



Shire of Dowerin

Audit Report

Water Licence Operational Audit and Asset Management Review

Final Report
18 February 2009

ABN 53 113 145 636 Liability limited by a scheme approved under Professional Services Legislation

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Executive Summary

INTRODUCTION

The Shire of Dowerin (“the Shire”) has an operating licence issued by the Economic Regulation Authority (“the Authority”) to provide non-potable water supplies and sewerage services in the operating area that is centred on the township of Dowerin, in the Northern Wheatbelt Region of the State of Western Australia.

The Dowerin sewerage scheme was originally constructed during 1980. The scheme is operated by the Shire of Dowerin and includes a gravity reticulation system, two pump stations and rising main, a treatment plant and an effluent re-use scheme. The scheme collects and treats approximately 12,010 KL of residential liquid wastes and re-uses a similar amount less evaporation, on spray irrigation of the town’s ovals.

This audit comprised an Operational Audit of the Shire’s compliance with the licence conditions and a review of the Asset Management System.

The objective of the Operational Audit was to provide an assessment of the effectiveness of measures taken by the licensee to maintain the performance and quality standards referred to in the licence.

The objective of the Asset Management Review was to assess the adequacy and effectiveness of the asset management system in place for the planning, construction, operation and maintenance of the licensee’s assets.

The audit applied a risk-based audit approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The audit covered the three years from the previous audit being 1 December 2005 to 30 November 2008.

CONCLUSION

Operational Audit

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude - the audit team members have gained reasonable assurance that the Shire of Dowerin has complied with the performance and quality standards of its Water Services Operating Licence during the audit period 1st December 2005 to 30th November 2008 apart from:

- Non-reporting of overflows to the Authority within 5 days of its occurrence (and incident reporting generally);
- The 2005/06 performance report being 21 days late and we were unable to determine whether the 2006/07 performance report had been lodged with the Authority. Moreover, as the information for the annual performance reports come from a variety of sources, the performance reporting process needs to be formalised and documentation created to explain where and how to obtain the required information;
- The need to investigate the status of the Department of Environment licence in conjunction with the Department of Water; and
- Also, due to the lack of the complaints recording processes in place, the audit was unable to determine whether there were some complaints actually received over the audit period and only not recorded and subsequently not reported in Schedule 3 and if there were any complaints whether they were resolved in compliance with the relevant performance standards; and

- the Shire of Dowerin lacks formal processes to ensure that documentation is prepared and submitted to the relevant authorities on time and to ensure compliance with the regulatory timeframes.

The previous audit made a recommendation for improvement of the annual performance reporting which is now partially completed. The previous audit recommendations regarding a warning sign for the use of treated water on the sports fields and notification of the customer service charter have been partially completed.

The audit identified a number of other opportunities to improve the strength of internal controls to maintain compliance rather than rely upon key staff to ensure that compliance obligations are being met.

Asset Management Review

The review of the asset management system shows that processes are well-defined and monitored in practice, with the exception of:

- The Risk Assessment needs to be completed using the Risk Assessment Methodology outlined in the AMP and in the Risk Assessment spreadsheet; and
- More detailed contingency plans documenting the steps needed to deal with an unexpected failure of a system, process or procedure need to be developed and tested on an annual basis.

Other opportunities for improvement were identified in respect of:

- Updating the Asset Register for two new pumps added to the system during the 2007/08 financial year;
- Keeping a separate record of blockages re services for the Shire of Dowerin and Shire of Goomalling by the plumber;
- Training to be undertaken by the Shire's maintenance staff; and
- Updating the Asset Management Plan for regulatory reporting requirements and to reflect current contractual arrangements.

Overall, the Asset Management System is appropriate and adequate for the Shire's operations.

The previous Asset Management System (AMS) review recommendations regarding risk analysis and contingency plans are still outstanding; the recommendation regarding review of the AMS was partially completed. Other recommendations concerning environmental analysis, asset management system analysis, financial planning and capital expenditure planning have been completed.

Summary of Issues and Recommendations

The following Licensee Action Plan provides a summary of the issues and recommendations for the operational audit and asset management review with provision for management responses from the Shire of Dowerin. The recommendations include suggested improvements to the existing controls and Asset Management System to improve the effectiveness and reliability of the controls and systems.

SIGN-OFF

We confirm that the Economic Regulation Authority's Audit Guidelines have been complied with in the conduct of this audit and the preparation of the report, and that the audit findings reflect our professional opinion.



