li> <li>▪ Although the mitigation and management strategies that have been developed include the failure of the filtration system for the non-potable water system, we recommend that the licensee includes water quality issues with the recycled water scheme and risks associated with the chlorine management (e.g. chlorine supply issues, failure of the dosing/monitoring assets, recycled water storage tank outage, failure of pump supplying the sports oval)</li> <li>▪ Although the last asset management system review identified a number of recommendations for improving the Mitigation and Management Strategies document included in Appendix D of the AMP, we have identified additional recommendations. We recommend that:               <ul style="list-style-type: none"> <li>– Contact for key regulatory and licensing bodies are also added to the Important Contacts section of the Mitigation and Management Strategies, e.g. ERA, DoW, DoER, DoH.</li> <li>– The document is updated to outline the external communications protocols to the regulatory/licensing authorities.</li> <li>– The document includes a spare parts inventory for key assets that may need to be accessed to mitigate an event.</li> </ul> </li> <li>▪ The licensee has committed to developing a Recycled Water Quality Management Plan by June 2016. This will include a detailed Incident Management Plan in accordance with the <i>Guidelines for the Non-Potable Uses of Recycled Water in Western Australia, August 2011</i>.</li> <li>▪ The Incident Management Plan for inclusion in the Recycled Water Quality Management Plan will need to include classification, notification processes, emergency response and communications, containment and remediation procedures and incident cause and investigation procedures.</li> </ul>	<p>System – Risk Assessment Excel spreadsheet</p> <ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Record of Contingency Planning Audit, 19 February 2014</li> <li>▪ Department of Health, Water Recycling Assessment Report, April 2015</li> <li>▪ Site visit to pumping station, treatment plant and storage dam, recycled water system</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The Contingency Plan is reviewed annually and was last reviewed in May 2015 by the Team Leader Parks &amp; Gardens, Manager of Engineering Services and the contracted Consulting Engineer.</li> <li>▪ The licensee's Contingency Plan reviewed using a desktop audit of the strategies but is not specifically tested via emergency incident scenario exercises. However, it is considered to be tested occasionally under normal operating conditions.</li> <li>▪ There have been times when maintenance work, for example rotating the pumpsets in the Queen Street pumping station, has essentially required contingency plan actions to be invoked for a short time while the maintenance has been completed.</li> <li>▪ The capacity in the sewerage means that even if the Queen Street pumping station breaks down or the Ravensthorpe treatment plant has to go out of commission, there is adequate time before anything needs to be done to remove wastewater from the network that essentially negates the failure of the pumping station being denoted an emergency in the short term. The Munglinup scheme does not have a pumping station but it is a similar situation for that scheme.</li> <li>▪ The licensee has experienced an extended absence of Team Leader Parks and Gardens during the review period and the operations manual that was developed as a recommendation from the last asset management system review has been shown to be effective.</li> <li>▪ Although annual emergency scenario testing of contingency plans would be considered best industry practice, we do not consider that they are essential for a small shire such as Ravensthorpe based on the assets they operate, especially as they only manage sewerage and non-potable reuse, and the risks involved with small populations in relatively low density urban areas.</li> <li>▪ The Queen Street pumping station on the Ravensthorpe system has two pumps that alternate in a duty/standby mode of operation.</li> <li>▪ The licensee has a standby generator that can be used to pump the sewerage from the main pumping station in the event of a prolonged power or pump failure.</li> <li>▪ The Shire does not have any plumbers or electricians on the staff and the majority of the Shire's maintenance is contracted out to plumbers and electricians located in the town. Three plumbers and two electricians are located in Ravensthorpe that the Shire is able to access.</li> <li>▪ The Shire has a pre-qualified panel of suppliers. It does not have any fixed contracts with the plumbers/electricians located in Ravensthorpe but have include specific contractors in the AMP and the Shire's contingency plans that it can utilise if required.</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<b>Financial Planning – Overall Rating: B2</b>		
