
Shire of Moora
2005 Operational Audit and
Asset Management System Review

Final Report

Shire of Moora 2005 Operational Audit & Asset System Review
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Report for: **Shire of Moora**

PREPARATION, REVIEW AND AUTHORISATION

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Background

The Shire of Moora was formally granted an Operating Licence for a term of five years on 29th April 1996. Amended Operating Licences were subsequently issued, by means of substitution on 21st May 1997 and 14th June 2002, and is valid up to and including the 29th April 2021. The Licence permits the Shire of Moora to provide Non-potable Water Supply Services in the operating areas that are centred on the township of Moora. The Economic Regulation Authority (the Authority) monitors the operational performance of the Shire of Moora against its Operating Licence.

The Shire of Moora has contracted some aspects of managing the Asset to the Water Corporation. The Water Corporation is primarily responsible for maintaining and repairing the Scheme to provide the water services to its Customers. The Shire of Moora is responsible for review of the Asset Management Plan (AMP) and Customer Charter. The Shire is also responsible for customer complaints and services. The scheme consists of approximately 17232 metres of sewerage reticulation mains serving 559 properties. The volume of wastewater treated is approximately 70104 kL/annum.

In accordance with Section 37 (1) of the *Water Services Licensing Act 1995*, operational audits are required to be undertaken not less than once in every 24 month period, or such longer periods allowed for by the Authority. The primary objective of this audit is to determine the effectiveness of measures taken by the Shire of Moora to maintain those quality and performance standards that are referred to in the Shire of Moora' Operating Licence.

Section 36 of the *Water Services Licensing Act 1995*, and Clause 6 of the Attachment to the Shire of Moora' Operating Licence, requires the Shire of Moora to provide and maintain an asset management system in respect of its assets. The system must set out the measures to be taken by the Shire of Moora for the proper maintenance of its assets and for the undertaking, maintenance and monitoring of its water services works.

The Act further requires the Shire of Moora to provide the Authority with a report by an independent expert on the effectiveness of the asset management system.

The Shire of Moora, with the approval of the Authority, commissioned SMEC Australia to conduct the third operational audit and review of their asset management system. This report documents the findings of the audit/review.

Objectives and Scope of Audit and Review

The scope of the operational audit was to assess the Shire of Moora's systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes which are:

- referred to in the Shire of Moora's Operating Licence, and
- applied to the Shire of Moora's Operating Licence, including those standards prescribed under Section 33 of the *Water Services Licensing Act 1995*.

The scope of the asset management review was to provide an opinion to the Authority on whether the Shire of Moora has in place the appropriate systems for the planning, construction, operation and maintenance of its assets. The review examined:

- the adequacy of the asset management system by considering the outputs of the system, such as the operations and maintenance plans, asset registers and financial plans,
- the effectiveness of the asset management system by considering the systems established for the planning, construction, operation and maintenance of works,
- the identification, development and implementation of strategic initiatives to improve the effectiveness of asset management, and

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- the Shire of Moora's response to the recommendations made in the previous review.

The review focused on identifying those aspects of the asset management system that could be further strengthened, with the view to providing feedback to the Shire of Moora on the adequacy and effectiveness of the system.

Time Frame of the Audit and Review

The audit and review covered the period of 1st December 2002 to 30th November 2005. It is noted that the previous audit covered the period of 31st October 1999 to 31st October 2002.

Overview of Compliance Performance

It is the auditors' professional view that the Shire of Moora is achieving a good level of compliance with the requirements of the Operating Licence.

The results of the assessment of the relevant standards, outputs and outcomes are summarised in the following table:

TABLE 1. SHIRE OF MOORA– 2005 OPERATIONAL AUDIT SUMMARY LEVEL OF COMPLIANCE

Clause	Standard	Compliance
Clause 2(b)	Operating Area Schedule	Good
Clause 6	Asset Management	Inadequate
Clause 8	Technical Standards	N/A
Clause 9	Industry Standards	N/A
Clause 10	Accounts	Good
Clause 11	Prices or charges	Good
Clause 12	Methods or principles to be applied in the provision of Water Services	Good
Clause 14	Specific information to be provided	Inadequate
Clause 15/Sched 2	Performance Standards	Largely adequate

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Charter	Overflows	Inadequate
Charter	Blockages	Inadequate
Charter	Emergency response	N/A
Charter	Responsiveness to Customer Complaints	N/A
Clause 16	Terms and conditions of customer contracts	N/A
Clause 17	Obligations to public authorities and other Licensees	Good
Clause 18	Consumer Consultation	Good
Clause 19	Customer Service Charter	Largely adequate to good
Clause 20	Dispute Resolution	Good

Excellent:

Exceeds requirements

Good:

Meets requirements

Largely Adequate:

Meets requirements – improvement suggested

Inadequate:

Does not meet the requirement

N/A:

Not applicable

Operational Audit Conclusion

The report identified seven non-compliances, with Clause 6 and Clause 14 accounting for two and three non-compliances respectively. This was due to the Asset Management Plan being out of date since 1997.

The Authority has requested a simple compliance plan to be developed.

Overview of Asset Management System Review

The results of the assessment of the relevant standards outputs and outcomes are summarised in the table on Page v.

Asset Management System Review Conclusion

The 2005 Asset Management System audit is the third external assessment undertaken on Shire of Moora's asset management system. The purpose of this review was to examine the Asset Management System in light of the recommendations made in the audit of 2003.

The Asset Management Plan has not been updated since 1997. As a result of this no review of the entire wastewater treatment system, has been conducted by the Shire and instead is conducted by Water Corporation personnel which is retained on Water Corporation records. This is a serious short-coming and the Shire must update the Asset Management Plan (AMP) as soon as possible. As part of this, a maintenance schedule and register needs to be updated, preferably in conjunction with the Water Corporation procedures and implemented. To reduce confusion the numerous procedures should be amalgamated into one AMP.