GEOFF WHITE
DIRECTOR

18 FEBRUARY 2009

LICENSEE ACTION PLAN

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
1	Operational Audit				
1.1	<p>Incident Reporting (CI.14(a),(b))</p> <p>The Shire reported no overflows for 2005/06 period as per the Schedule 3 Annual Performance Report to the Authority. The 2006/07 Schedule 3 Report was not available for review. The Schedule 3 Annual Performance Report for 2007/08 reported 1 sewerage overflow attributable to a blockage or failure in the licensee's infrastructure. However, as confirmed through discussion with the Shire's EHO the Shire of Dowerin did not report these overflows to the Authority within 5 days of its occurrence.</p>	2	<p>Inform the Authority of any sewerage overflows from wastewater/ sewerage infrastructure, including wastewater treatment plants, pumping stations etc. within five days of their occurrence.</p> <p>Develop and implement a compliance schedule with timeframes for incident reporting noted in the schedule to ensure regulatory timeframes are met in case of overflows occurring.</p>	<p><i>A compliance schedule will be developed and implemented.</i></p>	<p>EHO 31 May 2009</p>
1.2	<p>Annual Performance Reporting (CI.14, Schedule 3)</p> <p>Confirmed that the licensee had produced reports as per the requirements of Schedule 3 of the licence for the 2005/06 and 2007/08 financial years. However, the Shire's EHO was not able to find a copy of the 2006/07 Annual Performance Report. As advised by the Shire's EHO, he was on Long Service Leave at the time the Schedule 3 Annual Performance Report for 2006/07 period was due to be submitted to the Authority and he is not sure whether the report was completed and by whom.</p> <p>Audit noted that although the Annual Performance Report for 2007/08 was submitted within the required time, on 29 July 2008, the 2005/06 report had been submitted late to the Authority on 21 August 2006. There</p>	2	<p>Develop and implement a compliance schedule with timeframes for annual performance report submission included as part of the schedule of events to ensure regulatory timeframes are met. The compliance schedule will also help to meet regulatory timeframes by the replacement staff in case of the Shire's EHO unavailability due to leave or illness.</p> <p>Create documentation to explain where and how to source the required information; and file and keep copies of the source information together with a copy of the Schedule 3 Annual Performance Report to allow easier checking of the validity of the results.</p>	<p><i>A compliance schedule will be developed and implemented.</i></p> <p><i>Documentation explaining where and how to source the required information will be created; and copies of the source information will be filed and kept</i></p>	<p>EHO 31 May 2009</p> <p>EHO 31 May 2009</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>is no system in place to ensure the timely submission of reports and the submission of reports is purely reactionary to the reminder received from the ERA.</p> <p>The information for the reports comes from a variety of sources. However, information as to where and how to source the required data is not documented.</p>			<p><i>together with the Annual Performance Report.</i></p>	
1.3	<p>Obligations to Other Licences Adhered to (CI.17)</p> <p>The Department of Water records show inactive status of the licence, but no indication as to why.</p>	2	<p>Investigate, in conjunction with the Department of Water, the status of the Department of Environment licence and request and retain a copy of the decision indicating the status of the licence.</p>	<p><i>Will be investigated.</i></p>	<p><i>EHO</i> <i>31 March 2009</i></p>
1.4	<p>Customer Complaints (CI.20)</p> <p>The Comments Register exists and is located at the Shire's reception. Upon the review of the register audit noted that no complaint/comment is registered over the audit period. No complaints were reported as per the Schedule 3 report for 2005/06 and 2007/08 period. The 2006/07 report was not available for review.</p> <p>The Shire's EHO advised that all complaints received goes directly to the CEO for resolution and are acted upon promptly, but they are not being recorded in the Complaints Register. Due to the lack of the complaints recording processes in place, the audit was unable to determine whether there were some complaints actually received over the audit period and only not recorded and subsequently not reported in Schedule 3 and if there were any complaints whether they were resolved within the required 21 day period.</p> <p>The Complaints Register should be developed by the Shire, as the Comments Register located at the</p>	2	<p>The Complaint Register should be developed and maintained by the Shire in order to improve internal control over the recording and reporting of complaints (and procedures documented).</p> <p>Each customer complaint received by the Shire and its outcome should be recorded in the Complaints Register in sufficient details in order to be able to ascertain:</p> <ul style="list-style-type: none"> o Date and time the complaint was received; o Name of the complainant; o Who received the complaint; o Method of complaint; o Details of the complaint; o Time from report of the complaint to action; o Details of the action taken; o Name of person authorising; and o Date/ time responded. 	<p><i>The Complaints Register will be developed and maintained by the Shire; and complaints recording and reporting procedures will be documented.</i></p> <p><i>Each customer complaint received by the Shire and its outcome will be recorded in the Complaints Register in sufficient details to reflect the recommendation.</i></p>	<p><i>EHO</i> <i>30 June 2009</i></p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	reception is viewed by the audit more as one of the means of receiving the customer complaints by the Shire.				
1.5	<p>Asset Management System (CI.6)</p> <p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when changes occur to the current system, processes and procedures. The maintenance and capital investment plans shall be revised annually. However, the audit noted that the requirement to notify any changes to the system to the Authority is not stated in the AMP's review procedures.</p> <p>The effectiveness of the Asset Management System is currently being audited and the final report will be provided to the Authority by due date. However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the Asset Management System review was reactionary to a note sent by ERA and not planned.</p>	4	<p>Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe.</p> <p>Develop and implement the compliance schedule with Asset Management System review dates included as part of the schedule of events to ensure regulatory timeframes are met.</p> <p>Note the required timeframes for the notification of the asset management system changes to the Authority in the compliance schedule to ensure regulatory timeframes are met in case of changes occurring in the asset management system.</p>	<p><i>The Monitoring and Review Procedures section of the Asset Management Plan will be updated to reflect the recommendation.</i></p> <p><i>A compliance schedule will be developed and implemented; and the required timeframes for the notification of the asset management system changes to the Authority noted in the schedule to reflect the recommendation.</i></p>	<p><i>EHO</i> <i>31 August 2009</i></p> <p><i>EHO</i> <i>31 May 2009</i></p>
1.6	<p>Operational Audit (CI.7)</p> <p>This performance audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the Operational Audit was reactionary to a note sent by the ERA and not planned.</p>	4	<p>Develop and implement the compliance schedule with Operational Audit dates included as part of the schedule of events to ensure regulatory timeframes are met.</p>	<p><i>A compliance schedule will be developed and implemented.</i></p>	<p><i>EHO</i> <i>31 May 2009</i></p>
1.7	<p>Emergency Telephone Service Operational (CI.15(c))</p> <p>The Shire's Customer Service Charter provides a two hour response time to emergency calls for messages left</p>	4	<p>Update the Emergency Assistance section of the Shire's Customer Service Charter in line with the requirement of the water service licence to provide a response within one hour</p>	<p><i>The Emergency Assistance section of the Charter will be updated at the next review of the</i></p>	<p><i>EHO</i> <i>31 December 2009</i></p>

