

**POST-AUDIT ACTION PLAN  
EGL04 PERFORMANCE AUDIT FINDINGS**

Reference Item	Compliance Manual Ref #	Requirement	Audit Priority	Compliance Rating	Auditor Recommendation	Proposed Action
<b>CURRENT (2018) AUDIT NON-COMPLIANCES AND RECOMMENDATIONS</b>						
1/2018	101	A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months.	5	B1	Ensure there is a Compliance Process established to ensure ongoing compliance. Could be linked to current project described by GM of HR to link accountabilities to performance review.	<b>Action Plan 01/2018/EGL04</b> At the directive of the CEO, Bluewaters has allocated resources to and is progressing with a compliance review. The appropriate control processes will be developed and accountabilities assigned as an outcome of this project. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 30/09/2018
	104	A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	5	B1		
	124	A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.	1	B2		
2/2018	103	A licensee must notify details of the asset management system and any substantial changes to it to the ERA.	4	A1	Ensure the ERA are notified of the new asset management system currently being developed by consultants.	<b>Action Plan 02/2018/EGL04</b> Bluewaters will notify the ERA of the new asset management system once complete. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 31/03/2019
3/2018	105	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014	3	B2	Ensure payment of and scheduling of payment for licence fees is captured in compliance or accounting systems. Noted that the previous 2 audits have flagged this issue of potential late payment of fees and the compliance scheduling system	<b>Action Plan 03/2018/EGL04</b> At the directive of the CEO, Bluewaters has allocated resources to and is progressing with a compliance review. The appropriate control processes will be developed as an outcome of this project.

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		NOTE: Economic Regulation Authority (Licensing Funding) Regulations 2014, commenced on 1 January 2015.			recommended in 2010 audit was developed but has not been well implemented. Single source reliance on staff diligence continues to give rise to the opportunity of non-compliance.	Bluewaters will implement the auditor's recommendation into its accounts payable and compliance procedures. <b>Responsible Person:</b> General Manager Finance and Accounting <b>Target Date:</b> 31/07/2018
4/2018	106	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	4	B2	The risk register kept and maintained with quarterly reviews by the RACC currently covers only strategic risks and not O&M risks in detail. Risks such as blade failure, generator circuit breaker fault, should be evaluated and a register maintained with regular review. There is a risk of overlooking maintenance tasks scheduled for outages. A review of the capability of SAP to incorporate the Priority Field as compulsory field could be considered or establishing a routine searching report to identify the unallocated task priorities to ensure identified maintenance tasks are included in the outage planning process	<b>Action Plan 04/2018/EGL04</b> With the current development of the asset management plan, a plant risk review and risk register for the O&M risks are part of the deliverables. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 31/03/2019
5/2018	124	A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.		B2	As for 01/2018	<b>Action Plan 05/2018/EGL04</b> This reference item will be addressed by the proposed action plan <b>01/2018/EGL04</b> noted in the <i>Current (2018) Audit Non-Compliances and Recommendations</i> above.

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<b>CURRENT (2018) ASSET SYSTEM DEFICIENCIES/RECOMMENDATIONS</b>						
01/2018	1.8	<b>Key Process – Asset Planning</b> Likelihood and consequences of asset failure are predicted		B2	Although risks are considered for funding applications and designs no overall O&M risk register is available with known and potential risks. A risk workshop to identify known and potential risks should be held to establish and maintain a risk register for O&M.	<b>Action Plan 01/2018/EGL04/AMS</b> With the current development of the asset management plan, a plant risk review and risk register for the O&M risks are part of the deliverables. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 31/03/2019
02/2018	2.5	<b>Key Process - Asset creation/acquisition</b> Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood		B2	Corporate compliance prompting should be automated, address a “gateway” rather than an individual and kept “live” until completed.	<b>Action Plan 02/2018/EGL04/AMS</b> At the directive of the CEO, Bluewaters has allocated resources to and is progressing with a compliance review. A compliance register is under construction and will be reviewed as part of the compliance policy framework. Bluewaters is reviewing software options to enhance the compliance process. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 30/09/2018
	4.2	<b>Key Process - Environmental analysis</b> Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved		B2		
03/2018	3.3	<b>Key process - Asset disposal</b> Disposal alternatives are evaluated		B2	Consider review of the Decommissioning Plan and whether salvage value is realistic in light of the unpopularity of coal.	<b>Action Plan 03/2018/EGL04/AMS</b> The rehabilitation provision in the Bluewaters accounts is under review and a formal adjustment will be included in the 2018/19 fiscal year. The current sentiment on coal will not have any bearing on the salvage value of the scrap metal. <b>Responsible Person:</b> General Manager Finance and Accounting <b>Target Date:</b> 31/03/2019

