

RIA - Post Review Implementation Plan – ERA Water Services 2022

Recommendation reference (no/year)	Non-Compliance/Control improvement	Auditor's Recommendation	Action proposed to be taken by the licensee	Responsible Person(s)	Target Completion Date
1/2022 B3	<p>Asset Planning – Drainage Asset Management Plan</p> <p><i>Asset management plan covers the processes in this table.</i></p> <p>For the water and wastewater assets, Asset Management Plans have been prepared and reference the SAMP as providing the overarching approach to managing the assets. The Asset Management Plans are:</p> <ul style="list-style-type: none"> • Drinking & Fire Water Infrastructure (DFW) Asset Management Plan 2021/22, and • Waste Recycled Water Infrastructure (WRW) Asset Management Plan 2021/22. <p>An Asset Management Plan was not provided that addresses the drainage infrastructure that the RIA is also licenced to provide.</p>	<p>An Asset Management Plan is required that addresses the Drainage Infrastructure included in the RIA Water Services Licence.</p>	<p>The RIA will complete an audit and validation of the drainage asset database and subsequently complete the drainage Asset Management Plan including maintenance cost estimates.</p>	Director Infrastructure	In progress, expected to be completed by December 2023.
2/2022 B3	<p>Asset Planning – Lifecycle Costs</p> <p><i>Lifecycle costs of owning and operating assets are assessed.</i></p> <p>The lifecycle costs of the assets have not yet been assessed and budgeted for by the RIA.</p> <p>The DWF and WRW Asset Management Plans show a significant number of the water and wastewater assets have no condition rating (section 4.1.2) and that this is “a significant risk as it is likely that several of the assets</p>	<p>The need for the RIA to develop lifecycle costing models has been observed in the past two Asset Management System Reviews. Completion of condition assessments is required so that the remaining asset lives can be estimated and included in an asset register. The lifecycle costing should then be developed to provide a forecast of the long</p>	<p>The RIA is undertaking asset condition assessments and cost estimates of future upgrades.</p>	Director Infrastructure	In progress, expected to be completed by December 2023.

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	<p>that have not been assigned a condition rating are beginning to reach the end of their useful life". No information has been provided on the condition assessment of drainage assets.</p> <p>The need to develop an understanding of lifecycle costs was raised in both the 2019 and 2017 Asset Management System reviews. The 2019 Post Audit Implementation Plan proposed an action to address this, being completion of asset condition assessments and population in the Enterprise Asset Management System. This action was to be completed by 30 October 2020.</p> <p>RIA provided a copy of a Business Case for the development of a new Enterprise Asset Management System which was endorsed 9 July 2020. The Business Case proposed the development of a new Computerised Maintenance Management System to address the shortcomings expressed about the absence of a proper RIA Asset Management System by utility licensing audits and external reviews. To date, the RIA has relied on PFM's Maximo for its AMS. However, numerous shortfalls had been identified as described in the Business Case (including that Maximo asset and maintenance records are incomplete, inaccurate and not up to date) and the decision was made for the RIA to develop its own Enterprise Asset Management System which would include a CMMS to replace use of Maximo. The system is in the process of being loaded with asset information and is not yet in use by PFM.</p>	<p>term funding required for the asset maintenance and replacement needed to continue to provide the water, wastewater and drainage services.</p>			

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3/2022 B2	<p>Asset Planning – Asset Failure</p> <p><i>Likelihood and consequences of asset failure are predicted.</i></p> <p>Section 4.1.4 of the Asset Management Plans discusses asset criticality and risk of failure. A table of water treatment and wastewater treatment assets assessed as critical is included. The documents are not clear about how asset risk is assessed for the full asset base. Section 4.1.4 states “any important assets should have an assessment conducted such as an Asset Risk Register to assist in mitigating any potential risks”.</p> <p>A demonstration of the Maximo system managed by PFM was provided. This showed many assets are listed with a risk rating. However, the process for reviewing the risk rating, especially following any asset condition assessment activities was not clear.</p> <p>With work proceeding on populating the new Assetic system at the current time there appears to be a lack of clarity around the process for updating asset risk assessments.</p>	<p>The Asset Management Plans need to describe how asset risk is determined and updated in response to condition assessment information, and processes need to be put in place to ensure asset risks are recorded and updated in the Enterprise Asset Management System (Maximo or Assetic).</p>	<p>Risk assessments including scenario planning based on the condition assessments will be incorporated into the Asset Management Plan, which is also known as Assetic.</p>	<p>Director Infrastructure</p>	<p>In progress, expected to be completed by December 2023.</p>