<ul style="list-style-type: none"> <li>▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> <li>▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> <li>▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> <li>▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> <li>▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> <li>▪ Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial planning is carried out in accordance with the requirements of the <i>Local Government Act 1995</i>.</li> <li>▪ The licensee undertakes its financial planning for its sewerage service in accordance with its Integrated Planning Framework used to develop a five year Corporate Business Plan. However, given the simplicity of the licensee's sewerage scheme and the current age and condition of the assets, there are currently no specific items in the licensee's Corporate Plan related to the water services it provides.</li> <li>▪ The licensee also has an overall 15 year Long Term Financial Plan. However, as with the Corporate Plan, there are currently no specific items in the Financial Plan related to the water services it provides.</li> <li>▪ The overall responsibility for financial planning lies with the Deputy CEO. The Manager of Engineering Services provides input for items relating to the licenced water services.</li> <li>▪ The AMS currently only contains a 5 year financial planning forecast. The licensee is looking to extend this to 15 years and we recommend that it completes this action.</li> <li>▪ The need / requirement for new sewer assets are identified from the five year capital works program. However, the licensee has a longer-term lifecycle cost model that it uses to calculate the annual annuity required to fund the replacement of assets as they reach the end of their effective lives.</li> <li>▪ An overview to financial planning for the sewerage service is outlined in Section 5 of the Asset Management Plan. This includes a summary of the financial objectives and strategies and actions to achieve the objectives.</li> <li>▪ A five year breakdown of the scheme operating expenditure is included in Table 6 of the AMP. However, this information provides the breakdown for the five years between 2012/13 and 2016/17 and needs to be updated.</li> <li>▪ The capital expenditure component of the Financial Summary included in the Asset Management Plan is based on the five year capital works forecast developed in the AMS. This information needs to be updated as it shows the predicted capital expenditure for the period 2012/13 to 2016/17. However, no capital expenditure has been forecast for the next five years.</li> <li>▪ Funding options are included in Section 5 of the AMP. The only options available to the licensee to fund its sewerage service are income from rates and reserves. The licensee does not have any loans for funding its licenced water services. We recommend that the income forecasts in Section 5.7 be updated as they currently provide the five year estimates for 2012/13 to 2016/17.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> <li>▪ Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Corporate Business Plan 2014-2018, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Strategic Community Plan July 2014 - June 2024</li> <li>▪ Shire of Ravensthorpe Asset Management Plan (all Shire assets), adopted May 2013</li> <li>▪ Shire of Ravensthorpe Annual Report for 2013/14</li> <li>▪ Shire of Ravensthorpe Draft Budget 2015/16</li> <li>▪ Shire of Ravensthorpe Statutory Budget 2014/2015 (Adopted)</li> <li>▪ Shire of Ravensthorpe Rates Information 2014/15</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The income forecasts included in the Shire's financial planning are based on an annual increase slightly above CPI and also take into account the very slight future population changes.</li> <li>▪ The licensee 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 schemes and reuse system.</li> <li>▪ The licensee has calculated an annuity of \$7,250 needing to be paid into the reserve every year to meet the funding requirements for the replacement of the assets. However, we note that the calculation only includes the Ravensthorpe Sewerage Scheme and the Reuse system. The Munglinup assets have not been included in the calculation and we recommend that the licensee includes these assets and recalculates the annuity required to fund the replacements.</li> <li>▪ The sewerage reserve is currently \$270,000, which is less than forecast in the AMP. Table 8 of the AMP predicted that the reserve would be in excess of \$350,000 by the end of 2014/15.</li> <li>▪ In addition, the actual operating expenditure is expected to be in the region of \$60,000 for 2014/15 compared to a forecast of less than \$17,000 included in Table 6 of the AMP for the year.</li> <li>▪ As a result, the licensee has used a greater proportion of its income from its sewerage rates to meet this higher-than-forecast operating expenditure at the expense of being able to transfer revenue into the sewerage reserve. At the present time, the incomes from sewerage rates nearly matches the operating expenditure. This would suggest that the current sewerage rates of \$188/year are insufficient to fund the operation and maintenance of the scheme in the long-term.</li> <li>▪ For 2014/15, the only money being added to the sewerage reserve has been interest payments. The licensee has spent \$35,000 on its capital program during the year, including replacing three access chambers on the Ravensthorpe scheme, and has not paid into the reserve to cover the cost of this capital.</li> <li>▪ We recommend that the licensee revises its operational budget based on the actual expenditure in order to make the information available for forecasting more accurate and realistic. The updated forecasts should be included in the AMP. The income from sewerage rates is higher than had been forecast but the operating and maintenance costs have been much higher than forecast. The licensee's administration costs have increased but these are only included in the budgets every two years for compliance audits. The licensee notes that audit costs have increased. The licensee is audited by DoH and DCE in addition to the ERA audit.</li> </ul>	