SUMMARY OF SYSTEM EFFECTIVENESS

Activity	Description	Effectiveness Scale
Asset Planning/Creation /Acquisition	Asset creation means the provision or improvement of an asset where the outlay can be expected to provide benefits beyond the year of outlay.	Largely adequate
Environmental Analysis	Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.	Good
Asset System Analysis	Asset system analysis examines and documents the system and process for its effective operations. Operation Plans document the knowledge of staff in the operation of assets. Maintenance Plans cover the scheduling and matching of resources to the maintenance task so that work can be done on time and on cost. The Maintenance Plans should cover preventative and corrective maintenance. Assessment of the asset system analysis components included examination of the asset register.	Largely adequate
Risk Analysis and Contingency Planning	Risk analysis involves the identification of risks and management to reduce the level of risk. Contingency plans document the steps to deal with an unexpected failure of a process, procedure or the asset management system itself.	Largely adequate
Financial Planning	The financial planning component of the asset management plan brings together the financial elements of the scheme to ensure its financial viability over the long term.	Largely adequate
Capital Expenditure Planning	The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure on each over the next five or more years.	Good
Review	Review of the asset management plan assists to ensure the effective development and operation of asset management plans.	Inadequate

Statement of Declaration

It is the Auditors' view that the Shire of Moora is achieving an adequate level of compliance with the requirements of the Operating Licence. Overall, the Shire of Moora's compliance with licence conditions was largely adequate. The report identified seven non-compliances, with Clause 6 and Clause 14 accounting for two and three non-compliances respectively.

The review revealed that the AMP is out of date. Performance of the wastewater treatment system has been good, which indicates an appropriate level of assets for the customers.

The Asset Management Plan needs immediate attention. The Shire of Moora should also maintain documents to provide evidence of correspondence between the Shire and the Authority. This is the main area of non-compliance and once the AMP is updated and approved by the Authority, the licence compliance will be significantly improved.

A handwritten signature in black ink that reads "Naomi Hill". The signature is written in a cursive style. To the right of the signature is a vertical red line.

Naomi Hill
Auditor

1 Introduction

In August 2005 SMEC Australia was awarded a consultancy by the Shire of Moora, with the approval of the Authority, to undertake their third Operational Audit and Asset Management System Review. This audit/review assessed:

- the adequacy and effectiveness of measures taken by the Shire of Moora to maintain those quality and performance standards referred to in the licence, and
- the effectiveness of processes implemented by the Shire of Moora to maintain assets used in the provision of water services and for the undertaking, maintenance and operation of water service works.

Following acceptance of the Audit and Review Plan by the Shire of Moora and the Authority, Naomi Hill undertook the on-site component of the audit and review on the 30th November 2005.

This report summarises the findings of the Operational Audit and Asset Management Review and identifies areas of the asset management system that could be improved or enhanced.

2 Objectives and Scope

2.1 Operational Audit

In accordance with Section 37 (1) of the *Water Services Licensing Act 1995* operational audits are required to be undertaken not less than once in every 24 month period, or such longer periods allowed for by the Authority.

The primary objective of this audit is to determine the effectiveness of measures taken by the Shire of Moora to maintain those quality and performance standards which are referred to in the Shire of Moora's Operating Licence.

Specifically, the audit considered the systems and effectiveness of processes used by the Shire of Moora to ensure compliance with the following standards, outputs and outcomes required by the current Licence.

2.2 Asset Management System Review

The *Water Services Licensing Act 1995* also requires that the Shire of Moora provide for and maintain an asset management system. The system must set out the measures to be taken by the Shire of Moora for the proper maintenance of its assets and for the undertaking, maintenance and monitoring of its water services works.

This review provides an opinion to the Authority on whether the Shire of Moora has in place the appropriate systems for the planning, construction, operation and maintenance of its assets. In reaching this opinion, the review examined:

- the adequacy of the asset management system by considering the outputs of the system, such as the operations and maintenance plans, asset registers and financial plans;
- the effectiveness of the asset management system by considering the systems established for the planning, construction, operation and maintenance of works;
- whether the system provides for the identification, development and implementation of strategic initiatives to improve the effectiveness of asset management; and
- the Shire of Moora's response to the recommendations made in previous reviews.

3 Risk Assessment

Operating Audit Risk Calculation – Non-Potable Water Supply & Sewerage Services Licence

