



Asset Management System Review Checklist and Summary:

Scope of audit: Asset Management Review:

To assess the effectiveness of the adequacy and effectiveness of the asset management system by evaluating key system processes

CHECKLIST AND SUMMARY:

(For Abbreviations refer to end of table)

REF NO	ASSET MGT SYSTEM ELEMENT	REQUIREMENT	Risk Conseq. Rating	Likelihood Rating	Inherent Risk Rating	EXISTING CONTROLS	Adequacy of Existing Controls	Audit Priority	TESTS TO ASSESS COMPLIANCE / EFFECTIVENESS	FINDINGS	Effectiveness Rating	RECOMMENDATIONS / CORRECTIVE ACTIONS
			Min/Mod/Maj	Likely/Prob/Unlikely	Low/Med/High		Strong/Mod/Weak	1-High 5-Low				
1	Asset Planning	Integration of asset strategies into operational or business plans will establish a framework for existing and new assets to be effectively utilised and their service potential optimised.	Maj	Unlikely	High	<ul style="list-style-type: none"> • RIA Act • 5 Year Management Plan • Exec. Management Meetings • Senior Team Meetings – chaired by CEO • FOU Contract • Asset Management Plan • Budgets 	Strong	2	<ul style="list-style-type: none"> • Interview with Manager Operations & Manager Commercial Operations. • Interview with FOU Contract Manager (TG). • Assess Asset Management Plan. • Operational / Business Plans • Management Meetings Minutes • FOU Contract 	<p>Rottnest Island Management Plan 2003-2008 (RIMP) identifies high level issues facing Rottnest Island (RI) development.</p> <p>Facility, Operation and Utility Management Agreement 2007 (FOU Contract) establishes requirements for an Asset Management Plan.</p> <p>Asset strategies are evaluated in Draft Asset Management Plan, March 2008 (AMP), which includes maintenance, restoration and replacement strategies.</p> <p>Progress and content of AMP reviewed at RIA/TG AMP Meetings (29-2, 11-3-2008)</p>	3	Finalise AMP.
1.1		Planning process and objectives reflect the needs of all stake holders and is integrated with business planning	Mod	Unlikely	Med	<ul style="list-style-type: none"> • 5 Year Management Plan • Exec. Management Meetings • Senior Team Meetings – chaired by CEO • Asset Management Plan 	Strong	4	<ul style="list-style-type: none"> • Assess asset planning process. • Asset Management Plan • Stake-holder survey. 	<p>Review meeting of 22 Jan 2008.</p> <p>FOU Contract includes KPI for stakeholders' satisfaction (FOU Contract Sect 2).</p> <p>RIA Strategic Development Plan 2007/08-2011/12, Sep. 2007 (SDP) addresses planning and objectives and refers to the RIMP in identifying development milestones and sets a KPI of 700 public submissions for 2007-08.</p> <p>Progress and content of AMP reviewed at RIA/TG AMP Meetings (29-2, 11-3-2008)</p>	5	



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1.2		Service levels are defined	Mod	Unlikely	Med	<ul style="list-style-type: none"> • ERA Compliance Manual • Agreement with Asset O & M Manager (FOU Contract) 	Strong	4	<ul style="list-style-type: none"> • Compliance manual • FOU Contract • Performance reports 	Service levels are defined in performance indicators set up in the Electricity Compliance Reporting Manual May 2007 (Compliance Manual), the SDP and the FOU Contract.	5	
1.3		Non-asset options (eg demand management) are considered	Min	Unlikely	Low	<ul style="list-style-type: none"> • FOU Contract 	Moderate	5	<ul style="list-style-type: none"> • Asset Management Plan • FOU Contract 	Responsibility set up in FOU Contract. Options reviewed in: - AMP, - RIA Report for Master Plan Utility Services 2007, GHD (Master Plan).	3	
1.4		Lifecycle costs of owning and operating assets are assessed	Mod	Unlikely	Med	<ul style="list-style-type: none"> • FOU Contract • Asset Management Plan 	Moderate	4	<ul style="list-style-type: none"> • Asset register • Asset Management Plan • FOU Contract 	FOU contract sets responsibilities for costing. Costs evaluated in Draft Asset Management Plan. Historic costs 06-07 in Actual Maintenance record within Transfield's Planned Maintenance 06-07.	4	
1.5		Funding options are evaluated	Min	Unlikely	Low	<ul style="list-style-type: none"> • Capital Works Expenditure Approval • RI Business Plan 	Strong	5	<ul style="list-style-type: none"> • Business case • FOU Contract 	Statement of Corporate Intent 2008-2009 by RIA sets up the high level sources of funding. Funding is controlled through the Financial Management Act, Treasurer Instructions and Treasury requirements. Sources of funding are recorded and approved on the "Request for Capital Works Expenditure" form for each individual capital works expenditure. Reviewed evidence of evaluation in RIA Business Case for Power Generation and Supply January 2008 submitted to the ERC.	5	
1.6		Costs are justified and cost drivers identified	Min	Unlikely	Low	<ul style="list-style-type: none"> • FOU Contract • Asset Management Plan • Capital Works Expenditure Approval • RI Business Plan 	Strong	5	<ul style="list-style-type: none"> • Business case • Management commercial operations • FOU Contract • Asset management plan 	FOU contract sets responsibilities for costing. Budgets provided by TG to RIA on a monthly basis and subject to KPIs. Business Case provides for cost justification (Business Case for Power Generation and Supply January 2008).	4	