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>No capital expenditure is forecast to be incurred until 2026 when the fence at the Ravensthorpe treatment plant is scheduled to be replaced. Other asset replacements are not forecast until the 2030s.</li> <li>Replacement costs for the sewer network are based on unit rates. The licensee is currently going through a revaluation of its assets and this may impact on its current financial forecasting.</li> <li>Ongoing general operations and maintenance budgets are based on the previous year's expenditure and inflated for CPI, and refined where required.</li> <li>The operations budget is now prepared by the Manager of Engineering Services. Previously the financial planning was completed by the Deputy Chief Executive Officer. This responsibility is assigned in the Section 6.1 (Resources and Systems) of the AMP. We recommend that this section of the document is revised in the next update of the AMP. The new review is due in April 2016.</li> <li>Reporting of actual operating costs against budgets is carried out by the Deputy Chief Executive Officer. This information is reported to Council on a monthly basis. Six monthly budget reviews of actual costs against budget and variances are also undertaken.</li> </ul>	

#### Capital Expenditure Planning – Overall Rating: B2

<ul style="list-style-type: none"> <li>There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</li> <li>The plan provides reasons for capital expenditure and timing of expenditure</li> <li>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> <li>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	<ul style="list-style-type: none"> <li>The responsibility for developing the capital expenditure budget lies with the Manager of Engineering Services, with input from other senior members of the licensee's staff.</li> <li>The need / requirement for new assets are identified from the five year capital works program. However, the licensee has a longer-term lifecycle cost model that it uses to calculate the annual annuity required to fund the replacement of assets as they reach the end of their effective lives.</li> <li>The capital expenditure component of the Financial Summary included in the Asset Management Plan is based on the five year capital works forecast developed in the AMS. This information needs to be updated as it shows the predicted capital expenditure for the period 2012/13 to 2016/17. However, no capital expenditure has been forecast for the next five years. No new works for growth, levels of service or legislation have been identified in the current planning projections.</li> <li>The licensee maintains a reserve for capital replacement for its sewerage schemes. This sets out the capital expenditure program of what assets the licensee needs to be replaced, when they need to be replaced and the forecast cost of the replacement.</li> <li>The licensee has calculated an annuity of \$7,250 needing to be paid into the reserve every year to meet the funding requirements for the replacement of the assets. However, we note that the calculation only includes the Ravensthorpe Sewerage Scheme and the Reuse system. The Munglinup assets have not</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Register Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Asset Condition and Performance Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Risk Assessment Excel spreadsheet</li> <li>Shire of Ravensthorpe Waste Water Assets Management System – Financial Planning Excel spreadsheets</li> <li>Shire of Ravensthorpe Waste Water Assets Management</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>been included in the calculation and we recommend that the licensee includes these assets and recalculates the annuity required to fund the replacements for all of its assets.</p> <ul style="list-style-type: none"> <li>▪ The sewerage reserve is currently \$270,000, which is less than forecast in the AMP. Table 8 of the AMP predicted that the reserve would be in excess of \$350,000 by the end of 2014/15. For 2014/15, the only money being added to the sewerage reserve has been interest payments.</li> <li>▪ The Shire included \$35,000 in its 2014/14 budget for the work items identified in the 2014 annual inspection, including the replacement of the access chambers, and has not paid into the reserve to cover the cost of this capital.</li> <li>▪ At the time of the asset management system review, the 2015/16 budget was still being finalised.</li> <li>▪ No capital expenditure is forecast to be incurred until 2026 when the fence at the Ravensthorpe treatment plant is scheduled to be replaced. Other asset replacements are not forecast until the 2030s. The next major asset replacements that are forecast are for the reticulation (reuse) system pumps/motors in 2031 and the sewer pump station motors in 2033.</li> <li>▪ Replacement costs for the sewer network are based on unit rates. The licensee is currently going through a revaluation of its assets and this may impact on its current financial forecasting.</li> <li>▪ All of the sewer pipework for the Ravensthorpe sewerage scheme is constructed from uPVC. The scheme's access chambers were originally concrete pits but these are now being replaced with UPVC chambers. The Shire has replaced three of the old concrete chambers with UPVC chambers during 2014/15.</li> <li>▪ The influent line from the sewerage network and into the treatment plant crosses a creek. It was recommended in the previous asset management review that this line be buried to remove the risk of it being damaged by stormwater flows in the creek. However, due to the system working on gravity, it was not possible to bury the inlet pipework and instead the Shire has supported the pipe by a concrete culvert. We confirmed that this work had been completed during our site visit of the treatment plant.</li> <li>▪ We confirmed that the capex forecasts included in the AMP reconcile with the asset data included in the AMS.</li> <li>▪ The capex planning is consistent with asset lives. The asset lives are captured in the AMS against each asset and form the basis of the future works program.</li> <li>▪ Although the licensee prepares the annual system report for each of its schemes, these are only for the reticulation assets and do not include information on the treatment ponds, the pumping station or the recycled water treatment system assets. We have previously recommended that the licensee</li> </ul>	<p>System – Maintenance Management Excel spreadsheets</p> <ul style="list-style-type: none"> <li>▪ Shire of Ravensthorpe Waste Water Assets Management System – Annual Operations and Maintenance Budget Excel spreadsheets</li> <li>▪ Shire of Ravensthorpe Long-Term Financial Plan 2014 – 2029, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Corporate Business Plan 2014-2018, 22 May 2014</li> <li>▪ Shire of Ravensthorpe Strategic Community Plan July 2014 - June 2024</li> <li>▪ Shire of Ravensthorpe Asset Management Plan (all Shire assets), adopted May 2013</li> <li>▪ Shire of Ravensthorpe Annual Report for 2013/14</li> <li>▪ Shire of Ravensthorpe Draft Budget 2015/16</li> <li>▪ Shire of Ravensthorpe Statutory Budget 2014/2015 (Adopted)</li> </ul>