Operating Licence Compliance Element	Operating Licence Reference	Failure during period audited				Likelihood (2)	Inherent Risk (3)	Adequacy of Existing Controls (4)	Priority (5)
		Consequence (1)							
		C 1	C 2	C 3	O				
OPERATING AREAS									
Water Services in designated operating area	<i>Sched 1</i>	1	1	2	1	E	Nil	Strong	≥ 5
CUSTOMER COMPLAINTS									
Recorded	<i>Clause 20(a), (b)</i>	2	1	1	1	B	Low	Strong	≥ 5
Investigation, conciliation & arbitration	<i>Clause 20</i>	3	2	2	2	C	Low	Strong	≥ 5
Responsiveness (eg solution within 21 days)	<i>Sched 2 sec 4</i>	3	2	2	3	C	Medium	Strong	4
CUSTOMERS									
Charter in place, reviewed and followed	<i>Clause 19</i>	1	3	2	3	D	Medium	Weak	3
Ongoing consultation and feedback established	<i>Clause 18</i>	1	3	2	2	C	Low	Strong	≥ 5
WATER SERVICES PROVISION									
Conditions for connection followed	<i>Clause 4</i>	2	2	2	2	D	Low	Strong	≥ 5
Availability	<i>Clause 12(b)</i>	2	2	2	2	E	Low	Strong	≥ 5
Discontinuance	<i>n.a.</i>								
Billing	<i>n.a.</i>								
INFO PROVIDED TO AUTHORITY									
Customer complaints (12 monthly)	<i>Sched 3</i>	1	1	2	1	D	Nil	Weak	≥ 5
Quarterly reports	<i>n.a.</i>								
Annual Benchmarking report	<i>Sched 3</i>	1	1	3	2	D	Low	Strong	≥ 5
Incidents (reported within 5 days)	<i>Clause 14</i>	2	2	3	2	C	Low	Weak	≥ 5
CONTRACTING OF SERVICES									
Maintenance of Licence Standards	<i>Clause 12</i>	3	3	3	3	D	Medium	Strong	4
STANDARDS									
Adherence to Regulation	<i>Clause 5</i>	3	3	3	3	C	Medium	Strong	4
Adherence to technical standards	<i>Clause 8</i>	2	2	3	3	E	Low	Strong	≥ 5
Adherence to industry codes	<i>Clause 9</i>	2	2	3	3	E	Low	Strong	≥ 5
Accounting records – prepared to standard	<i>Clause 10</i>	2	2	3	3	D	Medium		4
Pricing and charges – approval of Authority	<i>Clause 11</i>	2	2	2	2	D	Low	Strong	≥ 5
Services provided by agreement documented	<i>Clause 12</i>	3	3	3	3	D	Medium	Strong	≥ 5
Obligations to other licensees adhered to	<i>n.a.</i>								
Customers advised re planned disruptions	<i>As per charter</i>	3	3	3	3	C	Medium	Strong	4
Customers contacted re emergency shutdowns	<i>As per charter</i>	3	3	3	3	C	Medium	Strong	4
Emergency telephone service operational	<i>Clause 15(c)</i>	3	3	3	3	C	Medium	Strong	4
STANDARDS SPECIFIC TO:									
DRINKING WATER									
Quality	<i>n.a.</i>								
Pressure and flow	<i>n.a.</i>								
Interruptions	<i>n.a.</i>								
Drought response	<i>n.a.</i>								
Leaks and bursts	<i>n.a.</i>								
NON-POTABLE WATER									
Annual notification water not safe for drinking	<i>Clause 15(b)</i>	3	3	3	3	D	Medium	Strong	4
SEWERAGE									
Overflows	<i>Clause 15(d), Sched 2</i>	3	3	3	3	C	Medium	Weak	3
Blockages	<i>Clause 15(e), Sched 2</i>	3	3	3	3	C	Medium	Weak	3
IRRIGATION									
Quality	<i>n.a.</i>								
Supplied when required	<i>n.a.</i>								
Monitoring of consumption is accurate	<i>n.a.</i>								

4 Methodology

The audit and review was undertaken in accordance with the ‘*Scope and Guidelines for Water Service Licence: Operational Audit, and Asset Management Review for the Shire of Moora*’ issued by the Economic Regulation Authority.

The work involved was divided into four distinct phases each with specific tasks, these being;

- risk assessment;
- development of the Audit and Review Plan
- site visit
- reporting and follow-up

This audit and review focused on the development of the Shire of Moora’s systems and procedures since receiving their initial licence, and their response and actions to recommendations from previous audits and reviews.

4.1 Task 1 - Risk Assessment

Assess the risk posed by non-compliance with licence standards and the adequacy of internal controls by completing the Audit Risk Calculation Proforma. This completed proforma was forwarded and then discussed with the Authority and the Licensee before finalising the areas to focus in on during the audit.

4.2 Operational Audit

Specific tasks undertaken included:

- A review of key documents including;
 - the Shire of Moora’s Customer Charter for Wastewater Services;
 - relevant Policies and Procedures established by the Shire of Moora for the provision of water services, management of customer services (including the receipt, handling, resolution and reporting of customer complaints), and performance reporting requirements;
 - relevant Performance Indicator data and reports;
 - the Shire of Moora’s customer complaints handling processes, procedures and reporting mechanisms;
 - Financial reports;
 - any relevant Service Agreements or Memorandum of Understanding with other agencies, and
 - any relevant correspondence between the Shire of Moora and the Authority relating to Operating Licence requirements.
- review and analysis of all technical/operational and administrative aspects of those quality and performance standards maintained by the Shire of Moora, enabling comparison with requirements of the Operating Licence;
- consultation and discussions with Authority representatives (where necessary, within each of the four audit phases);
- discussions and interviews with key staff of the Shire of Moora (within each of the four audit phases);
- observation of processes / procedures and operations;
- analysis of the extent to which the Shire of Moora’s information systems produce accurate and reliable information which complies with the requirements of its Operating Licence;
- technical assessment of the adequacy of measures taken by the Shire of Moora in meeting the requirements relating to the provision of services;

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- technical review of a sample of works requests relating to the provision of services;
- sampling source documents to determine whether established procedures relating to the provision of services and management of customer services were complied with;
- field inspections and observation of work sites relating to the provision of required services, and
- an assessment of the level of compliance with the operating licence requirements using the Compliance Key detailed in Section 3.4 of the 'Scope and Guidelines for the 2002 Audit of the Local Government Operating Licence holders and Asset Management Review' document, and repeated in Section 4.3 below.

Note: Where non-compliances with Operating Licence requirements were noted during the audit, an assessment was made on the adequacy and effectiveness of the Shire of Moora's plans to resolve the matter of non-compliance.