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	on the answering machine. This is not in compliance with the Water Licence requirement to provide a response within one hour of receiving an emergency call.		of receiving an emergency call.	<i>Charter to reflect the recommendation.</i>	
1.8	<p>Customer Charter (CI.19)</p> <p>The Shire of Dowerin Customer Service Charter has been reviewed in July 2008 and approved by ERA on 23 July 2008.</p> <p>The Authority found that the Shire of Dowerin has submitted their new charter for approval within an acceptable timeframe. However, we did not identify a process in place to ensure that the timeframes would be met. The review and submission of the Customer Service Charter was reactionary to a note sent by ERA and not planned.</p> <p>Audit confirmed through sighting that the charter is prominently displayed at the Shire's reception, and through the discussion with the Shire's EHO that the charter is provided upon request and at no charge to the customers.</p> <p>The Shire's EHO advised that the Shire of Dowerin provides ratepayers with a newsletter every 3 months and the notice advising availability of the Customer Service Charter has been published in one of those newsletters. However, no process is in place to ensure that the Customer Service Charter availability notification will be provided to the Shire's customers on an annual basis.</p>	4	<p>Increase accessibility of the Charter by making the Customer Charter available to customers on the website.</p> <p>Develop and implement the compliance schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory requirements are met.</p> <p>Note the Customer Service Charter annual notification requirement in the compliance schedule to ensure that customers are advised of the availability of the Customer Service Charter on an annual basis.</p>	<p><i>The Customer Service Charter will be made available to customers on the Shire's website.</i></p> <p><i>A compliance schedule will be developed and implemented; and the Customer Service Charter annual notification requirement will be noted in the schedule to reflect the recommendation.</i></p>	<p><i>Finance Manager</i> <i>31 October 2009</i></p> <p><i>EHO</i> <i>31 May 2009</i></p>
2	Asset Management Review				
2.1	Environmental Analysis	2	Upon the investigation of the Department of	<i>The Asset Management</i>	<i>EHO</i>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>Audit noted that the AMP also requires compliance with the Department of Environment Licence Number R1782 issued 21st December 2004. However, the Department of Water records show an inactive status of the licence but no indication as to why. This issue is covered by item 1.3 above,</p> <p>The AMP section on Regulatory Requirements outlining the requirements of the operating licence for the sewerage services needs to be updated in line with the new operating licence issued to the Shire of Dowerin on 6th August 2008.</p>		<p>Environment licence status, the Asset Management Plan should be updated for details of the current Department of Environment Licence (if any).</p> <p>Update the Asset Management Plan in line with the requirements of the new operating licence for the sewerage services issued to the Shire of Dowerin on 6th August 2008.</p>	<p><i>Plan will be updated to reflect the recommendations.</i></p>	<p>31 August 2009</p>
2.2	<p>Risk Management</p> <p>The Risk Management Methodology is outlined in the AMP and some risk events have been identified in the "Mitigation and management Strategies" section of the AMP, but the Risk Assessment excel spreadsheet has not been completed.</p> <p>Also the Risk Assessment excel spreadsheet needs to be updated in line with the new operating licence for the sewerage services issued to the Shire of Dowerin 6th August 2008.</p>	1	<p>Complete the Risk Assessment following the Risk Assessment Methodology outlined in the AMP and in the Risk Assessment excel spreadsheet and consolidate the risks identified.</p> <p>Update the Risk Assessment excel spreadsheet in line with the new operating licence for the sewerage services issued to the Shire of Dowerin 6th August 2008.</p>	<p><i>The Risk Assessment will be completed and the identified risks consolidated to reflect the recommendation.</i></p> <p><i>The Risk Assessment excel spreadsheet will be updated in line with the new water services operating licence.</i></p>	<p>EHO 31 October 2009</p>
2.3	<p>Contingency Plans</p> <p>There are basic contingency planning and procedures outlined in the Risk Management section of the Asset Management Plan, but these are over-reliant on individual knowledge. Contingency plans need to be clear enough for someone not directly involved in the day to day operations to be able to successfully action the plan.</p> <p>More detailed contingency plans documenting the steps</p>	1	<p>Following the risk assessment, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; chlorinator failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc..</p>	<p><i>A set of contingency plans will be developed to cover situations identified in the risk assessment as being a major or significant risk.</i></p> <p><i>The contingency plans will be then reviewed and tested on at least an annual basis or whenever major changes are</i></p>	<p>EHO 31 October 2009</p> <p>EHO 31 October 2009</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>needed to deal with an unexpected failure of a system, process or procedure need to be developed.</p> <p>The contingency plans have not been tested.</p>		<p>The contingency plans should include:</p> <ul style="list-style-type: none"> o Detailed procedures; o Key local contact details – name, number and location; o Communication protocols; o Specifications, location and availability of emergency equipment; and o Authorities that need to be contacted and when. <p>Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</p>	<p><i>required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</i></p>	
2.4	<p>Asset Management Plan and Asset Register</p> <p>The audit noted that 2 new pumps have been purchased and installed during the 2007/08, however the asset register has not been updated yet.</p> <p>Audit noted that Derek Livall is named to be a licensed plumber contracted by the Shire of Dowerin to maintain the sewer assets. However, the Shire's EHO advised that Derek does not maintain the sewer assets any longer and the Shire of Dowerin is now contracting Mark Johnston, licensed plumber employed by the Shire of Goomalling. The name of the licensed plumber contracted by the Shire needs to be updated in the AMP.</p>	3	<p>The Asset Register needs to be updated for two new pumps added to the system during the 2007/08 financial year.</p> <p>The name of the licensed plumber contracted by the Shire needs to be updated in the AMP to reflect the current contractual arrangement.</p>	<p><i>The Asset Register will be updated for two new pumps.</i></p> <p><i>The Asset Management Plan will be updated to reflect current contractual arrangements.</i></p>	<p>EHO 31 October 2009</p>
2.5	<p>Maintenance Plans</p> <p>Sighted plumber's maintenance records and a record of blockages. The plumber employed by the Shire of</p>	2	<p>Separate record of blockages should be kept by the plumber for Shire of Dowerin and Shire of Goomalling.</p>	<p><i>Separate recording of blockages will be developed and kept for Shire of Dowerin and</i></p>	<p>EHO/Plumber 31 May 2009</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>Dowerin is currently also contracted to maintain Goomalling's sewer assets. Noted that the blockages book kept by the plumber contains mixed entries for Shire of Dowerin and Shire of Goomalling. These should be kept separate for each Shire.</p> <p>Audit also noted through the discussion with the maintenance staff, Bob Cooper, that Bob was required to get appropriate Confined spaces qualification in order to be able to clean the pump station well, however as he has not undertaken the training yet, the well is not being maintained at the present.</p>		<p>The Shire of Dowerin maintenance staff should undertake all required training in order to perform their duties in the safe manner and maintain the sewerage system to the highest standard.</p> <p>The Shire of Dowerin should develop and implement a consolidated and up to date training matrix for its staff identifying existing staff competencies as well as identifying future training requirements. The compliance with the identified training requirements and due dates for the training completion should be monitored by the staff supervisor.</p>	<p><i>Shire of Goomalling.</i></p> <p><i>A training matrix for maintenance staff will be set up and the completion of training monitored by the EHO per the matrix.</i></p>	<p><i>EHO</i> <i>31 March 2009</i></p>
2.6	<p>Review of Asset Management Plan</p> <p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when changes occur to the current system, processes and procedures. The maintenance and capital investment plans shall be revised annually.</p> <p>The audit noted that the requirement to notify any changes to the system to the Authority is not stated in the AMP's review procedures. This issue is already covered by the Recommendation 1.5.</p> <p>The back page of the AMP contains "Document Status" table that outlines the revision number, the author, the reviewer, and who approved the AMP for issue and when. The table notes that the AMP was approved for issue on 31/01/07, however, on the front page of the AMP is stated June 2007. This suggests that either the "Document Status" has not been updated or some confusion exists as to the latest date of issue. Moreover,</p>	2	<p>The Asset Management Plan should be reviewed in more frequent intervals i.e. annually and reissued when changes occur. Accompanying excel spreadsheet should be updated during the year as required and revised annually.</p> <p>Keep track of all reviews of the Asset Management Plan.</p> <p>Ensure the "Document Status" table is updated every time change to the Asset Management Plan occur and the Asset Management Plan is reissued.</p> <p>Modify the "Document Status" table to include a brief description of changes to the document from the previous version is recommended.</p> <p>Update the sections of the Asset Management Plan identified by the operational audit and the</p>	<p><i>AMP is generally reviewed in April of each year in the development of the following annual Shire budget.</i></p> <p><i>The track of all reviews of the AMP will be kept by the Shire.</i></p> <p><i>The 'Document Status' table will be updated every time the Asset Management Plan is reissued; and the table will be modified to include a brief description of changes from previous version.</i></p> <p><i>The sections of the Asset</i></p>	<p><i>EHO</i> <i>30 April 2009</i></p> <p><i>EHO</i> <i>31 August 2009</i></p> <p><i>EHO</i></p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>the users of the AMP could benefit from a brief description of changes to the document from the previous version.</p> <p>The Monitoring and Review Procedures in the AMP suggest review of the AMP in five yearly intervals and the maintenance and capital investment plans shall be revised annually.</p> <p>The "Document Status" table does not provide for recording details about routine reviews of the document that do not escalate into the reissue of the AMP.</p> <p>The operational audit and asset management system review identified that some sections of the AMP need to be updated to reflect current practices such as:</p> <ul style="list-style-type: none"> o Update the AMP for details of the current Department of Environment Licence; o Update the AMP in line with the requirements of the new operating licence for the sewerage services issued to the Shire 6/8/2008; and o Update the name of the licensed plumber contracted by the Shire to reflect current contractual arrangements. 		asset management system review as requiring amendment.	<p><i>management Plan identified as requiring amendment will be updated to reflect the recommendation.</i></p>	31 August 2009

1. Background

The Shire of Dowerin (“the Shire”) has an operating licence issued by the Economic Regulation Authority (“the Authority”) to provide non-potable water supplies and sewerage services in the operating area that is centred on the township of Dowerin, in the Northern Wheatbelt Region of the State of Western Australia.

