

# 2021 RIA Asset Management System Review- Post review implementation plan – 10 January 2022

Recommendation reference	Process and policy deficiency / Performance deficiency	Auditor's recommendation	Action proposed to be taken by the licensee	Responsible
<b>Actions</b>				
<b>Unresolved at end of the current audit period</b>				
01/2021	<p><b>B3 (1.2) Asset Planning - Lifecycle costs of owning and operating assets are assessed</b></p> <p>A risk register is kept which details asset information, risk assessment and serviceability on major assets e.g. Generators, HV Power distribution, Wind Turbine. However, this risk register does not provide detailed and actual lifecycle costing to operate individual assets at an engineering level. A Life cycle costing (LCC) model was maintained by PFM for a portion of the audit period; however, we note that the person in charge of upkeeping the LLC model left PFM in January 2020 and this task is no longer performed. We note that PFM was unable to provide any evidence that this LLC model</p>	<p>1. Continue the development of the ASSETIC system for the purpose of key assets risk management and lifecycle costing modelling to be implemented by the agreed due date (September 2021).</p> <p>2. Develop and implement a formal handover process upon termination of an employee to ensure business continuity and the passing on of critical knowledge.</p>	<p>In progress: Status remains in progress as of July 2021, with an implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p> <p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul>	Director Infrastructure

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	was performed during the audit period.		The next stage is to model costing (based on assumptions) and disposal. RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs.	
02/2021	<p><b>B3</b> (1.8) Asset Planning - Have the likelihood and consequences of asset failure been predicted?</p> <p>The Enterprise Risk Management Plan (ERMP) does not report residual risk after the application of controls.</p>	Continue the development of the ASSETIC EAM system for the purpose of key assets risk management and lifecycle costing modelling to be implemented by the agreed due date (November 2021).	<p>In progress: Status remains in progress as of July 2021, with an implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p> <p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul> <p>The next stage is to model costing (based on assumptions) and disposal. RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs.</p>	Director Infrastructure
03/2021	<p><b>C2</b> (6.6) Asset Maintenance - Are the maintenance costs measured and monitored?</p>	Continue the development of the ASSETIC EAM system for the purpose of key assets risk management and lifecycle costing	In progress: Status remains in progress as of July 2021, with an	Director Infrastructure

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	<p>Some maintenance costs are captured and noted in a separate spreadsheet. Information on labour hours and parts is entered into Navision, a system that is separate from Maximo</p>	<p>modelling to be implemented by the agreed due date (November 2021).</p>	<p>implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p> <p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul> <p>The next stage is to model costing (based on assumptions) and disposal.</p> <p>RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs.</p>	
04/2021	<p><b>C3</b> (1.5) Asset Planning - Lifecycle costs of owning and operating assets are assessed</p> <p>A Life cycle costing (LCC) model is maintained by PFM and reviewed on a quarterly basis. This model details asset information, risk assessment and serviceability on major assets e.g. Generators, HV Power distribution, Wind Turbine. However, it was noted that the LCC does not provide detailed</p>	<ol style="list-style-type: none"> <li>1. Continue the development of the ASSETIC EAM system for the purpose of key assets risk management and lifecycle costing modelling.</li> <li>2. Develop and implement a formal handover process upon termination of an employee to ensure business continuity and the passing of critical knowledge.</li> </ol>	<p>In progress: Status remains in progress as of July 2021, with an implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p>	Director Infrastructure

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	and actual life cycle costing to operate individual assets at an engineering level.		<p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul> <p>The next stage is to model costing (based on assumptions) and disposal.</p> <p>RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs.</p>	
05/2021	<p><b>B3</b> (2.2) Asset creation and acquisition - Evaluations include all life-cycle costs</p> <p>Two RIA Business Case templates are available for use; Project short form (\$50k- = \$250k) and Project long form (over \$250k). The two Business Cases sighted include areas such as investment proposal, scope (including cost benefit analysis) and a finance plan. However, no evidence was sighted on consideration of detailed breakdown of lifecycle costs on operations and maintenance.</p>	Continue the development of the ASSETIC EAM system for the purpose of key assets risk management and lifecycle costing modelling to be implemented by the agreed due date (November 2021).	<p>In progress: Status remains in progress as of July 2021, with an implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p> <p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul> <p>The next stage is to model costing (based on assumptions) and disposal.</p>	Director Infrastructure