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1.7		Likelihood and consequences of asset failure are predicted	Maj	Unlikely	High	<ul style="list-style-type: none"> FOU Contract Asset management Plan 	Moderate	2	<ul style="list-style-type: none"> Risk matrix 	<p>Included in risk matrix (sample) within AMP.</p> <p>Risk likelihood, consequence and rating have been identified in "Capital Works Budget 2007-2008 Final" by TG, dated 2 Apr. 2008 (outside audit period).</p> <p>Risk Management Plan (RMP) by TG is in draft (includes Risk Profile dated May 2007). Activities such as risk management workshop and risk profiling were not complete at the time of the audit.</p>	2	Complete Risk Matrices and Risk Management Plan.
1.8		Plans are regularly reviewed and updated	Mod	Unlikely	Med	<ul style="list-style-type: none"> Executive Meetings Snr Team Meetings FOU Contract 	Strong	4	<ul style="list-style-type: none"> Management review meeting 	<p>FOU contract sets responsibilities for compliance with Electricity Licence requirements, review and reporting.</p> <p>Submission of reports is required annually.</p> <p>Latest issue of Asset Management Plan is at Draft stage and dated Mar. 2008.</p>	3	
2	Asset creation and acquisition	A more economic, efficient and cost-effective asset acquisition framework which will reduce demand for new assets, lower service costs and improve service delivery.	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract 5 Year Management Plan Strategic Development Plan Asset Management Plan 	Strong	5	<ul style="list-style-type: none"> Asset Management Plan Whole of life plan 	<p>Various studies and reports address the state of the assets and the options for future management:</p> <p>Historic evidence:</p> <ul style="list-style-type: none"> - RIMP - Performance Examination, Turning the Tide: The Business Sustainability of the Rottneest Island Authority, Report No. 9, Nov. 2003 by the Auditor General (TTT) <p>Current reports and plans:</p> <ul style="list-style-type: none"> - SDP - AMP - Services Facilities Capital works Budget 2007-09 prepared by T.G. 	4	

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2.1		Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Strategic Development Plan Asset Management Plan Capital Works Expenditure Approval 	Strong	5	<ul style="list-style-type: none"> Asset Management Plan New works procedures Interview 	New projects are reviewed through Business Case preparation. Evidence of evaluation in - RIA Business Case for Power Generation and Supply Jan. 2008 submitted to the ERC, - Business Case for funding Wind Turbine and Low Load Generators (approx. 2006). AMP includes evaluation of alternative strategies.	4	
2.2		Evaluations include all life-cycle costs	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Plant Business Case 	Moderate	5	<ul style="list-style-type: none"> Business plan Historical selection of plan 	Records exist for life-cycle costs for plant and forward estimates are available up to 2012, however business case evaluations did not include all information required: - RI Taskforce Recommendation Business Case Summary and ERC Approval Request (Low Load Diesel Generators) – (approx. 2006) included reference to whole of life costing however no detailed data was seen. - RIA Business Case for Power Generation and Supply Jan. 2008 did not include whole of life costing.	2	Whole of life costing including operating, consumables, maintenance costs should be made available in evaluations.
2.3		Projects reflect sound engineering and business decisions	Maj	Unlikely	High	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Capital Works Expenditure Approval Project Works Expenditure Approval 	Strong	2	<ul style="list-style-type: none"> Asset Management Plan Project Business Case Project Works Expenditure Approval 	Process for expansion/reduction goes through a rigorous process. Viewed documents covering: -Business Case for Low Load Generating Plant procurement, January 2008 -RIA Report for Master Plan Utility Services 2007, GHD	4	
2.4		Commissioning tests are documented and completed	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Asset Register 	Moderate	4	<ul style="list-style-type: none"> Commissioning Test records Risk management Plan 	There was no evidence of commissioning test records for plant installed in the recent past, like the Low Load Generators.	0	Commissioning test records should be procured.