The Dowerin sewerage scheme was originally constructed during 1980. The scheme is operated by the Shire of Dowerin and includes a gravity reticulation system, two pump stations and rising main, a treatment plant and an effluent re-use scheme servicing 163 residential and 14 non-residential properties. The scheme collects and treats approximately 12,010 KL of residential liquid wastes and re-uses a similar amount less evaporation, on spray irrigation of the town’s ovals.

The scheme consists of gravity mains and 1 short 100m pressure main. The primary and secondary treatment ponds have a storage capacity of 2,300m³ and the irrigation dam has a capacity of more than 10,000m³ as this pond caters for storm water run-off. It is not possible for this pond to overflow.

The Shire was initially granted an Operating Licence under the Water Services Coordination Act 1995 by the Western Australian Coordinator of Water Services on the 29th of April 1996 for the operation of water services (sewerage) at Dowerin. The licence was renewed by way of substitution, on the 21st of May 1997 and 14th of June 2002. On the 30th of November 2004 the Economic Regulation Authority took over the responsibility of licence monitoring and issued by way of substitution a replacement licence.

In the Economic Regulation Authority’s Decision on Review of Water Services Licences – Amendment to all Water Operating Licences and the release of the Final Water Compliance Reporting dated 6th August 2008, the Authority approved the amendment by substitution of all water operating licences in line with the new form water operating licence template and approved the final form of the Water Compliance Reporting Manual. This licence amendment, however, had not been considered in conducting the operational audit and the asset management system review as yet. The operational audit and the asset management system review have been conducted against the previous licence conditions, as this was what was quoted on at 25th July 2008 before the new compliance manual and licences came into effect, and also as the Shire may not have had enough time to prepare for the revised conditions.

2. Audit Approach

2.1 OBJECTIVES AND SCOPE

2.1.1 Operational Audit

The objective of the Operational Audit was to provide an assessment of the effectiveness of measures taken by the licensee to maintain the performance and quality standards referred to in the licence.

The audit applied a risk-based audit approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The scope of the audit covered the following:

- Risk assessment – the risks posed by non-compliance with the licence standards and development of a risk-based audit plan to focus on the higher risk areas, with less intensive coverage of medium and low risk areas;
- Process compliance - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- Outcome compliance – the actual performance against standards prescribed in the licence throughout the audit period;
- Output compliance – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- Integrity of performance reporting – the completeness and accuracy of the performance reporting to the Authority; and
- Compliance with any individual licence conditions – any specific requirements imposed by the Authority or specific issues for follow-up that are advised by the Authority.

2.1.2 Asset Management Review

The objective of the Asset Management Review was to assess the adequacy and effectiveness of the asset management system in place for the planning, construction, operation and maintenance of the licensee's assets.

The scope of the review covered the following:

- the adequacy of the asset management system by considering the outputs of the system such as the operations and maintenance plans, financial plans and asset registers; and
- the effectiveness of the asset management system by considering the systems established for the planning, construction, operation and maintenance of works.

The review identified areas where improvement is required and recommended corrective action as necessary.

2.2 AUDIT PERIOD AND TIMING

The audit covered the period since the previous three-yearly audit, namely 1 December 2005 to 30 November 2008. The field audit visit was conducted on 16 December 2008.

2.3 LICENSEE'S REPRESENTATIVES PARTICIPATING IN THE AUDIT

- Linton Thomas - Environmental Health Officer (EHO)
- Rex Adams – Deputy Chief Executive Officer (DCEO)

- Mark Johnston - Plumber
- Bob Cooper – Maintenance Staff
- Pam Scott – Executive Support Officer

2.4 KEY DOCUMENTS EXAMINED

- Shire of Dowerin Operating Licence dated 30/11/2004;
- Shire of Dowerin Water Services Operating Licence dated 6/8/2008;
- Decision on Review of Water Services Licences – Amendment to all Water Operating Licences and the release of the Final Water Compliance Reporting Manual dated 6th August 2008;
- Dowerin Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-030;
- Shire of Dowerin Sewerage Scheme Plans;
- Shire of Dowerin 2005 Operational Audit and Asset Management System Review Final report (dated January 2006) for the period December 2002 to November 2005;
- Shire of Dowerin 2005 Operational Audit Post-Audit Implementation Plan;
- Shire of Dowerin Customer Charter for Wastewater Services reviewed July 2008;
- Economic Regulation Authority Approval of Shire of Dowerin Customer Service Charter dated 23 July 2008;
- Shire of Dowerin 2007/2008 Annual Financial Statements;
- Shire of Dowerin Strategic Plan 2009-2011;
- Shire of Dowerin 2008-2009 Budget;
- Shire of Dowerin Minutes of the Budget Meeting of Council held on 15th July 2008;
- Shire of Dowerin Asset Management Plan Sewerage and Effluent Reuse Scheme Assets dated June 2007;
- Shire of Dowerin Waste Water Assets Management System – Asset Register excel spreadsheet;
- Shire of Dowerin Waste Water Assets Management System – Asset Condition and Performance excel spreadsheet;
- Shire of Dowerin Waste Water Assets Management System – Risk Assessment excel spreadsheet;
- Shire of Dowerin Waste Water Assets Management System – Financial Management excel spreadsheets;
- Shire of Dowerin Waste Water Assets Management System – Maintenance Management excel spreadsheets;
- Dowerin Re-use Water Scheme – Water Sampling 2008;
- Shire of Dowerin Annual Performance Report (Schedule 3) to the Authority for the period 2005/06 dated 21st August 2006;
- Shire of Dowerin Annual Performance Report (Schedule 3) to the Authority for the period 2007/08 dated 29th July 2008;
- Shire of Dowerin Comments Register.

2.5 COMPLIANCE RATINGS

The Shire's compliance with the licence obligations was assessed using the following compliance ratings.

NAME	RATING	DESCRIPTION
FULLY COMPLIANT	5	Compliant - no further action required
COMPLIANT	4	Compliant apart from minor issues and recommendations
PARTIALLY COMPLIANT	3	Meets minimum requirements in most areas but improvements are required to maintain compliance
NON-COMPLIANT	2	Does not meet minimum requirements
SIGNIFICANTLY NON-COMPLIANT	1	Significant weaknesses and/or serious action required

2.6 EFFECTIVENESS RATINGS

The effectiveness of key processes in the asset management system was assessed using the following effectiveness ratings.

NAME	RATING	DESCRIPTION
Continuously improving	5	Continuously improving organisation capability and process effectiveness
Quantitatively controlled	4	Measurable performance goals established and monitored
Well-defined	3	Standard processes documented, performed and coordinated
Planned and tracked	2	Performance is planned, supervised, verified and tracked
Performed informally	1	Base practices are performed
Not performed	0	No process in place

2.7 AUDIT TEAM AND HOURS

CONSULTANT	POSITION	HOURS
Geoff White	Partner	1
Shane Gallagher	Manager	7
Andrea Stefkova	Senior Consultant	7
	Total	15

3. Operational Audit

The preliminary risk assessment included in the Audit Plan was reviewed and updated in the course of the audit and a compliance rating using the scale in section 2.5 was assigned to each obligation under the licence, as shown in Section 3.1.

Section 3.2 provides details of the current status of key recommendations from the previous audit.