4.3 Asset Management System Review

Specific tasks undertaken included:

- consultation and discussions with the Authority representatives;
- analysis of the Shire of Moora's documented procedures related to its asset management system to determine whether they are consistent with the relevant requirements of its Operating Licence;
- discussions and interviews with key staff of the Shire of Moora;
- observation of processes / procedures and operations;
- analysis of the Shire of Moora's information systems supporting its asset management system;
- technical analysis of a sample of transactions or data relating to the Shire of Moora's asset management system;
- field inspections and observation of work sites relating to the provision of the Shire of Moora's asset management system, and
- where instances of non-compliance with Operating Licence requirements were noted during the review, an assessment was made on the adequacy and effectiveness of the Shire of Moora's plans to resolve the matter of non-compliance.

Note: The review utilised the Asset management Review effectiveness rating scale detailed in the 'Scope and Guidelines for the 2002 Audit of the Local Government Operating Licence holders and Asset Management Review' document.

4.4 Compliance Key

For the Operational Audit, the Licensee was assessed for compliance with the licence requirements against the following scale:

- a. Exceeds minimum requirement
- b. Meets minimum requirement – no improvement needed
- c. Meets minimum requirement – improvement needed
- d. Does not meet the minimum requirement

In cases of non-compliance or where the auditor considers there to be action required (a rating of (c) to (d)), then a comment has been provided on actions required.

For the Asset Management Review, an asset management adequacy matrix was used to assess the effectiveness of the Licensee's asset management system.

5 Period Covered by the Audit/Review

The brief required the audit/review to cover the period from 1st December 2002 to 30th November 2005, as required by the Scope of Works.

On site activities were conducted on the 30th November 2005.

The review also focused on identifying those aspects of the asset management system which may be further strengthened, with the view to providing feedback to the Shire of Moora on the adequacy and effectiveness of the system.

6 Staff Resources

6.1 Shire of Moora Representatives

The following representatives of Shire of Moora participated in the audit and review:

Peter Hass	Environment Health Officer (EHO)
Rob Lennox	Water Corporation Operations Manager

6.2 Audit and Review Team

The Team comprised:

Mark Warner	Lead Auditor
Naomi Hill	Auditor

The following table provides a break up of hours spent on the review:

Task no.	Audit and Review Task	Hours
1	Risk Assessment	1
2	Development and approval of Audit and Review Plan	4
3	Site Visit	5
4	Reporting and Follow-up	5
	Total Hours	15

7 Review of Previous Audit Recommendations

Mr Peter Basanovic's 2003 Operational Audit and Review of Asset Management System was reviewed and there were neither recommendations nor non-compliance issues made documented in this audit report.

8 Operational Audit – Specific Compliance Issues Examined

8.1 Compliance Key

For the Operational Audit, the Licensee was assessed for compliance with the Licence requirements against the following scale:

Excellent:	Exceeds requirements
Good:	Meets requirements
Largely Adequate:	Meets requirements – improvement suggested
Inadequate:	Does not meet the requirement
N/A:	Not applicable

8.2 Shire of Moora Operational Audit Checklist

Operating Licence Clause or Schedule	Specific Compliance Issues/Requirements	Auditee	Activity Compliance	Comments/Remarks	Actions
Clause 2(b) Operating Area Schedule 1	Does the operating area identified in Schedule 1 correspond to the area in which Shire of Moora provides its water services?	Peter Haas	Good	OWR-OA-058/2 (B) Moora	None
Clause 6 Asset Management System	Is there an Asset Management System in place for the water service assets of the Shire of Moora?	Peter Haas	Inadequate	Shire of Moora Wastewater Scheme: Asset Management Plan 15/8/97, no performance records in Appendix E, action plans are out-of-date up to 5 years	AMP needs to be immediately updated
	Have the details of the system, and any changes, been forwarded to the Authority?	Peter Haas	Inadequate	No	Updated and forwarded immediately to the Authority
	Does the system set out the measures to be taken by the Shire of Moora for the proper maintenance of its assets and the undertaking, maintenance and operation of water service works?	Rob Lennox	Excellent	The Shire contracts the management to the Water Corporation. They use SAP which is a maintenance plan. The innovative program "View a Map" is an interactive map with sewerage lines. All work requests then show up on View a Map.	None
	Has the information on maintenance activities been collected and recorded in accordance with documented procedures?	Rob Lennox	Excellent	Sighted SAP. All information is recorded and documented.	None
	Are the procedures understood by staff?	Rob Lennox	Excellent	Yes. Water Corporation staff were interviewed and had a comprehensive understanding of their procedures.	None
Clause 8 Technical Standards	Does the Shire of Moora comply with the technical standards for the provision of and the undertaking, maintenance and operation of Water Services works as	Peter Haas	N/A	N/A	None

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	published in the Government Gazette?				
	Is the Government Gazette readily available and reviewed?	Peter Haas	N/A	N/A	None
Clause 9 Industry Standards	Does the Shire of Moora observe the <i>Severage Code of Australia WSA 02 1999</i> when designing/constructing works?	Peter Haas	N/A	They would, if they had designed or constructed any new works.	None
Clause 10 Accounts	Are the Shire of Moora's accounts consistent with the requirements of the <i>Local Government Act 1995</i> ?	Peter Haas	Good	2004/2005 accounts are externally audited to confirm that they do meet the Act.	None
	Does the Shire of Moora prepare its accounts in a way which enables it to issue an operating statement which accurately describes its income and expenditure in relation to the Water Services provided under the Licence on an accruals basis?	Peter Haas	Good	2004/2005 accounts are externally audited to confirm that they do meet the Licence.	None
Clause 11 Prices or charges	Do the prices and charges set by the Shire of Moora comply with the <i>Health Act 1911</i> and the <i>Local Government Act 1995</i> ?	Peter Haas	Good	Yes. Sighted external audit reports confirming that they meet the Licence.	None
Clause 12 Methods or principles to be applied in the provision of Water Services	How does the Shire of Moora ensure that water services provided on its behalf comply with the terms and conditions of the Licence and relevant legislation?	Peter Haas	Good	Only Council provided wastewater services.	None