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2.5		Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood	Maj	Unlikely	High	<ul style="list-style-type: none"> Organisational Responsibilities Assignment FOU Contract RI Induction Training Performance Report 	Strong	2	<ul style="list-style-type: none"> Business / Organisation Response FOU Contract Management Plan 	Organisation assigns responsibilities to various functions as evidenced by organisation chart and discussion with RIA CEO, Director Finance and Business Services and Minutes of Senior Management Team Meeting (24 Jan 2008). FOU Contract assigns responsibilities to Contractor for management of those obligations as related to the electricity licence.	4	
3	Asset disposal	Effective management of the disposal process will minimise holdings of surplus and under-performing assets and will lower service costs.	Mod	Unlikely	Med	<ul style="list-style-type: none"> Management Plan (5 Yearly) FOU Contract Asset Management Plan O & M Meetings 	Moderate	4	<ul style="list-style-type: none"> Management Plan (5 Yearly) Asset Management Plan FOU Contract Risk Management Plan 	RIA is governed by state driven asset disposal policy. FOU Contract sets up responsibilities for compliance with asset management requirements.	3	
3.1		Under-utilised and under-performing assets are identified as part of a regular systematic review process	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan O & M Meetings Senior Team Meetings Performance Reports 	Strong	4	<ul style="list-style-type: none"> Asset Management Plan Asset Register Senior Team Meetings 	Records viewed for plant operation, maintenance and performance: - generators' records (Genset history 06-07). - KPI performance reports - Monthly FOU Contract meetings	3	
3.2		The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan O & M Meetings & Reports Failure Reports 	Strong	4	<ul style="list-style-type: none"> Management plan Asset Management plan Operations reports 	Routine reports are produced to highlight performance and required asset management actions: -Services Facilities Capital works Budget 2007-09 provides reasons for level of performance - Plant performance is discussed at monthly FOU Contract meetings.	3	
3.3		Disposal alternatives are evaluated	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Asset Management Plan 	Moderate	5	<ul style="list-style-type: none"> Management plan Asset Management Plan 	RIA is governed by state driven asset disposal policy. A Disposal Plan is noted in the Draft Asset Management Plan, March 2008, however no details are included in the AMP at this point. The Services Facilities Capital works Budget 2007-09 prepared by TG identifies plant that should be replaced.	2	Complete AMP and Disposal Plan.



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3.4		There is a replacement strategy for assets	Maj	Unlikely	High	<ul style="list-style-type: none"> Management Plan (5 Yearly) Strategic Development Plan FOU Contract Asset Management Plan 	Moderate	2	<ul style="list-style-type: none"> Management plan Asset Management Plan 	FOU Contract sets up responsibilities for compliance with asset management requirements. AMP addresses asset replacement strategies, also Services Facilities Capital works Budget 2007-09 prepared by TG.	2	
4	Environmental analysis	The asset management system regularly assesses external opportunities and threats and takes corrective action to maintain performance requirements.	Maj	Unlikely	High	<ul style="list-style-type: none"> Risk Management Plan Strategic Development Plan FOU Contract Asset Management Plan Monthly Executive Meeting (TG) Independent customer surveys Performance reports 	Strong	2	<ul style="list-style-type: none"> Asset Management Plan Operations reports SCADA Reports / Performance Monitoring / KPI's Customer Surveys 	AMP includes risk assessment, a risk management workshop between TG and RIA and a process for determining asset risk profiles. Capital Works Budget for 2007-08 (Sep 2007) by Transfield Services includes risk analysis for major plant. Activities such as risk management workshop and risk profiling were not complete at the time of the audit.	2	Activities such as risk management workshop and risk profiling should be completed.
4.1		Opportunities and threats in the system environment are assessed	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Risk Management Plan 	Moderate	4	<ul style="list-style-type: none"> Hazard assessment Emergency Response Plan Performance Monitoring 	Long and short range opportunities and threats have been and are addressed in: - Rottnest Island Management Plan 2003-2008 (RIMP) - FOU Contract requirements and meetings - Risk Management Plan (Issued May 2007) by TG (Draft) (RMP TG) Activities such as risk management workshop and risk profiling were not complete at the time of the audit.	3	A risk workshop between RIA and TG should be completed.
4.2		Performance standards (availability of service, capacity continuity, emergency response, etc) are measured and achieved	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Network Quality Reliability of Supply Report Performance Reports Performance Review 	Strong	4	<ul style="list-style-type: none"> Performance Reports FOU Contracts 	FOU Contract sets performance standards. KPI reporting: yearly, monthly and quarterly review. Navision job control.	4	
4.3		Compliance with statutory and regulatory requirements	Mod	Unlikely	Med	<ul style="list-style-type: none"> ERA's Electricity Licence Compliance Manual FOU Contract Internal audit 	Strong	4	<ul style="list-style-type: none"> Compliance Manual Process FOU Contracts 	FOU Contract sets responsibilities for compliance, reported as KPI in FOU Contract and AMP. No process was in place yet for monitoring compliance with electricity licence compliance manual.	1	Establish a formal process for assessing and monitoring compliance with the Electricity Licence Compliance Manual.