Section 3.3 provides further details of the systems and the compliance assessment for each obligation.

3.1 SUMMARY OF COMPLIANCE RATINGS

The audit assessment of the compliance ratings for each licence condition is shown in the table below.

Operating area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=partially compliant, 4= compliant, 5=fully compliant)				
						1	2	3	4	5
SERVICE DELIVERY										
Water services in designated areas	Cl.2(b), Sch.1	1	C	Low	Strong					✓
Availability / connection of services	Cl.12(b)	2	C	Medium	Strong					✓
Adherence to Regulation	Cl.5	N/A	N/A	N/A	N/A					
Asset Management System	Cl.6	2	C	Medium	Moderate				✓	
Operational Audit	Cl.7	2	C	Medium	Moderate				✓	
Adherence to Technical Standards	Cl.8	N/A	N/A	N/A	N/A					
Adherence to industry codes	Cl.9	2	C	Medium	Strong					✓
Accounting records up to standard	Cl.10	2	C	Medium	Strong					✓
Pricing/charges adhere to legislation	Cl.11	2	C	Medium	Strong					✓
Obligations to other licences adhered to	Cl.17	2	C	Medium	Weak		✓			
Emergency telephone service operational	Cl.15(c)	3	C	High	Moderate				✓	
Customer service standards	Cl.15(d)(e)	3	B	High	Moderate				✓	
Non potable water – health directions	Cl.15(b)	3	B	High	Strong					✓
Services by agreement	Cl.16	2	B	Medium	Strong					✓
Contractors maintenance of standards	Cl.12(a)	3	B	High	Strong					✓
CUSTOMER SERVICE										
Customer complaints	Sch.20	2	B	Medium	Weak		✓			
Customer Charter	Sch.19	2	C	Medium	Moderate				✓	
Customer consultation	Sch.18	2	C	Medium	Strong					✓
PERFORMANCE MONITORING										
Customer survey	Cl.21	N/A	N/A	N/A	N/A					
Incident reporting	Cl.14(a)(b)	2	B	Medium	Weak		✓			
Annual performance reporting	Cl.14(c), Sch.3	2	B	Medium	Weak		✓			
Compliance with reporting standards	Cl.15(a), Sch.2	2	B	Medium	Moderate				✓	
INDIVIDUAL STANDARDS	N/A									

3.2 PREVIOUS AUDIT RECOMMENDATIONS

The status of the key recommendations in the previous audit report issued in January 2006 is summarised below.

Item No.	Recommendation	Action Taken	Closed
1	<p>Customer Service Charter (CI.19)</p> <p>Display Charter in Shire office and send to customers annually.</p>	<p>The Shire of Dowerin Customer Service Charter has been reviewed in July 2008 and approved by ERA on 23 July 2008.</p> <p>Sighted the Customer Service Charter and ERA's approval of the charter.</p> <p>Audit confirmed through sighting that the charter is prominently displayed at the Shire's reception, and through the discussion with the Shire's EHO that the charter is provided upon request and at no charge to the customers.</p> <p>The Shire's EHO advised that the Shire of Dowerin provide ratepayers with a newsletter every 3 months and the notice advising availability of the Customer Service Charter has been published in one of those newsletters. However, no process is in place to ensure that the Customer Service Charter availability notification will be provided to the Shire's customers on an annual basis.</p> <p><i>The audit made a recommendation to improve the Shire's internal control over the Customer Service Charter annual notification. See Licensee Action Plan (item 1.8).</i></p>	Partially Completed
2	<p>Specific Information to be provided (CI.14)</p> <p>2004/05 Schedule 3 to be filled and submitted as soon as possible. Schedule 3's to be submitted within 30 days of the end of the financial year.</p>	<p>Unable to locate a copy of the 2004/05 annual report. Confirmed that the licensee had produced reports as per the requirements of Schedule 3 of the licence for the 2005/06 and 2007/08 financial years. However, the Shire's EHO was not able to find a copy of the 2006/07 annual performance report. As advised by the Shire's EHO, he was on Long Service Leave at the time the Schedule 3 Annual Performance Report for 2006/07 period was due to be submitted to the Authority and he is not sure whether the report was completed and by whom.</p> <p>Audit noted that although the Annual Performance Report for 2007/08 was submitted within the required time, on 29 July 2008, the 2005/06 report has been submitted to the Authority on 21 August 2006. There is no system in place to ensure the timely submission of reports and the submission of reports is purely reactionary to the reminder received from the ERA.</p> <p>The Shire reported no overflows for 2005/06 period as per the Schedule 3 Report The Schedule 3 Report for 2007/08 reports 1 sewerage overflow attributable to a</p>	Partially Completed

Item No.	Recommendation	Action Taken	Closed
		<p>blockage or failure in the licensee's infrastructure. However, as confirmed through discussion with the Shire's EHO the Shire of Dowerin did not report this overflow to the Authority within 5 days of its occurrence.</p> <p><i>The audit made a recommendation to improve the Shire's internal control over the Shire's Annual Performance Reporting and Incidents Reporting. See Licensee Action Plan (items 1.1 & 1.2).</i></p>	
3	<p>Performance Standards (Cl. 15)</p> <p>Notification about the use of treated effluent on the sports field should be sent out with the rates notices and signs erected.</p>	<p>Confirmed through sighting that warning signs that "water supplied is not suitable for drinking" have been erected on the sports field. <i>Considered adequate.</i></p>	Completed

3.3 AUDIT RESULTS AND RECOMMENDATIONS

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
Cl.2(b), Sch.1	<p>Water Services In Designated Areas</p> <p>The Licence permits the provision of Water Services within the Operating Areas described in Schedule 1 subject to compliance with the requirements of the Licence.</p>	5	<p>Maps are kept with the location of all assets related to the waste water services provided by the Shire of Dowerin in the town of Dowerin. These were compared with the operating area described in Schedule 1 (Plan No.: OWR-OA-030) of the Licence. All assets were found to be well within the specified operating area.</p> <p>Sighted Plan No.: OWR-OA-030 and Shire of Dowerin Sewerage Scheme Plans.</p>	5 Fully compliant
Cl.12(b)	<p>Availability and Connection of Services</p> <p>The Licensee shall ensure that its Water Services are available for Connection on request to any land situated in the Operating Area, subject to the applicant meeting any reasonable conditions the Licensee may determine to ensure safe, reliable and financially viable supply of services to land in the Operating Area in accordance with this Licence and any relevant legislation. Satisfactory compliance with the conditions of Connection is an essential requirement of gaining approval to connect to the Licensee's schemes.</p>	4	<p>The process of connecting to the Shire's services is outlined in the Shire's Customer Service Charter.</p> <p>According to the Shire's Asset Management Plan (AMP) and as discussed with Shire' EHO, the long term projections are that there will be a limited increase in population and expected future demand for sewerage services can be met by the existing system.</p>	5 Fully compliant
Cl.5	<p>Adherence to Regulation</p> <p>The Licensee shall comply with Regulations prescribing standards of service made under section 61 of the Act.</p>	4	No regulations had been published at the time of the audit.	N/A
Cl.6	<p>Asset Management System</p> <p>(a) The Licensee is to –</p> <p>(i) provide for an asset management system in</p>	4	<p>The Shire's AMP has been updated in June 2007.</p> <p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when changes occur to the current system, processes and procedures.</p>	4 Compliant with minor issues

