

Shire of Ravensthorpe – 2015 Operational Audit and Asset Management System Review

Post-Audit Implementation Plan

Reference (no./year)	Non-Compliance/Controls Improvement	Auditor's recommendation	Management action	Person Responsible	Target Date for Completion
A1/2015	<p>B2 Water Services Licensing Act 1995, Operating Licence, Clause 8</p> <p>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).</p>	No action required as the obligation is no longer required under the current licence.			Not Applicable
A2/2015	<p>B2 Water Services Licensing Act 1995, Operating Licence Schedule 3 Clause 4.1</p> <p>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.</p>	No action required as the obligation is no longer required under the current licence.			Not Applicable
A3/2015	<p>B2 Water Services Act 2012, Clause 5.1</p> <p>Licensee has not complied with all applicable legislation. We have identified a number of non-compliances with applicable legislation as follows:</p> <ul style="list-style-type: none"> ▪ Section 27 – Requirements for Licences (Obligation 11) <p>Section 29 – Duties of the Licensee (Obligation 12)</p>	Refer to the relevant recommendations included in this table.	General Observation by Auditor. No specific action required, see other recommendations in this report		Not Applicable

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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.	General Observation by Auditor. No specific action required, see other recommendations in this report		Not Applicable
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"> ▪ 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 ▪ There is no statement about the licensee having a duty to provide services as per section 21 of the act ▪ The regulations relating to Section 21(2)(c) ▪ The fees that apply in relation to connections and when the fees are payable <p>The period in which connections are required to be completed</p>	We recommend that the licensee reviews it 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.	The Customer Service Charter will be reviewed to ascertain the feasibility of including the specified matters. As there is no longer a requirement to produce a Charter there may be more appropriate ways to meet this requirement	Manager of Engineering Services (MES)	February 2016

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A6/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 18(2)</i> License does not have a formal written procedure for the review of a bill on the customer's request.	Prepare a written procedure for review of a bill consistent with the requirements of the Code, Compliance Manual 2014 Obligations 114 to 116.	Will develop a procedure in line with the review of the Customer Service Charter stated in A5/2015	MES	February 2016
A7/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clauses 18(3) & (6)</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.	See Above		
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.	See Above		
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	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.	Will ascertain the requirements and demand for offering direct debits as a payment option. If feasible it will be introduced.	Deputy Chief Executive Officer (DCEO)	December 2015

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	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.				
A10/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 22</i></p> <p>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.</p>	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.	See A9/2015		
A11/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(1)</i></p> <p>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.</p>	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.	Adjustments to documentation will be undertaken as recommended	MES	December 2015

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A12/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(3)</i></p> <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>	Refer to A11/2015	See above		
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> .	The documentation will be updated where feasible.	MES	February 2016

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A14/2015	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(6)</i></p> <p>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.</p>	We recommend that the licensee publishes the Complaints Handling Policy on its website.	Policy will be include in the Shire's Policy Manual which is available on the website	MES	December 2015
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.	The Shire will offer large print versions of documentation if requested	MES	October 2015
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.	See A15/2015		

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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			Not Applicable
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.			Not Applicable

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Post-Review Implementation Plan

Reference (no./year)	Asset System Deficiency	Auditor's recommendation	Management action	Person Responsible	Target Date for Completion
R1/2015	<p><i>B2</i> <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>	<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.</p>	<p>The Shire will undertake a full review of the financial structure of the asset management plan, which includes Munglinup, in line with the recommendations</p>	DCEO	February 2016
R2/2015	<p><i>B2</i> <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>	<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.</p>	<p>The Shire will undertake a full review of the financial structure of the asset management plan, in line with the recommendations</p>	DCEO	February 2016
R3/2015	<p><i>B2</i> <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>	<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.</p>	<p>The reference swill be updated</p>	MES	February 2016

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R4/2015	<p><i>B2</i> Asset Creation - Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</p> <p>We observed that the AMP does not reference the <i>Health Act 1911</i> or the <i>Metropolitan Water Supply & Sewerage Act 1909</i> which contain a number of provisions related to the regulation of recycled water.</p>	<p>We recommend that the licensee reviews the obligations included in the <i>Health Act 1911</i> and the <i>Metropolitan Water Supply & 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.</p>	<p>The Shire will assess the feasibility of updating the Plan as opposed to cross referencing its Recycled Water Quality Management Plan (RWQMP) currently being developed</p>	MES	June 2016
R5/2015	<p><i>B2</i> Environmental Analysis - Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</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>	<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.</p>	<p>The Data will be incorporated in the next update of the AMP</p>	MES	February 2016

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R6/2015	<p><i>B2</i> <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>	<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.</p>	<p>The asset data will be incorporated into future reports for all relevant assets on a regular basis.</p>	MES	February 2016
R7/2015	<p><i>B2</i> <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>	<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.</p>	<p>The asset data will be incorporated into future reports for all relevant assets on a regular basis.</p>	MES	February 2016
R8/2015	<p><i>B2</i> <i>Asset Maintenance – Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</i></p> <p>Although the licensee has an annual planned maintenance program, it does not maintain a record of what work has been completed.</p>	<p>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</p>	<p>The asset data will be incorporated into future reports for all relevant assets on a regular basis.</p>	MES	February 2016

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R9/2015	<p><i>B2</i> <i>Risk Management - Risks are documented in a risk register and treatment plans are actioned and monitored</i></p> <p>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.</p>	<p>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).</p>	<p>The risk will be assessed in the RWQMP and cross referenced in the AMP</p>	MES	June 2016
R10/2015	<p><i>B2</i> <i>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</i></p> <p>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.</p>	<p>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)</p>	<p>The risk will be assessed in the RWQMP and cross referenced in the AMP</p>	MES	June 2016
R11/2015	<p><i>B2</i> <i>Contingency Planning - Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</i></p> <p>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</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> ▪ 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. ▪ The document is updated to outline the external communications protocols to the regulatory/licensing authorities. <p>The document includes a spare parts</p>	<p>The contingency plan will be updated with the additional information.</p>	MES	February 2016

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	identified additional recommendations.	inventory for key assets that may need to be accessed to mitigate an event.			
R12/2015	<p>B2 <i>Financial Planning - The financial plan states the financial objectives and strategies and actions to achieve the objectives</i></p> <p>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.</p>	<p>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.</p>	<p>The revision will be undertaken to assign responsibility to the appropriate officer</p>	MES/DCEO	February 2016
R13/2015	<p>B2 <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. Refer to R1/2015</p>	<p>As for 30/2015</p>	<p>See R1/2015</p>		

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R14/2015	<p><i>B2</i> <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>	<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.</p>	<p>See R1/2015</p>		
R15/2015	<p><i>B2</i> <i>Financial Planning - The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</i></p>	<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.</p>	<p>See R1/2015</p>		
R16/2015	<p><i>B2</i> <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>	<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.</p>	<p>The AMP will be amended to add the control sheet at the next review</p>	<p>MES</p>	<p>February 2016</p>