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	How does the Shire of Moora ensure that its water services are available for connection on request to any land within the Operating Area?	Peter Haas	Good	Capacity review, etc, done through Building Licence application process. Some lots on the outskirts of town may not be serviced by sewer, therefore won't be connected to deep sewerage.	None
	How does the Shire of Moora ensure that the services it supplies are safe, reliable and financially viable?	Peter Haas	Good	Reliable: No failure or complaints to date indicates reliability. Financially viable: income and expenditure are allowed for in the budget.	None
Clause 14 Specific information to be provided	Has the Shire of Moora informed the Authority within five days of any overflows from wastewater/sewerage infrastructure?	Peter Haas	Inadequate	This information could not be verified.	Provide the annual statistics immediately and ensure that future statistics are provided as per the requirements of the licence.
	If the Authority requested any detailed reports on overflow events, have they been provided within 14 days of the request?	Peter Haas	Inadequate	This information could not be verified.	Provide the annual statistics immediately and ensure that future statistics are provided as per the requirements of the licence.
	Has the Shire of Moora provided the information in Schedule 3 been reported to the Authority within 30 days of the end of each financial year?	Peter Haas	Inadequate	This information could not be verified.	The Shire is required retain all correspondence as evidence to prove if the Authority has received the information. Resend the Schedule if the Authority has not received it.
Clause 15/Schedule 2 Performance Standards	Are customers provided with non-potable water annually notified that the water supplied is not potable?	Peter Haas	Largely adequate	Signs around the sports oval and Customers are notified in local newspaper	Notify Customers about the use of treated effluent on the sports field by sending a notice

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					out with rates.
Overflows	Have 90% or more of customers had no sewerage overflows onto their properties?	Peter Haas	Inadequate	This information could not be verified.	The Shire is required retain all correspondence as evidence to prove if the Authority has received the information. Resend the Schedule if the Authority has not received it.
Blockages	Were there less than 40 blockages per 100 km length of sewer?	Peter Haas	Inadequate	This information could not be verified.	The Shire is required retain all correspondence as evidence to prove if the Authority has received the information. Resend the Schedule if the Authority has not received it.
Emergency response	Has Shire of Moora implemented an emergency telephone number? Do 90% of customers receive advice within one hour of reporting an emergency?	Peter Haas	N/A	Yes. Emergency customer service number is 1800 651103. Nil emergency responses have occurred.	None
Responsiveness to Customer Complaints	Are 90% of written customer complaints resolved within 21 days?	Peter Haas	N/A	No written customer complaints. Staff understand the procedures if they do receive a written complaint.	None
Clause 16 Terms and conditions of customer contracts	Have the Shire of Moora entered into agreements with customers to provide water services?	Peter Haas	N/A	No	None
	If so, have any of the terms and conditions been modified without written approval from the Authority?	Peter Haas	N/A	No	None
Clause 17 Obligations to public authorities and other	Do the wastewater treatment plants operated by the Shire of Moora have the relevant licences from the Department of Environment and are they operated in	Peter Haas	Good	Yes. Sighted annual licence and have been conducting water monitoring.	None

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Licensees	accordance with these licences?				
Clause 18 Consumer Consultation	Have the Shire of Moora held a public meeting or advertised for written submissions prior to making major changes to the operation of the water service?	Peter Haas	N/A	Not made any major changes, therefore no meetings held, but would if there was reason by Chris Nereties: Manager of Retail Services for the Mid West Region.	None
	Does the Shire of Moora allow customers to raise matters of concern regarding the sewerage system at public question time in accordance with the <i>Local Government Act 1995</i> ?	Peter Haas	Good	10 minutes open question time at the beginning of each meeting.	None
Clause 19 Customer Service Charter	Does the Shire of Moora have a “plain English” Customer Service Charter?	Peter Haas	Good	Yes, current updated this year. The Customer Charter needs to be dated with version number as it is a controlled document.	Date the document with last review date and version number so that Customers are aware if it is a current version.
	Does the Charter address all of the service issues reasonably likely to be of concern to its Customers?	Peter Haas	Good	Yes. Sighted the Customer Service Charter	None
	Has the Charter been reviewed within the last three years?	Peter Haas	Good	Yes. Reviewed this year.	None
	Have any changes to the Charter been approved by the Authority?	Peter Haas	Good	Yes. Letter from ERA received by the Shire on the 2/11/05 confirming the approval of customer service.	None
	How does the Shire of Moora make the Charter available to its Customers?	Peter Haas	Largely adequate	Available on demand. Copy in library and electronically.	Display Charter in Shire office and send to customers annually.
	Does the Shire of Moora provide services that are consistent with the Charter?	Peter Haas	Largely adequate	Yes. Except for Charter availability	As above
Clause 20	Is there a system in place for recording, managing and resolving customer	Rob Lennox	Good	Yes. Complaints are dealt with through a work order system (SAP management)	None

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Dispute Resolution	complaints?				
	Are there officers designated to deal with complaints, and are they authorised to settle disputes, including monetary compensation where necessary?	Rob Lennox	Good	Yes. After discussions with the EHO the Water Corporation Operational Manager is designated to deal with all complaints.	None
	Are Customers made aware that they can refer any dispute between themselves and the Shire of Moora to the Water Services Planning Branch of the Department of Water?	Rob Lennox	Excellent	Yes through the Customer Charter and through Shire personnel.	None
	Where complaints are not resolved within 21 days, is the Customer advised of alternative forms of redress?	Rob Lennox	N/A	In Customer Charter, but has not occurred.	None

9 Summary of Operational Audit Findings

Overall, the Shire of Moora's compliance with licence conditions was largely adequate, with seven non-compliances, with Clause 6 and Clause 14 accounting for two and three respectively. The following section details these issues as well as providing some recommendations in regard to corrective action.