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
	<p>respect of the Licensee's Water Service Assets;</p> <p>(ii) notify details of the system and any changes to it to the Authority; and</p> <p>(iii) not less than once in every of 36 months (or such longer period as the Authority allows), provide the Authority with a report by an independent expert acceptable to the Authority as to effectiveness of the system.</p> <p>(b) The asset management system is to set out the measures to be taken by the Licensee for the proper maintenance of Assets used in the provision of Water Services and for the undertaking, maintenance and operation of Water Services works.</p> <p>(c) The Licensee is to undertake, maintain and operate its Water Services Works in accordance with the processes set out in the asset management system.</p> <p>(d) The scope of the asset management system report under paragraph (a)(iii) will be set by the Authority.</p>		<p>The maintenance and capital investment plans shall be revised annually. However, the audit noted that the requirement to notify any changes to the system to the Authority is not stated in the AMP's review procedures.</p> <p>The effectiveness of the Asset Management System is currently being audited and the final report will be provided to the Authority by due date. However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the Asset Management System review was reactionary to a note sent by the ERA and not planned.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Update the Monitoring and Review Procedures section of the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within the required timeframe. ▪ Develop and implement a compliance schedule with Asset Management System review dates included as part of the schedule of events to ensure regulatory timeframes are met. ▪ Note the required timeframes for the notification of the asset management system changes to the Authority in the compliance schedule to ensure regulatory timeframes are met in case of changes occurring in the asset management system. (Action Plan item 1.5) 	
CI.7	<p>Operational Audit</p> <p>(a) The Licensee is to, not less than once in every period of 36 months (or such longer period as the Authority allows), provide the Authority with an Operational Audit conducted by an independent expert acceptable to the Authority.</p>	4	<p>This performance audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the Operational Audit was reactionary to a note sent by the ERA and not planned.</p>	4 Compliant with minor issues

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
	(b) An Operational Audit is an audit of the effectiveness of measures taken by the Licensee to maintain any quality and performance referred to in the License and applied to the Licence including those standards prescribed under section 33 of the Act.		Recommendation: <ul style="list-style-type: none"> Develop and implement a compliance schedule with the Operational Audit dates included as part of the schedule of events to ensure regulatory timeframes are met. (Action Plan item 1.6) 	
Cl.8	Adherence to Technical Standards The Licensee is to comply with the technical standards for the provision of Water Services; and the undertaking, maintenance and operation of Water Services works; published by the Authority in the <i>Government Gazette</i> .	N/A	No relevant technical standards had been published in the <i>Government Gazette</i> at the time of the audit.	N/A
Cl.9	Adherence to Industry Codes The Licensee shall observe the <i>Sewerage Code of Australia WSA 02 1999</i> in the design and construction of sewerage systems.	4	The sewer system was built to appropriate standards when constructed during 1980. Confirmed though discussion with the Shire's EHO that apart from replacing 2 pumps, no changes were made to the sewerage systems since the previous audit. The EHO is aware of the Code.	5 Fully compliant
Cl.10	Accounting Records – Prepared to Standard Consistent with the accounting requirements of the <i>Local Government Act 1995</i> , the Licensee shall 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.	4	Each year the Shire of Dowerin prepares a comprehensive Annual Report for the whole of the Shire, which is independently audited by a certified auditor. Audit sighted the Shire's Financial Report for the year ended 30 th June 2008 including an Independent Audit Report that confirmed the financial reports are in accordance with the Local Government Act, the Local Government Financial Management Regulations, applicable Accounting Standards and other mandatory professional reporting requirements and represent fairly the financial position of the Shire of Dowerin as at 30 June 2008 and the results of its operations and cashflow for the year ended on that date. The Shire's Financial Management Information System (FMIS) has the ability to produce operating statements as per the Water	5 Fully compliant

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
			Services licence requirements.	
Cl.11	Pricing and Charges – Adhere to Legislation In setting prices or charges for services to Customers the Licensee shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995.	4	The Sewerage Scheme Rates for 2008/2009 were approved during the Dowerin Council Budget Meeting held on the 15 th July 2008 as evidenced in the minutes for that meeting. Prices and charges are listed for each class of customer.	5 Fully compliant
Cl.17	Obligations to Other Licences Adhered to Wastewater treatment plants operated by the Licensee shall have relevant Licences from the Department of Environment and be operated in compliance with those Licences.	4	The Department of Water records show inactive status of the licence, but no indication as to why. Audit recommends to: Investigate, in conjunction with the Department of Water, the status of the Department of Environment licence and request and retain a copy of the decision indicating the status of the licence for future reference. (Action Plan item 1.3)	2 Non compliant
Cl.15(c)	Emergency Telephone Service Operational The Licensee shall implement an emergency telephone system so a Customer can report an emergency and receive advice within one hour of the action to be taken by the Licensee. An emergency is an event which causes, or threatens to cause, harm to people, the environment or property.	2	The Customer Service Charter provides a section on emergency assistance which states the following: <i>“The Shire maintains a 24-hour call diversion service or commercial emergency telephone service for emergency events, such as an overflow from a sewer. On the majority of occasions the telephone contact number will result in contact being made directly with a person authorised to attend to the problem. Should the number be unmanned for any reason a message left on the answering machine will be responded to within two hours.”</i> The Shire's Customer Service Charter provides a two hour response time to emergency calls for messages left on the answering machine. This is not in compliance with the Water Licence requirement to provide a response within one hour of receiving an emergency call. However, as confirmed through the discussion with the Shire's EHO the emergency calls received by the Shire are being	4 Compliant with minor issues

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
			<p>responded to within one hour. Only one emergency call has been reported in the 2005/06 period as per Schedule 3 annual performance report, which was responded to within 1 hour of its receipt. The 2006/07 Schedule 3 report wasn't available for review and no emergency calls were reported for the 2007/8 period.</p> <p>The emergency customer service telephone number is provided in the charter.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> Update the Emergency Assistance section of the Shire's Customer Service Charter in line with the requirement of the water service licence to provide a response within one hour of receiving an emergency call. (Action Plan item 1.7) 	
Cl.15(d), Cl.15(e)	Customer Service Standards The Licensee shall maintain and operate its sewerage scheme so that sewerage does not overflow on Customers' properties. The Licensee shall maintain and operate its sewerage scheme so that sewer blockages are minimised.	1	<p>The Shire reported 2 sewerage blockages and no overflows for the 2005/06 period. The 2006/07 Schedule 3 report was not available for review. The Schedule 3 report for 2007/08 reported 2 blockages and 1 sewerage overflow attributable to a blockage or failure in the licensee's infrastructure.</p> <p>The blockages occur mainly as a result of tree roots invading the pipe lines. This is being monitored by the Shire's plumber and the problem areas are cleared on an annual basis.</p>	4 Compliant with minor issues
Cl.15(b)	Non-potable Water – Health Directions The Licensee shall provide annual notification to all Customers provided with non-potable water that the water supplied is not suitable for drinking.	1	<p>The scheme re-uses treated wastewater on spray irrigation of the sports field that is operated by the Shire of Dowerin. The Shire of Dowerin does not provide any other customers with the non-potable water.</p> <p>Confirmed through sighting that warning signs that "water supplied is not suitable for drinking" have been erected on the sports field.</p>	5 Fully compliant