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4.4		Achievement of customer service levels	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Performance Reports O & M Meetings 	Strong	4	<ul style="list-style-type: none"> Performance Reports Customer Surveys 	FOU Contract stipulates KPIs which are reported yearly, monthly and reviewed quarterly. Reviewed: -Network Quality Reliability of Supply Annual Report 2005/06 - Annual Report 2006 / 2007.	4	
5	Asset Operations	Operations plans adequately document the processes and knowledge of staff in the operation of assets so that service levels can be consistently achieved.	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Operations Plan Operational and Maintenance Procedures Training Plan 	Moderate	4	<ul style="list-style-type: none"> Operations Plan Training records Interview O U Manager (S Clarke) Operations Procedure 	AMP incorporates the planning, detailed plans define operation. Duty statements define staff duties and requirements. Extensive suite of procedures are in place. List of staff competencies was requested but not received.	2	List of staff competencies should be provided.
5.1		Operational policies and procedures are documented and linked to service levels required	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Operations Plan Operational and Maintenance Procedures 	Moderate	4	<ul style="list-style-type: none"> Operations Plan Training records Interview O U Manager (S Clarke) Operations Procedure 	Operational procedures are documented. Operational and performance reporting through FOU Meetings and performance service levels reports.	3	
5.2		Risk management is applied to prioritise operations tasks	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Monthly Executive Meeting (TG) Weekly Operational Meeting Monthly Safety Committee Meeting 	Moderate	4	<ul style="list-style-type: none"> Operations Plan 	Maintenance plans include evaluation of plant status and risks in operation. Capital works budgets include similar evaluation. RMP by TG in draft has an incomplete risk profile for power generation and distribution, needs evaluation of risk and identification of controls. Maintenance response mechanism is escalated based on the job risks, no documentation provided.	1	Work is still in progress: risk profile for power generation and distribution needs evaluation of risk and identification of controls. RMP to be completed.
5.3		Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical / structural condition and accounting data.	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Asset Register 	Moderate	4	<ul style="list-style-type: none"> Asset Management Plan Asset Register 	Sample asset register included in AMP. Asset registers stored in in Navision, previously in spreadsheets. A collection of asset registers is available, however not all registers include the information required: -transformers show age as "old" or "new", no accounting data. - cooling towers are included in the validation register, the asset condition column is blank, no accounting data.	1	Asset registers need to be completed and to reflect a format that satisfies the requirements of the licence.

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5.4		Operational costs are measured and monitored	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Cost Reports 	Strong	4	<ul style="list-style-type: none"> Cost Reports Monthly Reports 	<p>FOU Contract requires reporting of costs. Monthly reports budgeted on "FOU Tungsten Budget 2007-08".</p> <p>Fuel cost measured in "2003-2008 Calculations". Labour and materials measured in "Power and water report for kpis (2)".</p> <p>Monthly costs reported on "Minutes of meeting - FMA Weekly Meeting" (10 Aug 2007, 20 July 2007).</p> <p>No Cost Reports found from TG to RIA since Transfield Services reports.</p> <p>Current FMA Weekly report says that budgets are available but costs to date are not available (11 Jan 08)</p>	2	Reporting of operational costs should be clarified.
5.5		Staff receive training commensurate to their responsibilities	Maj	Unlikely	High	<ul style="list-style-type: none"> FOU Contract O & M procedures process 	Strong	2	<ul style="list-style-type: none"> Operations Plan Training records 	<p>Staff qualifications reviewed by RIA at start of FOU Contract.</p> <p>TG responsible for checking staff competency. Position description available.</p> <p>Reviewed TG's "Competency management & training" Procedure (PRO-ALL-1016-3), enforced by TG HR, records kept in Navision.</p> <p>Operational procedures have facility for staff sign-off as record of training.</p> <p>No record of training, training attendance or competency viewed.</p>	3	Record of competency should be made available.
6	Asset maintenance	Maintenance plans cover the scheduling and resourcing of the maintenance tasks so that work can be done on time and on cost.	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Maintenance Plan (Asset Management System, Navision) 	Strong	4	<ul style="list-style-type: none"> Maintenance Plan Maintenance Records/Register Asset Register 	<p>FOU Contract sets the responsibility to TG.</p> <p>AMP addresses maintenance plan. Maintenance plans available "Tungsten PPM 2008 (Planned Preventative Maintenance Plan)". Historical records available.</p>	3	
6.1		Maintenance policies and procedures are documented and linked to service levels required	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Maintenance Plan Performance monitoring 	Moderate	5	<ul style="list-style-type: none"> FOU Contract Maintenance Procedures / Policies Performance Indicators 	<p>Maintenance policies documented in AMP and reviewed in AMP Meetings between RIA and TG (post audit period). Policy includes reactive, planned and restoration/refurbishment maintenance.</p>	3	