9.1 Asset Management System (Clause 6)

There was no current AMP available for review at the time of the audit. The AMP has not been updated since it was produced in 1997.

Recommendation

The Asset Management Plan will need to be updated immediately. Once finalised, all appropriate staff should be notified of the existence of the AMP and of the proper procedures for operations, maintenance and administration of the wastewater treatment system.

9.2 Specific Information to be Provided (Clause 14)

Shire of Moora did not have evidence that Schedule 3 was completed or that the Authority had received the Schedule 3 for the 2004/05 financial year.

Recommendations

Schedule 3 forms are to be submitted within 30 days of the end of the financial year.

Provide the annual statistics immediately and ensure that future statistics are provided as per the requirements of the licence. The Shire is also required to retain all correspondence as evidence to prove that the Authority has received the information. Resend the Schedule if the Authority has not received it.

9.3 Performance Standards – Overflows and Blockages

At the time of the audit, there was no evidence to prove that the Authority received Schedule 3 from the Shire or data to show the quantity of overflows and blockages.

Recommendation

Shire of Moora to inform the Authority of all spills and blockages. The Shire is required to retain all correspondence as evidence to prove if the Authority has received the information. Determine if the Authority has received this information and if not provide the annual statistics immediately to the Authority and ensure future statistics are provided as per the requirements of the licence.

9.4 Performance Standards (Clause 15/Schedule 2)

Treated effluent is used to irrigate the sporting field; however there is no evidence of annual notification to all Customers that the water is not suitable for drinking. The community is aware that non-potable is used by the sporting complex; however it is recommended that a notification about the use of the treated effluent in the sports field be sent out with rates notice.

9.5 Customer Service Charter (Clause 19)

The Charter was reviewed in 2005, so it is due for review in 2008. The Charter also needs to be displayed in a visible area in the Shire of Moora's office and sent annually to customers. As this document is a controlled copy, include last review date and version number so that Customers are aware if it is a current version.

10 Asset Management System Review – Key Outputs and Performance

10.1 Effectiveness Rating Scale

For the Asset Management Review, an asset management adequacy matrix was used to assess the effectiveness of the Licensee’s asset management system. The rating scale uses the following levels:

- Excellent
- Good
- Largely adequate
- Inadequate

10.2 Asset Planning/Creation/Acquisition

Asset creation/acquisition means the provision or improvement of an asset where the outlay can be expected to provide benefits beyond the year of outlay. In the case of major capital expenditure, full project evaluation should be undertaken and life cycle costs assessed.

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Item No.	Test	Comments	Effectiveness
a.	Have the strategic objectives for assets been identified?	The strategic objectives are stated in the Customer Charter and the AMP, although the AMP is out of date (1997) and needs immediate updating.	Largely adequate

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Item No.	Test	Comments	Effectiveness
b.	Have the life cycle costs been considered?	Operation and maintenance costs have been allowed for in the annual budget. The upgrading of the sewerage system has been allowed for via the Sewerage reserve fund.	Good
c.	Has the need for new assets been determined and full project evaluation processes been followed, including comparative assessment of non-asset solutions?	Yes. Sighted in AMP. AMP needs to be updated to reflect the next five years.	Largely adequate
d.	Have documents recording relevant details on the asset been collected?	The Asset Register has not been updated since 1997, and there has been a sewer extension and an effluent reuse system added to the system since then.	Inadequate
e.	Do assets reflect the objectives identified in the asset creation/acquisition phase?	Yes. Sighted in AMP, but may not reflect current requirements. It is also evidenced by lack of complaints.	Largely adequate
f.	Are actual costs as predicted?	Yes. Sighted in AMP actual costs were \$139,591 and budget was \$149,960.	Good

Overall Comment

AMP is no longer considered current. There have been no breakdowns or complaints, so this would indicate that level of assets are adequate for the service required. AMP to be updated immediately.

10.4 Environmental Analysis

Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.

Item No.	Test	Comments	Rating
a.	Have the performance requirements (availability of service, capacity, continuity, emergency response) been documented?	Yes. Current Environmental Policy and website procedures so that all staff can view current requirements.	Good

Item No.	Test	Comments	Rating
b.	Are the asset system objectives documented?	In the AMP, Customer Charter and Water Corporation Manual.	Good
c.	Have the opportunities and threats in the system environment been assessed?	In the AMP, Customer Charter and Water Corporation Manual.	Good
d.	Are regulatory obligations and statutory/regulatory requirements documented?	The asset Management Plan includes the regulatory obligations and statutory requirement details of the scheme with website links to DoE.	Good
e.	Is the asset meeting the level of service required by users of the service?	The AMP includes the level of service requirement for the scheme. Operational results indicate that the assets are meeting performance requirements for overflows	Good
f.	Do the assets meet regulatory requirements?	Yes, meets DoE requirements, Health and Occupational Health and Safety and all satisfied.	Good

Overall Comment

Lack of complaints indicates that the level of service is good.

10.5 Asset Management System Analysis

An asset system analysis examines and documents the system and processes for its effective operations. Operations plans document the knowledge of staff in the operation of the asset. Maintenance plans cover the scheduling and matching of resources to the maintenance task so that work can be done on time and on cost. The maintenance plans should cover preventative and corrective maintenance. Assessment of the asset system analysis components would include examination of the asset register.