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04/2018	5.1	<b>Key process - Asset Operations</b> Operational policies and procedures are documented and linked to service levels required		B2	Some inconsistencies e.g. approval level for rules, procedures differ between refs Control of Governance Policy BW-COR-POL-002 and Policy Framework BWG-COR-FWK-001	<b>Action Plan 04/2018/EGL04/AMS</b> The relevant document will be updated to reflect only one policy framework document and listing the document it replaces. This will be completed in conjunction with document control. <b>Responsible Person:</b> General Manager Human Resources <b>Target Date:</b> Complete
05/2018	5.2	<b>Key process - Asset Operations</b> Risk management is applied to prioritise operations tasks		B2	Although risks are considered for funding applications and designs no overall O&M risk register is available with known and potential risks. A risk workshop to identify known and potential risks should be held to establish and maintain a risk register for O&M.	<b>Action Plan 05/2018/EGL04/AMS</b> With the current development of the asset management plan, a plant risk review and creation of the risk register for the O&M risks are part of the deliverables. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 31/03/2019
06/2018	7.1 7.2 7.5	<b>Key process - Asset Management Information System (MIS)</b> Adequate system documentation for users and IT operators  Input controls include appropriate verification and validation of data entered into the system  Data backup procedures appear adequate and backups are tested		B2	<ol style="list-style-type: none"> <li>1. Better documentation of the changes to the IT back up system is required, what, why, how and when is proposed, in progress and complete.</li> <li>2. Tighter application of the document control policy required particularly with "Document History".</li> <li>3. Consider applying "Uncontrolled document + date printed" to documents printed from the Intranet.</li> <li>4. Consider consolidating or cross referencing Policies, Procedures, Rules, Frameworks etc. for each</li> </ol>	<b>Action Plan 06/2018/EGL04/AMS</b> IT: Bluewaters recently undertook a Business Impact Assessment to identify, among other things, the gaps in our backup processes. Bluewaters will consult with Subject Matter Experts (internally as well as externally) to define and implement an optimal solution. This will include a complete set of supporting documentation. The Backup Strategy and related backup processes will be reviewed, tested and improved periodically. <b>Person Responsible:</b> IT Department Manager <b>Target Date:</b> 30/09/2018

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					discipline e.g. Risk Management, Financial Accounting, and a complete index of all Policies, Plans, Procedures etc. (this may already be in place on the Intranet) 5. A more formal way of testing back-ups and their restoration should be implemented.	Document Control: Document History controls have been implemented. Bluewaters does not consider items 3 and 4 to be applicable as its new processes and policies adequately address the matter. <b>Responsible Person:</b> General Manager Human Resources <b>Target Date:</b> Complete
07/2018	8.2	<b>Key Process – Risk Management</b> Risks are documented in a risk register and treatment plans are actioned and monitored		<b>B2</b>	Risks, both strategic and O&M should be addressed in more detail and regularly reviewed.	<b>Action Plan 07/2018/EGL04/AMS</b> The strategic risk register is completed and encompasses both corporate and O&M risks. This was reviewed and implemented through the RACC and is now being filtered down through the business units. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 31/03/2019
08/2018	9.1	<b>Key Process - Contingency Planning</b> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks,		<b>B2</b>	Consider site specific requirements in contingency plans, e.g. bushfire buffer maintenance, more precise guidelines on when and who should evacuate site, what state the power station should be left in event of evacuation etc.  The roles are defined; Incident Commander, Incident Controller etc. not how “who they are” is conveyed to staff on shift?	<b>Action Plan 08/2018/EGL04/AMS</b> The site emergency response plan will be updated to include the recommendations. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 30/09/2018

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09/2018	12.2	<b>Key Process - Review of AMS</b> Independent reviews (e.g. internal audit) are performed of the asset management system		A2	The asset management system is being revised by outside consultants and when finalised should include routine independent reviews.	<b>Action Plan 09/2018/EGL04/AMS</b> Bluewaters will work with the consultants to make continuous improvements to the asset management system. There will be focus on developing the asset management system so it can be maintained on an ongoing basis. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 31/03/2019