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>expands the format of its existing reports to include these assets in its future annual inspection scheme reports. The asset condition data captured during this annual inspection program is used in the licensee's renewals planning and budgeting.</p> <ul style="list-style-type: none"> <li>To date, no CCTV inspections of the pipework have been undertaken but given that the Ravensthorpe sewerage system is less than 35 years old and no issues with have been experienced, this would not be unexpected. It is likely that in the next 15 to 20 years the licensee will need to plan for a sample of CCTV inspections to assess the condition of the below ground assets. However, as noted previously, tree roots are not considered an issue for the below ground pipework. The reticulation systems only receive the liquid component from domestic septic tank wastes and blockages are also not considered to be an issue for either sewerage scheme.</li> <li>The licensee does not use deterioration models or renewals planning models. However, given the fairly small size of the asset base, models like these are unlikely to greatly improve the renewals planning process.</li> <li>Any expenditure on new assets (as opposed to renewals) that is identified will need to go through the licensee's business planning process.</li> </ul>	

#### Review of Asset Management System – Overall Rating: B2

<ul style="list-style-type: none"> <li>A review process is in place to ensure that the asset management plan and asset management system described therein are kept current</li> <li>Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	<ul style="list-style-type: none"> <li>Section 7.3 of the Asset Management Plan outlines the internal and external review requirements for the Plan.</li> <li>The AMP was last updated in January 2015. We note that the document does not have a Document Control Sheet and recommend that one is added at the time of the next update to provide a record of the main changes that have been made.</li> <li>The current Improvement Plan is included in Section 7.2 of the AMP. However, we note that this needs to be updated as the latest action was due to be completed by August 2013.</li> <li>We have made a number of recommendations throughout the overall Asset Management System Review related to updating the contents of the Asset Management Plan as a number of sections and tables are out of date.</li> <li>External review of the AMS is undertaken as part of Clause 20 of licensee's licence under the Act. The last review was undertaken for an 18 month period between 1 December 2011 and 31 May 2013. No other intermediary reviews have been undertaken between the previous review and this review which covers the period 1 June 2013 to 31 May 2015.</li> <li>The AMS is reviewed and updated annually as part of the budget process. The AMS was last reviewed in May 2015.</li> <li>The AMS is considered fit-for-purpose and suitable for the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>Shire of Ravensthorpe Asset Management Plan, January 2015</li> <li>Quantum Assurance, Shire of Ravensthorpe Operational Audit and Asset Management System Review, Final Report, August 2013</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"><li>Based on our review of the most recent version of the Asset Management Plan, we consider that there are a number of issues relating to the information in the document being kept up to date. Although the document has been reviewed during the review period, this suggests that the review process is not being adequately performed. We have made a number of recommendations in the following section related to updating the information included in the AMP in order to bring it up-to-date.</li></ul>	

## 6 Recommendations

### 6.1 Performance Audit

**Table 6-1 Table of Current Non Audit Compliances and Recommendations**

A. Resolved during current audit period			
Manual Ref.	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Date Resolved (& management action taken)	Auditor's Comments
B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
A1/2015	B2 Water Services Licensing Act 1995, Operating Licence, Clause 8	No action required as the obligation is no longer required under the current licence.	
	Based on our findings at the audit, we consider that the licensee did not meet the requirements of Clause 4.1(b) of Schedule 3 of the Licence (Version 2).		
A2/2015	B2 Water Services Licensing Act 1995, Operating Licence Schedule 3 Clause 4.1	No action required as the obligation is no longer required under the current licence.	
	We consider that the licensee has not met the requirements of Schedule 3, Clause 4.1 as it only established one of the three customer consultation processes.		
A3/2015	B2 Water Services Act 2012, Clause 5.1	Refer to the relevant recommendations included in this table.	
	Licensee has not complied with all applicable legislation. We have identified a number of non-compliances with applicable legislation as follows: <ul style="list-style-type: none"> <li>Section 27 – Requirements for Licences (Obligation 11)</li> </ul>		