Item No.	Test	Comments	Effectiveness
a.	Are the asset system components documented?	Yes. Sighted AMP which is out of date.	Largely adequate

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Item No.	Test	Comments	Effectiveness
b.	Has the asset performance and condition been assessed?	Sighted the AMP (1997); however it needs to be updated as estimated replacement life has been reached for some components.	Largely adequate
c.	Does the asset management plan include an asset register and plans of asset system components?	Yes. Sighted AMP, however out of date.	Largely adequate
d.	Does the register record asset type, location, material and an assessment of assets' physical/structural condition?	Yes. Sighted in AMP, however requires updating.	Largely adequate
e.	Are systems in place to assess asset and practice efficiency?	Yes. A maintenance plan lets staff know when to do inspect and pump efficiency tests	Excellent
f.	Assets assessed for capability and deficiencies of current assets to meet performance requirements?	Yes. SAP. Comprehensive program. It sets out everything to do with operation, maintenance and management (finance, resources).	Excellent
g.	Are practices covering operating rules and maintenance documented?	Yes. Located in SAP (Water Corporation Program).	Excellent
h.	Do maintenance plans cover preventative and corrective maintenance?	Yes. Sighted the Water Corporations Maintenance Schedule which details routine preventative and corrective actions.	Excellent
i.	Are actual assets and human resources appropriate for performance requirements?	As there have been no complaints, the assets resources are adequate for performance requirements by the Water Corporation; however the Shire has not been reviewing the AMP. The Shire (EHO) and Water Corporation are responsible.	Good
j.	Do operation and maintenance practices reflect performance targets?	Yes as there have been no complaints.	Good
k.	Are costs measured and recorded?	Yes using the computer program SAP.	Excellent

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Item No.	Test	Comments	Effectiveness
l.	Is the asset under-utilised?	Yes. Areas of Moora are not sewerage and should be incorporated into the scheme.	Good
m.	Is the level of maintenance justified against replacement cost?	Yes. Capital costs for replacement is much higher than ongoing maintenance costs.	Good
n.	Has the asset been inspected?	Yes. Inspected annually by the Water Corporation and the recommendations are given to the Shire about capital works is required.	Excellent
o.	Is the assets' theoretical life known?	Yes. Sighted AMP	Good
p.	Does the assess management plan enable the prediction of asset deterioration and failure.	Yes, detailed in AMP	Good
q.	Do the maintenance plans and operational plans relate to what is required to achieve the levels of service required of the system?	Yes, as indicated by lack of complaints. A maintenance schedule and register are being implemented.	Excellent

Overall Comment

The Water Corporation is managing the Asset in an innovative manner with the introduction of computer programs. The asset's maintenance and register are well managed and documented by the Water Corporation, however there is a gap where the responsibility for the AMP has not been addressed and has therefore never been updated.

Risk Analysis and Contingency Planning

Risk analysis involves the identification of risk and management within an acceptable level of risk. Contingency plans document the steps to deal with the unexpected failure of an asset.

Item No.	Test	Comments	Effectiveness
a.	Has a risk assessment of assets been conducted?	The Water Corporation has conducted numerous risk assessments where all risks have been identified as low. A risk assessment should be updated in the AMP during the AMP review.	Good
b.	Has the probability and consequences of asset failure have been identified?	The Water Corporation has identified all risks of failure and identified that is no danger to human health. They have also addressed environmental risk which is considered to be low. AMP needs updating to reflect currently practices.	Largely adequate
c.	Are appropriate contingency plans in place?	Yes, sighted the contingency plan which details the emergency response procedure.	Good
d.	Is risk management practiced?	Yes. Water Corporation has conducted risk assessments and detailed how to manage to risks. Staff conduct non-formal risks and are aware of the formal risk assessments conducted. It was observed that the pond area was fenced, however it is inadequate as unauthorized access can still be gained as there is a 30cm gap between the fence and land.	Largely adequate
e.	Where unacceptable risks have been identified have risk control measure been implemented?	As above. However, proposed improvements have been identified for each exposure. It was noted that fences surrounding the sewerage ponds were inadequate as there was a significant gap between the fence and the ground (up to 30 cm) which will not prevent human access into the fenced area.	Largely adequate
f.	Where events that may result in severe consequences have been identified have contingency plans been developed?	The contingency plan and emergency plan has been developed.	Good

Overall Comment

Risk assessments have been undertaken and documented by the Water Corporation. The AMP should be updated to demonstrate a risk assessment of the changed system.

10.6 Financial Planning

The financial planning component of the asset management plan brings together the financial elements of the scheme to ensure its financial viability over the long term. Since capital investments tend to be large and lumpy, projections would normally be expected to cover at least 10 years, preferably longer. Projections over the next five years would be based on firm estimates.

Item No.	Test	Comments	Effectiveness
a.	Does the Financial Plan provide projections of operating statements (profit and loss) and statement of financial position (balance sheets)?	Yes. Could not sight as documentation was with AGM.	Good
b.	Does the financial plan cover the financial objectives and strategies and actions to achieve the objectives?	Yes. Sighted Principal Activities Plan 2004-2009. The objectives and actions have been documented. Long term projections have not been covered.	Good
c.	Does the financial plan identify the source of funds for the capital expenditure plan?	Yes. Sighted Principal Activities Plan 2004-2009. Provides proposed activities and finances	Good
d.	Are the sources of funds for operation, maintenance and administration identified in the financial plan?	Yes. Sighted Principal Activities Plan 2004-2009 Firm income from rates and possible grant funding.	Good
e.	Does the financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period?	Yes. Sighted Principal Activities Plan 2004-2009 Firm income from rates and possible grant funding.	Good
f.	Does the financial plan provide for the operation and maintenance, administration and capital expenditure requirements of the scheme?	Yes. Sighted Principal Activities Plan 2004-2009	Good

Overall Comment

Financial planning is good, although the AMP needs to be updated to reflect current financial planning.