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Reference Item	Compliance Manual Ref #	Details of the issue	Date Resolved	2018 Auditor Comment	Proposed Action
<b>PREVIOUS (2014) AUDIT NON-COMPLIANCES AND RECOMMENDATIONS</b>					
1/2014	123 469	The organisation is at risk of not understanding key Licence and subsidiary legislation requirements in relation to its generation licence.	31 July 2015	<p>Further Action Required: YES</p> <p>The Compliance with Electricity Retail and Generation Licence obligations procedure that was developed has not been reviewed, is obsolete in some obligations and is not comprehensive in nature, it applies to the metering code and the customer transfer code mainly although the title implies both generation and retail licence obligations are covered. It is the auditors opinion that this document is cumbersome for the organisation to maintain and there are other processes they could utilise to ensure key tasks are imbedded into the operations, such as the use of SAP as scheduling, performance reviews etc. Incorporation of this task with the project the organisation is undertaking would be beneficial in ensuring the outcome is implemented and effective.</p>	<p><b>Action Plan 01/2014/EGL04</b> Bluwaters will develop and implement a guidance document which outlines the organisation's key statutory and regulatory obligations. As a subset of each obligation, processes will be detailed to instruct the user how to comply with each requirement where applicable. <b>Responsible Person:</b> Station Manager <b>Target Date:</b> 30/09/2018</p>
2/2014	105 124	Lack of compliance scheduling process created risk to ensuring key License requirements are met.	31 July 2015	<p>Further Action Required: YES</p> <p>This excel spreadsheet was developed but has not been implemented and is not kept up to date. The process is external to the</p>	<p><b>Action Plan 02/2014/EGL04</b> This reference item will be addressed by the proposed action plan <b>1/2018/EGL04</b> noted in the <i>Current (2018) Audit Non-Compliances and Recommendations</i> above.</p>

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				current business system controls and the organisation could incorporate it in the Compliance review project being undertaken currently to ensure the outcome is effective.	
3/2014	126 475	Organisation did not have effective records management and document control processes in place.	31 March 2015	Further Action Required: YES  Document Control continues to be an issue for the organisation and as such the licensee is currently changing over document control systems and updating the document structure for Corporate requirements. A new document control system is being implemented.	<b>Action Plan 03/2014/EGL04</b> At the directive of the CEO, Bluewaters has allocated resources to and is progressing with a compliance review. The appropriate control processes for records management will be developed and accountabilities assigned as an outcome of this project. <b>Responsible Person:</b> General Manager Human Resources <b>Target Date:</b> 31/01/2019



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Reference Item	AMS Component & Criteria	Details of the issue	Date Resolved	2018 Auditor Comment	Proposed Action
<b>PREVIOUS (2014) ASSET MANAGEMENT REVIEW RECOMMENDATIONS</b>					
1/2014	2.5 4.1 4.3	<p><b>2.5</b> Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood</p> <p><b>4.1</b> Opportunities and threats in the system environment are assessed</p> <p><b>4.3</b> Compliance with statutory and regulatory requirements</p> <p>Although compliance with BP1's statutory and regulatory requirements (referenced at items 2.1, 4.1 and 4.3 is subject to periodic assessment, a formal management framework has not been established for clarifying roles and responsibilities for ensuring continual monitoring of compliance and changes in legislative requirements.</p>	31 March 2015	<p>Further Action Required: YES</p> <p>A spreadsheet to monitor compliance was prepared as per the 2014 Action Plan but this has proved ineffective. (See 2018 Review B2.5 and 4.3)</p>	<p><b>Action Plan 01/2014/EGL04/AMS</b> This reference item will be addressed by the proposed action plan <b>01/2018/EGL04</b> noted in the <i>Current (2018) Audit Non-Compliances and Recommendations</i> above.</p>
3/2014	9.1	<p><b>9.1</b> A number of contingency arrangements are in place, inherent within the design of the plant and within contractual arrangements. However an over-arching contingency plan</p>	31 December 2014	<p>Further Action Required: YES</p> <p>Undated Emergency Response Plan BWPS-PLN-HS-039-0 prepared and apparently not formally issued. Should be issued with document history</p>	<p><b>Action Plan 03/2014/EGL04/AMS</b> This reference item will be addressed by the proposed action plan <b>08/2018/EGL04/AMS</b> noted in the <i>Current (2018) Asset System Deficiencies/Recommendations</i> above</p>

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		has not been established to ensure all contingency arrangements have been clearly identified, documented and rigorously challenged and tested.		and approval according to the document control procedures.	
<b>4 / 2014</b>	12.1 12.2	<p><b>12.1</b> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</p> <p><b>12.2</b> Independent reviews (e.g. internal audit) are performed of the asset management system BP1's AMP, which is the main reference to the asset management system, is reviewed and updated (where necessary) on an annual basis. However, a formal process has not been established for ensuring the currency of the asset management system, including the need for independent review of the AMP and any other references which describe the asset management system, or feed into the AMP. We note that previous versions of the AMP had described the SAP computerised maintenance management systems deployed by TWPS (as a key aspect of the asset management system), however the current version of the AMP does not clearly reference the key components of</p>	N/A	<p>Further Action Required: YES</p> <p>The 2014 Action Plan considered review by TWPS to be adequate. Since then BPWS have taken over this role, they can no longer be considered independent and other independent review should be instigated.</p>	<p><b>Action Plan 4/2014/EGL04/AMS</b> This reference item will be addressed by the proposed action plan <b>9/2018/EGL04/AMS</b> noted in the <i>Current (2018) Asset System Deficiencies/Recommendations</i> above</p>

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		BP1's asset management system.			