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	<ul style="list-style-type: none"> <li>Section 29 – Duties of the Licensee (Obligation 12)</li> </ul>		
A4/2015	<p>B2  <i>Water Services Act 2012, Clause 5.3</i></p> <p>Licensee has not complied with all of the obligations of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i></p>	We recommend that the licensee address the recommendations A5/2015 to A16/2015.	
A5/2015	<p>B2  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 7</i></p> <p>The licensee does not explicitly cover the following specified matters in the information about connections included in its Customer Service Code:</p> <ul style="list-style-type: none"> <li>There is no statement about owners of land to which statutory water service charges apply being entitled to service as per section 73 of the Act</li> <li>There is no statement about the licensee having a duty to provide services as per section 21 of the act</li> <li>The regulations relating to Section 21(2)(c)</li> <li>The fees that apply in relation to connections and when the fees are payable</li> <li>The period in which connections are required to be completed</li> </ul>	We recommend that the licensee reviews its Customer Service Charter against the requirements of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> and makes the necessary updates to make the information made available to customers compliant with this regulation.	
A6/2015	<p>B2  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(2)</i></p> <p>Licensee does not have a formal written procedure for the review of a bill on the customer's request.</p>	Prepare a written procedure for review of a bill consistent with the requirements of the Code, Compliance Manual 2014 Obligations 114 to 116.	
A7/2015	<p>B2  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clauses 18(3) &amp; (6)</i></p>	Refer to recommendation A6/2015.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non- Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	License does not have a formal written procedure for the review of a bill on the customer's request.		
A8/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(4)</i>  License does not have a formal written procedure for the review of a bill on the customer's request.	Refer to recommendation A6/2015.	
A9/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 21(1)</i>  Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers.	In addition to the other bill payment options, the licensee to make provision of direct debit services available as identified in its Financial Hardship Policy and as consistent with the Authority's Financial Hardship Policy Guidelines. Make the direct debit consent forms available on the licensee's website.	
A10/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 22</i>  Although the licensee offers direct debits in the Hardship Policy, there is currently no process in place related to the consent for direct debits (Clause 22). Therefore, although advertised, we consider that the direct debit payment method is currently not available in practice to customers.	In addition to the other bill payment options, the licensee to make provision of direct debit services available as identified in its Financial Hardship Policy and as consistent with the Authority's Financial Hardship Policy Guidelines. Make the direct debit consent forms available on the licensee's website.	
A11/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(1)</i>  Although the licensee has a Complaints Handling Policy that includes the complaints procedure, we note that the	We have previously recommended that the licensee update the information in the Customer Service Charter to reflect the change of complaint referring body from the Department of Water to the Energy and Water Ombudsman.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non- Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	information included in the Customer Service Charter which informs customers of the process has outdated references for referring complaints to the Department of Water.		
	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(3)</i>	Refer to A11/2015	
A12/2015	<p>The licensee's complaints procedure included in its Complaints Handling Policy provides for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.</p> <p>However, as noted above, the information included in the Customer Service Charter which informs customers of the process has outdated references for referring complaints to the Department of Water.</p> <p>We consider this discrepancy between the licensee's key complaints documents to be a minor non-compliance that required rectification.</p>		
A13/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)</i></p> <p>The information provided by the licensee does not inform customers that they don't have to use the licensee's complaints procedure or 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>	We recommend that the licensee reviews the information provided in the Complaint Handling Policy Hardship Policy and Customer Service Charter to reflect the matters identified in clause 35(4) of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> .	
A14/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(6)</i></p> <p>Although the licensee's publicly available Hardship Policy refers to the Complaints Handling Policy, states that it</p>	We recommend that the licensee publishes the Complaints Handling Policy on its website.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non- Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	can be found on its website and provides a link to its home page, the Policy is currently not uploaded to the licensee's website.		
A15/2015	<p>B2  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 36(1)</i></p> <p>The licensee does not advertise large-print services being available if required by the customer.</p>	We recommend that the licensee includes the availability of large-print services to its customers in its Hardship Policy.	
A16/2015	<p>B2  <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)</i></p> <p>The licensee does not advertise large-print services being available if required by the customer.</p>	We recommend that the licensee amends its Financial Hardship Policy to make reference to large-print services being available if required by the customer.	
A17/2015	<p>A2  <i>Water Services Act 2012, Section 12, Licence Clause 5.3</i></p> <p>The licensee has not complied with all of the obligations of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i></p>	Refer to A4/2015	
A18/2015	<p>B2  <i>Water Services Act 2012, Section 29, Licence Clause 26</i></p> <p>The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.</p>	Refer to recommendation A4/2015.	