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6.2		Regular inspections are undertaken of asset performance and condition	Mod	Unlikely	Med	<ul style="list-style-type: none"> Asset Management Plan Maintenance Plan 	Strong	4	<ul style="list-style-type: none"> Preventive maintenance plan Maintenance Records 	Inspections are included in maintenance plan. Records exist of inspections.	2	
6.3		Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule	Mod	Unlikely	Med	<ul style="list-style-type: none"> Maintenance Plan Maintenance records & reports Asset Register 	Moderate	4	<ul style="list-style-type: none"> Preventive maintenance plan Maintenance Works Records Interview O U Manager (S Clarke) 	<p>Maintenance plans available "Tungsten PPM 2008 (Planned Preventative Maintenance Plan)". Historical records available.</p> <p>Low level maintenance tasks are not being completed and are being dealt with on a reactive basis (AMP Sect. 2.4)</p>	2	There should be a plan and a timetable to address incomplete low level maintenance tasks.
6.4		Failures are analysed and operational/maintenance plans adjusted where necessary	Maj	Unlikely	High	<ul style="list-style-type: none"> Weekly Operational Meeting Monthly Safety Committee Meeting Incident reports 	Moderate	2	<ul style="list-style-type: none"> Incidents Reports Operations Records Asset Register Interview O U Manager (S Clarke) 	Failures result in operational incident reports and emergency and reactive maintenance. These are recorded in maintenance records.	2	
6.5		Risk management is applied to prioritise maintenance tasks	Min	Unlikely	Low	<ul style="list-style-type: none"> Asset Management Plan Maintenance Plan Risk Assessment (TG) 	Moderate	5	<ul style="list-style-type: none"> Interview O U Manager (S Clarke) Maintenance Works Records 	<p>Risk Management Plan by TG (draft) includes a Risk Profile for the assets, however the profile is not complete.</p> <p>Works budget addresses risks of plant failure. "Capital works budget 2007-08 Final" includes results of risk analysis and is used to prioritise high level tasks.</p> <p>There is no documented process for prioritisation of lower level maintenance tasks, prioritisation is based on personnel expertise.</p>	1	Prioritisation process for maintenance tasks should be documented.
6.6		Maintenance costs are measured and monitored	Min	Unlikely	Low	<ul style="list-style-type: none"> Approved Budget Monthly Budget reports & review Performance indicators 	Strong	5	<ul style="list-style-type: none"> Monthly Budget reports & review Maintenance Cost records Interview O U Manager (S Clarke) 	<p>FOU Contract requires reporting of costs. Monthly reports budgeted on "FOU Tungsten Budget 2007-08".</p> <p>Fuel cost measured in "2003-2008 Calculations". Labour and materials measured in "Power and water report for kpis (2)".</p> <p>Monthly costs reported on "Minutes of meeting - FMA Weekly Meeting" (10 Aug 2007, 20 July 2007).</p>	4	
7	Asset Management Information Systems (MIS)	The asset management information system provides authorised, complete and accurate information for the day-to-date running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards.	Mod	Probable	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Maintenance Plan (Asset Management System, Navision) 	Moderate	4	<ul style="list-style-type: none"> Asset Management System records O & M records SCADA reports Performance reports from O & M Calibration records 	The AMS uses the proprietary Navision system to manage the asset information. Extensive set of records are available which are then used to report on performance and costs.	3	