10.7 Capital Expenditure Planning

The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure on each over the next five or more years. This can be expressed as a schedule of projected annual expenditures offset by possible income from asset disposal, supported by documentation of the reasons for the decisions and evaluation of alternatives and options.

Item No.	Test	Comments	Effectiveness
a.	Has a capital expenditure plan been prepared?	Yes. Sighted Principal Activities Plan 2004-2009. Provides proposed activities and finances.	Good
b.	Does the plan cover the issues to be addressed, the actions proposed, the centre of responsibilities, and deadline dates?	No responsibilities or deadline dates have been outlined in the Principal Activities Plan. This information will need to be included in the AMP review.	Largely adequate
c.	Does the plan provide reasons for capital expenditure and timing of expenditure?	The Principal Activities Plan details expenditure and timing, however this information should be included in the AMP.	Largely adequate
d.	Is the capital expenditure plan consistent with the asset life and condition identified in the asset management plan?	Yes. AMP is out of date, however the Water Corporation regularly assess the asset and the capital expenditure plan reflects the current state of the asset	Good

Overall Comment

The AMP needs to be updated to reflect the current capital expenditure plan. Capital expenditure planning is considered good for this asset.

10.8 Review of Asset Management Plan

Review of the asset management plan assists to ensure the effective development and operation of asset management plans.

Item No.	Test	Comments	Effectiveness
a.	Is a review process in place to ensure that asset management plans are kept current?	No.	Inadequate
b.	Are asset management plans being reviewed at appropriate intervals?	No. The AMP has not been reviewed in the appropriate time frame.	Inadequate
c.	Are the asset management plans current?	No. dated in 1997 and is no longer relevant.	Inadequate

Overall Comment

The AMP has not been updated since it was prepared in 1997. The AMP needs to be updated to reflect the current situation.

11 Summary of Asset Management Review Findings

11.1 Introduction

The 2005 Asset Management System audit is the third external assessment undertaken on Moora's asset management system. The purpose of this review was to examine the Asset Management System in light of the recommendations made in the audit of 2002.

The Asset Management Plan was reviewed in 1997. This is a serious short-coming and the Shire must update the AMP as soon as possible.

11.2 Specific Findings and Recommendations from Current Review

11.2.1 Asset Planning/Creation/Acquisition

The existing AMP has not been updated. As a result, no provision has been made for any asset planning, creation and acquisition or how the strategic objectives for the wastewater treatment system may have changed. The Asset Register has not been updated since 1997, and there has been a sewer extension and an effluent reuse system added to the system since then which has been captured in other documentation, however not the AMP.

Recommendation

The Asset Management Plan needs to be updated and forwarded onto the Authority for approval.

Assessment: Largely adequate.

11.2.2 Environmental Analysis

The operating environment is adequately understood, with the service delivery of a good standard. Risk assessments of all external factors affecting the system have been undertaken. As the system is simple and quite small, the main risk of failure is environmental rather than health and safety.

Recommendation

Opportunities and threats need to be assessed and documented.

Assessment: Good

11.2.3 Asset Management System Analysis

Due to the AMP being out of date, this part of the asset management system is quite inadequate.

The Water Corporation is managing the Asset in an innovative manner with the introduction of computer programs. The asset's maintenance and register are well managed and documented by the Water Corporation, however there is a gap where the responsibility for the AMP has not been addressed and has therefore never been updated.

Recommendations

The Asset Management Plan must be updated, including the asset register, and a maintenance schedule and register must be prepared and implemented. The Maintenance Schedule should be developed in conjunction with the Water Corporation to ensure that it is appropriate for the system.

Assessment: Largely adequate.

11.2.4 Risk Analysis and Contingency Planning

Risk assessments have been undertaken and documented by the Water Corporation. The AMP should be updated to demonstrate a risk assessment of the changed system. The ponds are fenced inadequately hence could allow a person to enter the ponds. This could result in a catastrophic failure with the health and safety of unauthorized people entering the restricted area.

Recommendation

Update the AMP to reflect risk assessments and analysis. Redesign the fence to prevent unauthorized entry into the restricted area.

Assessment: Largely adequate.

11.2.5 Financial Planning

The Annual Budget details the operations and maintenance incomes and expenditure, and the Plan of Principal Activities would detail the capital expenditure of any new sewerage works. There is also a 5 year projection of income and expenditure in the annual budget. Financial planning is good, although the AMP needs to be updated to reflect current financial planning.

Recommendation

As part of the AMP review, the financial planning needs to be updated.

Assessment: Largely adequate.

11.2.6 Capital Expenditure Plan

The AMP needs to be updated to reflect the current capital expenditure plan. Capital expenditure planning is considered good for this asset.

Recommendation

As part of the AMP review, the capital expenditure planning needs to be updated.

Assessment: Good.

11.2.7 Review

The AMP should be prepared and submitted to the Authority for review. Customer Charter was prepared in 2005; however as a controlled document it requires a date and version number.

Recommendation

The AMP should be reviewed and updated as soon as possible.

The AMP and Charter should be reviewed every 12 months at the same time as the annual budget, and updated as necessary. They should be updated within every 36 months, thus the Charter is due to be updated next year.

Assessment: Inadequate.

12 References

- Shire of Moora Sewerage Schemes Asset Management Plan 1997
- Shire of Moora Customer Services Charter for Wastewater Services 2005
- Letter from DoE re: Registration Application
- Principal Activities Plan 2004-2009
- Water Corporation's programs SAP and View a Map
- Mr Peter Basanovic's 2003 Operational Audit and Review of Asset Management