## 6.2 Asset Management System Review

**Table 6-2 Table of Current Review Asset System Deficiencies/Recommendations**

A. Resolved during current audit period			
Ref.	Asset System Deficiency  (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Date Resolved (& management action taken)	Auditor's Comments
B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency  (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
R1/2015	<p><b>B2</b>  <i>Asset Planning – Asset management plan covers key requirements</i></p> <p>The financial forecasting data included in Section 5 of the AMP provides operating expenditure, capital expenditure and income forecasts for the five year period 2013 to 2017.</p>	We recommend that all of the financial forecasts included in Section 5 of the AMP be reviewed and updated in the next update of the AMP and that the licensee implements an annual update of this information.	
R2/2015	<p><b>B2</b>  <i>Asset Planning – Asset management plan covers key requirements</i></p> <p>The AMS currently only contains a 5 year financial planning forecast. The licensee is looking to extend this to 15 years.</p>	We recommend that that licensee completes its intention to extend the financial planning forecasts included in the AMP from 5 years to 15 years.	
R3/2015	<p><b>B2</b>  <i>Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</i></p> <p>Legal, environmental and safety obligations are documented in Section 2.3 of the Asset Management Plan. However, although the AMP was updated in January 2015, references to the <i>Water Services Licensing Act 1995</i> are out of date.</p>	We recommend that the licensee revises the references to the <i>Water Services Licensing Act 1995</i> to reflect the requirements of the <i>Water Services Act 2012</i> in the next update of the document.	
R4/2015	<p><b>B2</b>  <i>Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</i></p>	We recommend that the licensee reviews the obligations included in the <i>Health Act 1911</i> and the <i>Metropolitan Water Supply &amp; Sewerage Act 1909</i> and	



B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
	We observed that the AMP does not reference the <i>Health Act 1911</i> or the <i>Metropolitan Water Supply &amp; Sewerage Act 1909</i> which contain a number of provisions related to the regulation of recycled water.	references them appropriately in the AMP to provide an overview of the requirements for the licensee's recycled water scheme.	
R5/2015	<p>B2</p> <p><i>Environmental Analysis - Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</i></p> <p>Outside of annual performance reporting to the ERA, there does not appear to be further historical analysis of the licensee's performance against these measures or any other operating performance indicators.</p>	We recommend that past records of the key performance measures (e.g. Queen Street pump run times, volumes recycled, chemical usage, customer service standards) are documented in the AMP to provide a baseline of performance, with any significant deviation from the standard reviewed and justified.	
R6/2015	<p>B2</p> <p><i>Asset Maintenance - Regular inspections are undertaken of asset performance and condition</i></p> <p>Although the Shire prepares the annual system report for each of its schemes, these are only for the reticulation assets and do not include information on any other assets. The asset condition data captured during this annual inspection program is used in the licensee's renewals planning and budgeting.</p>	We recommend that the Shire expands the format of its existing reports to the treatment ponds, the pumping station and the recycled water treatment system assets in its future annual inspection scheme reports.	
R7/2015	<p>B2</p> <p><i>Asset Maintenance - Regular inspections are undertaken of asset performance and condition</i></p> <p>Although there are regular inspections of assets outside of the formal annual inspection report process, the licensee does not maintain an ongoing record of asset condition.</p>	We recommend that the licensee develops a register or uses the Condition & Performance spreadsheet included as part of the AMS provided by the ERA.	
R8/2015	<p>B2</p> <p><i>Asset Maintenance – Maintenance plans (emergency, corrective and preventative) are</i></p>	We recommend that the licensee develops a works register or uses the Maintenance Management spreadsheet included as part of	