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7.1		Adequate system documentation for users and IT operators	Mod	Unlikely	Med	• IT access procedure	Moderate	4	• Asset Management System records	Proprietary Navision system is used for asset management system. Documentation is available.	3	
7.2		Input controls include appropriate verification and validation of data entered into the system	Min	Probable	Low	• Calibration • Training procedures • Data entry responsibilities	Moderate	5	• Calibration records • SCADA records	Proprietary Navision system is used for asset management system. Data is compared with historical records. Data entry personnel are trained and responsibilities are identified.	3	
7.3		Logical security access controls appear adequate, such as passwords	Mod	Unlikely	Med	• IT access procedure	Moderate	4	• IT access procedure • Interview O U Manager (S Clarke)	Security access procedure in place, requires account login and password to be authorised.	4	
7.4		Physical security access controls appear adequate	Mod	Unlikely	Med	• Risk assessments • Security procedure	Moderate	4	• Review security facilities • Interview O+U Manager (S Clarke) • Powerhouse Security Procedure	Key lock entry to office and warehouse, padlocks at gates, keys are restricted to authorised personnel. No alarms are in place.	4	
7.5		Data backup procedures appear adequate	Min	Unlikely	Low	• Corporate data backup procedure	Strong	5	• Interview FOU Contract Manager	Data backup carried out by corporate IT and is backed up off-site both by RIA and TG.	4	
7.6		Key computations related to licensee performance reporting are materially accurate	Min	Unlikely	Low	• Computation responsibility • Competency assessment and Training records • Computation procedure	Moderate	5	• Interview O+U Manager (S Clarke)	Calculations are spreadsheet based and have been carried out by 2 independent companies.	4	
7.7		Management reports appear adequate for the licensee to monitor licence obligations	Mod	Unlikely	Med	• FOU Contract • Asset Management Plan • Performance Reports	Moderate	4	• Monthly Management Reports • Performance Reports	FOU requirements for compliance with licence are comprehensive. Management reports would benefit in completeness by checking compliance to Compliance Manual.	2	Management reports should be reviewed to ensure full compliance with requirements of Electricity Licence.
8	Risk Management	An effective risk management framework is applied to manage risks related to the maintenance of service standards	Mod	Unlikely	Med	• FOU Contract • Monthly Executive Meeting (TG) • Weekly Operational Meeting • Monthly Safety Committee Meeting	Moderate	4	• Asset Management Plan • Maintenance Plan (Asset Management System, Navision) • Risk Management Plan	RMP prepared by RIA deal with policy, exec. and senior management responsibilities and generic process for dealing with management of risk. TG's RMP is still in draft form. FOU Contract sets responsibility for RMP on TG, due March 2008.	1	TG's RMP requires to be finalised.
8.1		Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system	Mod	Unlikely	Med	• Asset Management Plan • Risk Management Plan • Strategic Development Plan	Moderate	4	• Asset Management Plan • Asset Risk Assessment Matrix	Policies are expressed in RMP issued by RIA (Apr 2007) which also deals with process for management of risk. A Risk Management Plan (Issued May 2007) by TG (Draft) (RMP TG) exist which appears to pre-date current FOU. FOU Contract sets responsibility for RMP on TG, due March 2008.	2	TG's RMP requires to be finalised.



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			Min/Mod/Maj	Likely/Prob/Unlikely	Low/Med/High		Strong/Mod/Weak	1-High 5-Low				
8.2		Risks are documented in a risk register and treatment plans are actioned and monitored	Mod	Unlikely	Med	<ul style="list-style-type: none"> • Risk Management Plan • Asset Management Plan • Operational Plan • Asset Risk Profile Summary 	Moderate	4	<ul style="list-style-type: none"> • Asset Management Plan • Asset Risk Assessment Matrix • Asset Risk Register 	Risk registers are available in draft and are not complete for power. Risk assessments are included in various documents including: - "Capital Works Budgets" by Transfield and - by T.G.	1	Risk registers and treatment plans to be completed.
8.3		The probability and consequences of asset failure are regularly assessed	Mod	Unlikely	Med	<ul style="list-style-type: none"> • Asset Risk Profile Summary • Capital Works Budget 	Moderate	4	<ul style="list-style-type: none"> • Asset Management Plan • Asset Risk Assessment Matrix • Capital Works Budget 	Assessments of assets listed in Capital Works Budget include likelihood and consequences of failure. AMP is in draft form and does not include this information at present. Status of plant is discussed at regular FOU meetings.	2	Probability and consequences of all asset failure needs to be fully documented.
9	Contingency planning	Contingency plans have been developed and tested to minimise any significant disruptions to service standards.	Maj	Unlikely	High	<ul style="list-style-type: none"> • Risk Management Plan • Asset Management Plan • Asset Risk Profile Summary • Capital Works Budget • Emergency Response Procedure 	Moderate	2	<ul style="list-style-type: none"> • Risk Management Plan • Emergency Response Procedure 	"Emergency Evacuation & Procedures Manual Handbook – Rottneest Island" by PMS deal with evacuation procedures from PMS premises. Operators respond to maintenance calls according to a hierarchy of response, however no written plan was seen to define responsibilities/ priorities/ actions. No emergency plan viewed to address overall response to failures. Various procedures have been viewed, including, - "Electrical Safety Risk Management Control" May 07 by PMS, - "Electrical Access Permit" issued 12/2/08 (post audit period), - "Powerhouse Line isolation Instruction", undated, (draft?).	1	A Contingency Plan is required including emergency plan, emergency response procedures and disaster recovery plan: - an emergency plan dealing with hierarchy of responses / priorities / responsibilities and linking to subordinate procedures, addressing actions in the case of explosion, fire, injury, pole or line down, etc., - a first on site response procedure should be available. Testing of Contingency Plan is required to check its performance and maintain its currency and effectiveness.
9.1		Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	Maj	Unlikely	High	<ul style="list-style-type: none"> • Risk Management Plan • Emergency Response Procedure 		1	<ul style="list-style-type: none"> • Risk Management Plan • Emergency Response Procedure 	Draft AMP March 2008 notes that procedures need to be put in place to deal with emergencies (sec 2.5).	0	Ditto 9. Actions noted in Draft Asset Management Plan will need to be followed up and monitored.