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
Cl.16	<p>Services by Agreement</p> <p>The Licensee may enter into agreements with Customers to provide Water Services.</p> <p>The Licensee may not enter into an agreement with a Customer that excludes, modifies or restricts the terms and conditions of the Licence without the prior written approval of the Authority.</p>	<p>4</p>	<p>The process of connecting to the Shire's services is outlined in the Shire's Customer Service Charter.</p> <p>Applications for wastewater services connections should be made at the Shire's business office. These applications must be accompanied by the related building plans. However, no formal application form is required to be completed. The plumber is asked to visit the premises and certify the sewerage connection.</p> <p>As per the Schedule 3 Reports, the number of residential sewerage connections increased from 162 in 2006 to 163 in 2008 and the number of non-residential connections declined from 23 in 2006 to 14 in 2008.</p> <p>Audit confirmed through discussion with the Shire's EHO that no customer agreements are in place and that Shire did not enter into any agreement with a customer that excludes, modifies or restricts the terms and conditions of the Licence.</p>	<p>5</p> <p>Fully compliant</p>
Cl.12(a)	<p>Contractors Maintenance of Standards</p> <p>Notwithstanding the engagement of any person or persons to provide Water Services on its behalf, the Licensee remains responsible to ensure those services comply with the terms and conditions of the Licence and with the relevant legislation.</p>	<p>2</p>	<p>All Water Services are provided in-house. The AMP stipulates roles and responsibilities for staff with respect to the ongoing operation of the Dowerin Sewerage Scheme.</p>	<p>5</p> <p>Fully compliant</p>
Cl.20	<p>Customer Complaints</p> <p>The Licensee shall establish a system for recording, managing and resolving within 21 days Complaints by Customers regarding a provided or requested water service, or for matters which must be considered by Council, within 7 days after the first ordinary Council meeting following the expiry of the 21 day period.</p> <p>To ensure the effectiveness of such a process the</p>	<p>4</p>	<p>The Customer Service Charter outlines process in regards to enquiries, suggestions, complaints and disputes.</p> <p>The Comments Register exists and is located at the Shire's reception. Upon review of the register, Audit noted that no complaint/comment was registered over the audit period. No complaints were reported as per the Schedule 3 report for 2005/06 and 2007/08 period. The 2006/07 report was not available for review.</p>	<p>2</p> <p>Non compliant</p>

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
	<p>Licencee shall, as a minimum:</p> <ul style="list-style-type: none"> (i) record details of each Customer Complaint and its outcome; (ii) provide an officer trained to deal with Customer Complaints who is authorised to, or has access to another officer who has the authority to, make the necessary decisions to settle Customer Complaints or disputes, and where applicable, make recommendations to Council as to the payment of monetary compensation; and (iii) make such arrangements as are necessary to ensure that if possible complaints can be resolved in the timeframes set out in subclause (a). <p>Where a dispute arises between a Customer and the Licensee regarding a provided or requested water service, the Customer may refer the dispute to the Office of Water Policy.</p> <p>Unless the Complaint or dispute is a matter in relation to which section 3.22 of the <i>Local Government Act 1995</i> applies, where a dispute has not been resolved within 21 days the Licensee shall inform the Customer of the option of referring their Complaint to the Office of Water Policy.</p> <p>The Office of Water Policy may:</p> <ul style="list-style-type: none"> (i) mediate the dispute; or (ii) direct the Licensee or Customer to binding arbitration. 		<p>The Shire's EHO advised that all complaints received go directly to the CEO for resolution and are acted upon promptly, but they are not being recorded in the Comments Register. Due to the lack of a formal complaints recording processes in place, the audit was unable to determine whether there were some complaints actually received over the audit period and but not recorded and subsequently not reported in Schedule 3 and if there were any complaints not resolved within the required 21 day period.</p> <p>The Complaints Register should be developed by the Shire, as the Comments Register located at the reception is viewed by the audit more as one of the means of receiving the customer complaints by the Shire.</p> <p>The Shire's CEO is authorised to make necessary decisions to settle customer complaints or disputes. The Shire's staff have been provided with complaints resolution training through the OHS courses.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ A Complaints Register to be developed and maintained by the Shire (and procedures documented). ▪ Each customer complaint received by the Shire and its outcome should be recorded in the Complaints Register in sufficient details in order to be able to ascertain: <ul style="list-style-type: none"> ○ Date and time the complaint was received; ○ Name of the complainant; ○ Who received the complaint; ○ Method of complaint; ○ Details of the complaint; ○ Time from report of the complaint to action; ○ Details of the action taken; ○ Name of person authorising; and ○ Date/ time responded. 	

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
	<p>During the process of investigation and conciliation, the Licensee shall make every endeavour to promptly cooperate with the Office of Water Policy's (or its representative's) requests, which shall include the expeditious release of any information or documents requested by the Office of Water Policy and the availability of the relevant staff of the Licensee.</p> <p>The Licensee shall, on request, provide the Office of Water Policy with details of Complaints made and the names and addresses of Customers who have made Complaints.</p>		<i>(Action Plan item 1.4)</i>	
CI.19	<p>Customer Charter</p> <p>The Licensee must set out in writing the principles, terms and conditions upon which it intends to provide the Water Services to its Customers ('the Customer Service Charter')</p> <p>The Customer Service Charter must be submitted to the Authority for its approval by 1 December 1997. The Authority may require changes to be made to the charter.</p> <p>The Customer Service Charter:</p> <ul style="list-style-type: none"> (iii) should be drafted in 'plain English'; and (iv) should address all of the service issues that are reasonably likely to be of concern to its Customers. <p>Different parts of the Customer Service Charter may be expressed to apply to different classes of Customers.</p> <p>The Licensee shall review the Customer Service</p>	3	<p>The Shire of Dowerin Customer Service Charter has been reviewed in July 2008 and approved by ERA on 23 July 2008.</p> <p>Sighted the Customer Service Charter and ERA's approval of the charter.</p> <p>The Shire of Dowerin first submitted their charter to the ERA for approval on 19th June 2008. The charter required further amendments. The Shire of Dowerin re-submitted the final version of the charter on 17th July 2008. The previous charter was approved by the Authority in June 2005. The Authority found that the Shire of Dowerin has submitted their new charter for approval within an acceptable timeframe. However, we did not identify a process in place to ensure that the timeframes would be met. The review and submission of the Customer Service Charter was reactionary to a note sent by ERA and not planned.</p> <p>Audit confirmed through sighting that the charter is prominently displayed at the Shire's reception, and through the discussion with the Shire's EHO that the charter is provided upon request and at no charge to the customers.</p> <p>The Shire's EHO advised that the Shire of Dowerin provide</p>	4 Compliant with minor issues