B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
	documented and completed on schedule  Although the licensee has an annual planned maintenance program, it does not maintain a record of what work has been completed.	the AMS provided by the ERA to keep a record of completed maintenance work	
R9/2015	<i>B2</i> <i>Risk Management - Risks are documented in a risk register and treatment plans are actioned and monitored</i>  The only risk that the licensee has identified and assessed in its risk register for the recycled water system is for the failure of the filtration system.	We recommend that the licensee assesses additional risks associated with the recycled water scheme and chlorine management (e.g. chlorine supply issues, failure of the dosing/monitoring assets, recycled water storage tank outage, failure of pump supplying the sports oval).	
R10/2015	<i>B2</i> <i>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</i>  The only mitigation and management strategy for the recycled water system that has been developed by the licensee is for the failure of the filtration system.	We recommend that the licensee includes water quality issues with the recycled water scheme and risks associated with the chlorine management (e.g. chlorine supply issues, failure of the dosing/monitoring assets, recycled water storage tank outage, failure of pump supplying the sports oval)	
R11/2015	<i>B2</i> <i>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</i>  Although the last asset management system review identified a number of recommendations for improving the Mitigation and Management Strategies document included in Appendix D of the AMP, we have identified additional recommendations.	We recommend that: <ul style="list-style-type: none"> <li>Contact for key regulatory and licensing bodies are also added to the Important Contacts section of the Mitigation and Management Strategies, e.g. ERA, DoW, DoER, DoH.</li> <li>The document is updated to outline the external communications protocols to the regulatory/licensing authorities.</li> <li>The document includes a spare parts inventory for key assets that may need to be accessed to mitigate an event.</li> </ul>	
R12/2015	<i>B2</i> <i>Financial Planning - The financial plan states the financial objectives and strategies and actions to achieve the objectives</i>	We recommend that Section 6.1 (Resources and Systems) is revised in the next update of the AMP to document the change in responsibility for the development of the annual operations budget.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
	Previously the financial planning was completed by the Deputy Chief Executive Officer. This responsibility is assigned in the Section 6.1 (Resources and Systems) of the AMP. However, the operations budget is now prepared by the Manager of Engineering Services.		
R13/2015	<p><b>B2</b></p> <p><i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i></p> <p>The financial forecasting data included in Section 5 of the AMP provides operating expenditure, capital expenditure and income forecasts for the five year period 2013 to 2017.</p>	Refer to R1/2015	
R14/2015	<p><b>B2</b></p> <p><i>Financial Planning – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i></p> <p>The licensee has calculated an annuity of \$7,250 needing to be paid into the reserve every year to meet the funding requirements for the replacement of the assets. However, we note that the calculation only includes the Ravensthorpe Sewerage Scheme and the Reuse system.</p>	We recommend that the licensee includes the Munglinup scheme assets in its annuity calculation and recalculates the annuity required to fund the all of the replacements.	
R15/2015	<p><b>B2</b></p> <p><i>Financial Planning - The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i></p> <p>The income from sewerage rates is higher than had been forecast but the operating and maintenance costs have been much higher than forecast. The licensee's administration costs</p>	We recommend that the licensee revises its operational budget based on the actual expenditure in order to make the information available for forecasting more accurate and realistic. The updated forecasts should be included in the AMP.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
	have increased but these are only included in the budgets every two years for compliance audits. The licensee notes that audit costs have increased.		
R16/2015	<p><i>B2</i></p> <p><i>Review of AMS - A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</i></p> <p>The AMP was last updated in January 2015. However, we observed that the document does not have a Document Control Sheet</p>	We recommend that a Document Control Sheet is added at the front of the AMP at the time of the next update to provide a record of the main changes that have been made.	

## 7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at the Shire of Ravensthorpe on 17 – 18 June 2015 and recorded in this report is an accurate presentation of our findings and opinions.



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20 August 2015

## Shire of Ravensthorpe



## Types of Compliance Risk

Type of Risk	Examples
Supply quality and reliability	Delays in new connections, excessive supply interruptions, supply quality standards not met.
Consumer protection	Customer service levels not met, incorrect bills, disconnection and reconnection standards not met, customers unable to access financial hardship assistance.
Legislation/licence	Breach of industry Acts, regulations and codes, contravention of licence conditions.

## Risk Assessment Rating Scales

The consequence, likelihood, inherent risk and adequacy of internal controls are assessed using a 3-point rating scale as described below. The rating scale is as per the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

### Consequence Rating

The consequence rating scale is outlined below.

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

## Likelihood Ratings

The likelihood rating scale is described below.

Level	Description
A Likely	Non-compliance is expected to occur at least once or twice a year
B Probable	Non-compliance is expected to occur once every three years
C Unlikely	Non-compliance is expected to occur once every 10 years or longer

## Inherent Risk Assessment Rating and Description

The inherent risk rating is based on the combined consequence and likelihood rating. The inherent risk assessment rating scale and descriptions are outlined below.