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10	Financial Planning	A financial plan that is reliable and provides for the long-term financial viability of the services.	Mod	Unlikely	Med	<ul style="list-style-type: none"> • 5 Year Management Plan • Exec. Management Meetings • Senior Team Meetings – chaired by CEO • Strategic Development Plan • FOU Contract • Asset Management Plan • Budgets 	Moderate	4	<ul style="list-style-type: none"> • 5 Year Management Plan • Strategic Development Plan • Financial Plan • FOU Contract • Asset Management Plan • Budgets • Capital Works Budget 	The following long term financial plans are available in chronological order: - RIMP 2003-2008 - OFB 2004 - SDP 2008/08-2011/12, Sep 2007 Short Term plans: - Statement of Corporate Intent 2008-09 (draft) - Capital Works Budget 2007-2008 by Transfield - Capital Works Budget 2007-2008 by TG	5	
10.1		The financial plan states the financial objectives and strategies and actions to achieve the objectives	Min	Unlikely	Low	<ul style="list-style-type: none"> • 5 Year Management Plan • Strategic Development Plan • FOU Contract • Budgets 	Moderate	5	<ul style="list-style-type: none"> • 5 Year Management Plan • Strategic Development Plan • Business Plan • Financial Plan 	Defined in Statement of Corporate Intent 2008-09 (draft) and SDP 2008/08-2011/12. Strategies and actions are further defined in Directorate Plans also included in Statement of Corporate Intent 2008-09.	4	
10.2		The financial plan identifies the source of funds for capital expenditure and recurrent costs	Min	Unlikely	Low	<ul style="list-style-type: none"> • Financial procedure 	Moderate	5	<ul style="list-style-type: none"> • Financial Plan 	Statement of Corporate Intent 2008-09 (draft) identifies source of funds and commits funds.	4	
10.3		The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	Min	Unlikely	Low	<ul style="list-style-type: none"> • RI Annual Report 	Moderate	5	<ul style="list-style-type: none"> • Financial Plan 	Statement of Corporate Intent 2008-09 (draft) includes projections of operating statements (profit and loss) and statement of financial position (balance sheets).	4	
10.4		The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period	Min	Unlikely	Low	<ul style="list-style-type: none"> • Strategic Development Plan • Strategic Corporate Plan 	Strong	5	<ul style="list-style-type: none"> • Financial Plan 	Statement of Corporate Intent 2008-09 (draft) includes firm predictions of operating statements (profit and loss) over 2009-2013 and reasonable indicative predictions from 2013 to 2018.	4	
10.5		The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	Mod	Unlikely	Med	<ul style="list-style-type: none"> • Strategic Development Plan • Strategic Corporate Plan • FOU Contract • Asset Management Plan • Budgets 	Strong	4	<ul style="list-style-type: none"> • Financial Plan 	Included in Statement of Corporate Intent 2008-09 (draft). TG provides budgets for operation, maintenance and capital works.	4	

