



Notice

30 May 2017

Shire of Morawa

2016 ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has published the 2016 asset management system review (**review**) [report](#), and the post-review implementation [plan](#), for the Shire of Morawa's (Shire) water services licence WL24.

Action by the ERA

The ERA considers that the Shire has an effective asset management system. It has decided to increase the review period from 24 months to 36 months.

The next review will cover the period 1 December 2016 to 30 November 2019, with the report due by 28 February 2020.

BACKGROUND

The auditor assessed 12 asset management components; four were rated B1 (documentation improvement opportunity), four were rated B2 (performance and documentation improvement opportunity) and one was rated D4 (inadequate policies and processes not performed), and two were rated not applicable (no relevant activity occurred during the review period).

The two components that were rated not applicable are Asset Creation/Acquisition and Asset Disposal. In both cases, the ratings were applied because the Shire had not created new assets, or disposed of any assets, during the review period.

The auditor made 14 recommendations to improve documentation and/or performance for eight of the twelve components: Asset Planning, Asset Creation, Environmental Analysis, Asset Operations, Asset Maintenance, Risk Management, Contingency Planning, and Financial Planning.

One of the recommendations has been completed and the other 13 recommendations are due to be addressed by July 2017.

The auditor rated Contingency Planning at D4, because the Shire had not completed its new contingency plan until after the review period. However, the plan was completed prior to the completion of the report, and the auditor has expressed satisfaction with its contents.¹ The outstanding issues cover the need to include the non-potable water system (which depends on the completion of the Recycled Water Quality Management Plan, scheduled for June 2017) and conducting a desktop test of the plan in 2017.

The ERA's overall assessment of the review is positive. The Shire has invested significant resources in improving its asset management documentation and procedures. The 13

¹ The auditor made a recommendation (12/2017) for the Shire to complete the contingency plan, but then marked it as completed.

outstanding recommendations in the review address relatively minor improvement opportunities that mostly cover updating and amending documents.

Although the auditor has identified opportunities for improvement, the ERA considers that the Shire now has an effective asset management system.

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