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

## Adequacy Ratings for Existing Controls

The adequacy of existing internal controls is also assessed based on a 3-point scale as indicated below.

Level	Description
Strong	Controls that mitigate the identified risks to an appropriate level
Moderate	Controls that only cover significant risks; improvement required
Weak	Controls are weak or non-existent and have minimal impact on the risks

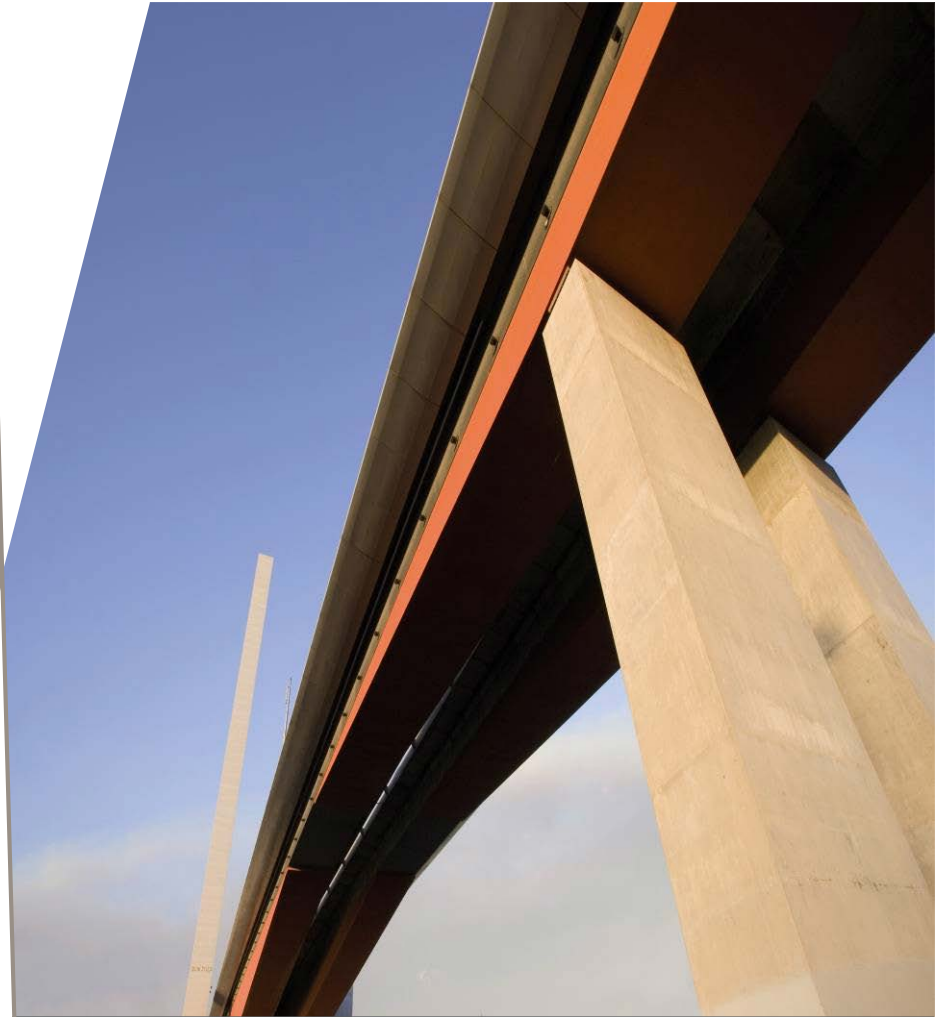
## Assessment of Audit Priority

The assessment of audit priority is used to determine the audit objectives, the nature of audit testing and the extent of audit testing required. It combines the inherent risk and risk control adequacy rating to determine the priority level.

Inherent Risk	Adequacy of Existing Controls		
	Weak	Medium	Strong
High	Audit Priority 1	Audit Priority 2	
Medium	Audit Priority 3	Audit Priority 4	
Low	Audit Priority 5		



## Shire of Ravensthorpe



## Compliance Assessment Rating Scale

In accordance with the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014, a combination of audit compliance and controls ratings have been adopted to assess the licensee's compliance against each licence condition. The rating scale and description of compliance is outlined below. These are based on the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties

## Asset Management Review Rating Scales

The asset management review utilises a combination of asset management adequacy ratings and asset management performance ratings, which are outlined below. These are based on the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

### Asset Management Adequacy Ratings

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

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

### Asset Management Performance Ratings

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