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10.6		Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary	Mod	Unlikely	Low	<ul style="list-style-type: none"> Asset Management Plan Budgets 	Strong	5	<ul style="list-style-type: none"> Budget Reports Monthly O & M Reports (TG to RIA) Monthly Executive Meeting (TG) 	A number of mechanisms are in place to monitor actual/budget income and expenses and define corrective actions: - weekly reports "FMA Weekly briefing" by Transfield (20 Jul 07, 10 Aug 07), and minutes of weekly meetings (16 mar 07; 10 Jul 07). Variations below 10% are dealt within the monthly review, higher variations are subject to a formal process.	4	
11	Capital expenditure planning	A capital expenditure plan that provides reliable forward estimates of capital expenditure and asset disposal income, supported by documentation of the reasons for the decisions and evaluation of alternatives and options.	Mod	Unlikely	Med	<ul style="list-style-type: none"> 5 Year Management Plan FOU Contract Asset Management Plan Capital Works Plan 	Moderate	4	<ul style="list-style-type: none"> Asset Management Plan Capital Works Plan Business Plan 	FOU Contract sets the responsibility for capital works budgets onto contractor, TG (Oct. 2007 on). Prior to Oct 2007, Transfield Services prepared Capital Works Budget for 2007-08 (Sep 2007). AMP by TG addresses capital expenditure plan and asset disposal.	3	
11.1		There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Capital Works Plan 	Moderate	4	<ul style="list-style-type: none"> Asset Management Plan Capital Works Plan 	Transfield Services prepared Capital Works Budget for 2007-08 (Sep 2007) which indicates issues, actions proposed. FOU Contract sets responsibilities.	3	
11.2		The plan provide reasons for capital expenditure and timing of expenditure	Min	Unlikely	Low	<ul style="list-style-type: none"> Asset Management Plan Capital Works Plan 	Moderate	5	<ul style="list-style-type: none"> Asset Management Plan Capital Works Plan 	Capital Works Budget for 2007-08 (Sep 2007) which indicates reasons and timing for works.	3	
11.3		The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	Mod	Unlikely	Med	<ul style="list-style-type: none"> Asset Management Plan Capital Works Plan 	Moderate	4	<ul style="list-style-type: none"> Asset Management Plan Capital Works Plan Asset Management System 	AMP integrates the requirements for asset status, maintenance strategy, asset replacement and capital works. Capital Works budget is based on conditions identified in AMP and other reports: eg. Master Plan.	2	
11.4		There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Asset Management Plan Monthly Executive Meeting (TG) 	Strong	5	<ul style="list-style-type: none"> Capital Works Plan Monthly Executive Meeting (TG) Budget Report 	FOU Contract requires regular review and updates yearly.	4	
12	Review of AMS	Review of the Asset Management System to ensure the effectiveness of the integration of its components and their currency.	Mod	Unlikely	Med	<ul style="list-style-type: none"> FOU Contract Monthly Executive Meeting (TG) Annual review 	Strong	4	<ul style="list-style-type: none"> Asset Management Plan Monthly Executive Meeting (TG) Monthly O & M Reports (TG to RIA) 	FOU Contract requires regular review and updates yearly. Current review evidenced in minutes of meeting between Transfield Services and RIA, and TG and RIA	4	



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12.1		A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Monthly Executive Meeting (TG) Annual review 	Strong	5	<ul style="list-style-type: none"> Interview with O U Manager (S Clarke) Interview with Operations Manager 	<p>FOU Contract requires regular review and updates yearly.</p> <p>Current review evidenced in minutes of meeting between Transfield Services and RIA ,and TG and RIA</p>	4	
12.2		Independent reviews (eg internal audit) are performed of the asset management system	Min	Unlikely	Low	<ul style="list-style-type: none"> FOU Contract Annual review Online access to reporting /monitoring system Internal audits 	Moderate	5	<ul style="list-style-type: none"> Interview with O U Manager (S Clarke) Interview with Operations Manager 	<p>Current review evidence in minutes of meeting between Transfield Services and RIA ,and TG and RIA.</p> <p>AMP provides intent for application of operational audits or compliance audits on assets, procedures and processes (Sec. 2.5). No schedule included.</p> <p>Operational audit carried out on electrical equipment: "Thermographic Analysis", carried out by SGS for TG on 29 Jan 2008.</p>	2	<p>The AMP should include or refer to a schedule for internal audits.</p> <p>Monitor that audits are carried out across the assets and critical processes.</p>

ABBREVIATIONS

AMP = Draft Asset Management Plan, March 2008
AMS = Asset Management System
CEO = Chief Executive Officer
ERC = Expenditure Review Committee
FOU = Facility, Operation and Utility
FOU Contract = Facility, Operation and Utility Management Agreement 2007
O & M = Operation & Maintenance
O U = Operation and Utility
PMS = Programmed Maintenance Services
RI = Rottnest Island
RIA = Rottnest Island Authority

RIMP = Rottnest Island Management Plan 2004
RMP = Risk Management Plan
TG = Tungsten Group

Table 1.