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			RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs.	
06/2021	<p><b>C3</b> (11.3) Capital expenditure planning- The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</p> <p>A Life cycle costing (LCC) model is maintained by PFM and reviewed on a quarterly basis. This model details asset information, risk assessment and serviceability on major assets e.g. Generators, HV Power distribution, Wind Turbine. However, it was noted that the LCC does not provide detailed and actual life cycle costing to operate individual assets to inform accurate CAPEX planning for the future years based on the asset age and condition.</p>	Continue the development of the ASSETIC EAM system for the purpose of key assets risk management and lifecycle costing modelling to be implemented by the agreed due date (November 2021).	<p>In progress: Status remains in progress as of July 2021, with an implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p> <p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul> <p>The next stage is to model costing (based on assumptions) and disposal.</p> <p>RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs.</p>	Director Infrastructure
07/2021	<p><b>B3</b> (5.2) Asset Operations - Risk management is applied to prioritise operations tasks</p> <p>Our review of the Maximo asset register revealed that some assets had missing or</p>	PFM should create and provide detailed risk modelling in relation to the capacity, availability and load of the diesel generators, to ensure that maintenance tasks are prioritised in terms of risk.	The RIA is to leverage from the development of ASSETIC to perform risk based maintenance tasks.	Director Infrastructure

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	<p>inappropriate risk ratings, which indicates that ongoing review and risk management of the assets are not being conducted on a routine basis. Through walkthrough with the Asset Manager and the Asset Maintenance Manager, it was observed that informal risk management appears to have been conducted in the power house through the redundancy applied to the diesel generator capacity. However, no formal evidence has been provided that the reliability and availability levels of the generators in relation to the load being managed.</p>			
08/2021	<p><b>B3</b> (6.5) Asset Maintenance - Risk management is applied to prioritise maintenance tasks</p> <p>Our review of the Maximo asset register revealed that some assets had missing or inappropriate risk ratings, which indicates that ongoing review and risk management of the assets are not being conducted on a routine basis. Through walkthrough with the Asset Manager and the Asset Maintenance Manager, it was observed that informal risk management appears to have been conducted in the power house through the redundancy applied to the diesel generator</p>	<p>PFM should create and provide detailed risk modelling in relation to the capacity, availability and load of the diesel generators, to ensure that maintenance tasks are prioritised in terms of risk.</p>	<p>The RIA is to leverage from the development of ASSETIC to perform risk based maintenance tasks.</p>	<p>Director Infrastructure</p>

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	<p>capacity. However, no formal evidence has been provided that the reliability and availability levels of the generators in relation to the load being managed.</p>			
09/2021	<p><b>B3</b> (8.1) Asset Maintenance - Risk management policies and procedures exist and are applied to minimise internal and external risks</p> <p>Our review of the Maximo asset register revealed that some assets had missing or inappropriate risk ratings, which indicates that ongoing review and risk management of the assets are not being conducted on a routine basis. Through walkthrough with the Asset Manager and the Asset Maintenance Manager, it was observed that informal risk management appears to have been conducted in the power house through the redundancy applied to the diesel generator capacity. However, no formal evidence has been provided that the reliability and availability levels of the generators in relation to the load being managed.</p>	<p>PFM should create and provide detailed risk modelling in relation to the capacity, availability and load of the diesel generators, to ensure that maintenance tasks are prioritised in terms of risk.</p>	<p>The RIA is to leverage from the development of ASSETIC to perform risk based maintenance tasks.</p>	<p>Director Infrastructure</p>
10/2021	<p><b>C3</b> (8.3) Risk Management - Probability and consequences of asset failure are regularly</p>	<p>Continue the development of the ASSETIC EAM system for the purpose of key assets risk</p>	<p>In progress: Status remains in progress as of July 2021, with an</p>	<p>Director Infrastructure</p>

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	<p>assessed</p> <p>Risk management on an asset level is available and conducted within the asset management system (Maximo) which lists each asset's likelihood and consequence of asset failure. However, it was confirmed with the PFM Compliance Manager that ongoing review and risk management of the assets are not being conducted on a routine basis as it was noted through our walkthrough and review of the Maximo Electrical Assets Register that some assets had missing or inappropriate risk ratings.</p>	<p>management and lifecycle costing modelling.</p>	<p>implementation date of May 2022.</p> <p>The RIA have reached a milestone in the Asset management system.</p> <p>The RIA are in the process of the development of as Asset Management System – ASSETIC will be capable of performing this function.</p> <p>The following are complete:</p> <ul style="list-style-type: none"> <li>-mapped infrastructure, developed an asset listing.</li> <li>-costs being tracked at granular level with new Financial BU categories established.</li> </ul> <p>The next stage is to model costing (based on assumptions) and disposal.</p> <p>RIA note that life cycle costing will be developed with some assumptions and will not be detailed costs. .</p>	