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
	<p>Charter not less than once in every period of 36 months.</p> <p>Any proposed amendment to the Customer Service Charter or replacement thereof must also be forwarded to the Authority for approval prior to implementation.</p> <p>The Licensee must make the Customer Service Charter available to its Customers in the following ways:</p> <ul style="list-style-type: none"> (i) by prominently displaying it in those parts of the Licensee's offices to which Customers regularly have access; (ii) by providing a copy, upon request, and at no charge, to a Customer; and (iii) by advising Customers of the availability of the Customer Service Charter on an annual basis. <p>It is a condition of the Licence that the Licensee provides services in a way that is materially consistent with its Customer Service Charter.</p>		<p>ratepayers with a newsletter every 3 months and the notice advising availability of the Customer Service Charter has been published in one of those newsletters. However, no process is in place to ensure that the Customer Service Charter availability notification will be provided to the Shire's customers on an annual basis.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Increase accessibility of the Charter by making the Customer Charter available to customers on the website. ▪ Develop and implement a compliance schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory requirements are met. ▪ Note the Customer Service Charter annual notification requirement in the compliance schedule to ensure that customers are advised of the availability of the Customer Service Charter on an annual basis. <p><i>(Action Plan item 1.8)</i></p>	
Cl.18	<p>Customer Consultation</p> <p>Prior to making major changes to the operation of a water service, such as the construction of new wastewater treatment works or significant expansion of the sewerage network, the Licensee will:</p> <ul style="list-style-type: none"> (i) hold a public meeting to obtain Customer views on the performance and operation of the scheme; or (ii) advertise for written submissions on the proposal. <p>The Licensee shall allow Customers to raise matters of concern regarding the sewerage system at public</p>	4	<p>As stated in the Customer Service Charter, community involvement in the Shire's service planning and decision making processes will be sought through focus groups, customer surveys, and display at local functions. The Shire will use local media bulletins to advise customers of any system change that may result in significant variation in its service levels.</p> <p>Audit confirmed that, on the basis of information provided, the Shire of Dowerin complies with the minimum requirement in relation to public consultation, as demonstrated through the public consultation process that the Shire of Dowerin undertook in relation to review of the customer service charter in April 2008.</p> <p>The Shire of Dowerin placed an advertisement in the Dowerin</p>	5 Fully compliant

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
	question time in accordance with the <i>Local Government Act 1995</i> .		<p>Endeavour newspaper which sought public comment on the charter over a period of three weeks.</p> <p>There were no major changes to the operation of the water services during the audit period that would require public consultation.</p> <p>The Shire of Dowerin allows its customers to raise matters of concern regarding the sewerage system at public question time during the Dowerin Council meetings.</p>	
CI.21	<p>Customer Survey</p> <p>Where an issue arises that the Authority considers to be of concern to customers, the Authority may require the Licensee to commission an independent customer survey that shall address and conform to the conditions and parameters set out in writing by the Authority.</p> <p>Such a survey will not be required more frequently than once every 12 months.</p>	5	The Shire had not been requested to commission a survey by the Authority at the time of the audit.	N/A
CI.14(a), CI.14(b)	<p>Incident Reporting</p> <p>The Licensee shall inform the Authority of the occurrence of any of the following events within five days of their occurrence:</p> <ul style="list-style-type: none"> - overflows from wastewater/ sewerage infrastructure, including wastewater treatment plants, pumping stations etc. <p>The Authority may require a detailed report on these events to be provided within 14 days of the request.</p>	3	<p>The Shire reported no overflows for the 2005/06 period as per the Schedule 3 Annual Performance Report to the Authority. The 2006/07 Schedule 3 Report was not available for review. The Schedule 3 Annual Performance Report for 2007/08 reported 1 sewerage overflow attributable to a blockage or failure in the licensee's infrastructure. However, as confirmed through discussion with the Shire's EHO the Shire of Dowerin did not report these overflows to the Authority within 5 days of its occurrence.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Inform the Authority of any sewerage overflows from wastewater/ sewerage infrastructure, including wastewater treatment plants, pumping stations etc. within five days of their occurrence. 	2 Non-compliant

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
			<ul style="list-style-type: none"> ▪ Develop and implement a compliance schedule with timeframes for incident reporting noted in the schedule to ensure regulatory timeframes are met in case of overflows occurring. (<i>Action Plan item 1.1</i>) 	
Cl.14(c), Sch 3	<p>Annual Performance Reporting</p> <p>The Licensee shall report the information set out in Schedule 3. The reports are due within 30 days of the end of each financial year.</p>	<p>3</p>	<p>Confirmed that the licensee had produced reports as per the requirements of Schedule 3 of the licence for the 2005/06 and 2007/08 financial years. However, the Shire's EHO was not able to find a copy of the 2006/07 Annual Performance Report. As advised by the Shire's EHO, he was on Long Service Leave at the time the Schedule 3 Annual Performance Report for 2006/07 period was due to be submitted to the Authority and he is not sure whether the report was completed and by whom.</p> <p>Audit noted that although the Annual Performance Report for 2007/08 was submitted within the required time, on 29 July 2008, the 2005/06 report was submitted late to the Authority on 21 August 2006. There is no system in place to ensure the timely submission of reports and the submission of reports is purely reactionary to the reminder received from the ERA.</p> <p>The information for the reports comes from a variety of sources. However, information as to where and how to source the required data is not documented.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Develop and implement a compliance schedule with timeframes for annual performance report submission included as part of the schedule of events to ensure regulatory timeframes are met. The compliance schedule will also aid to meet regulatory timeframes by the replacement staff in case of Shire's EHO unavailability due to the leave or illness. ▪ Create documentation to explain where and how to source 	<p>2</p> <p>Non-compliant</p>

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating
			<p>the required information; and file and keep copies of the source information together with a copy of the Schedule 3 Annual Performance Report to allow easier checking of the validity of the results.</p> <p><i>(Action Plan item 1.2)</i></p>	
<p>Cl.15(a)</p>	<p>Compliance with Reporting Standards The Licensee shall comply with the quality and performance standards set out in Schedule 2.</p>	<p>3</p>	<p>Audit examined the Annual Performance Reports (Schedule 3) for the 2005/06 and 2007/08 period and confirmed that the Shire did comply with the performance standards as set out in Schedule 2 of the licence.</p> <p>However, the audit was unable to ascertain compliance with the performance standards for 2006/07 period, due to the unavailability of the 2006/07 Annual Performance Report for review.</p>	<p>4 Compliant with minor issues</p>

3.4 INTEGRITY OF PERFORMANCE REPORTING

In compliance with clause 14(c) of the operating licence the Shire of Dowerin shall report the information set out in Schedule 3 to the Authority within 30 days of the end of each financial year.

Audit noted that although the Annual Performance Report for 2007/08 was submitted within the required time, on 29 July 2008, the 2005/06 report has been submitted late to the Authority on 21 August 2006. There is no system in place to ensure the timely submission of reports and the submission of reports is purely reactionary to the reminder received from the ERA. The Annual Performance Report for 2006/07 was not available for review. As advised by the Shire's EHO, he was on Long Service Leave at the time the Schedule 3 Annual Performance Report for 2006/07 period was due to be submitted to the Authority and he is not sure whether the report was completed and by whom.

The audit evidence suggested that the Shire of Dowerin lacks processes to ensure that documentation is prepared and submitted to the relevant authorities on time.

Moreover, as the information for the reports comes from a variety of sources and is collated manually, the performance reporting process needs to be formalised and documentation created to explain where and how to source the required information with copies of source documents filed and kept together with a copy of the Schedule 3 Annual Performance Report to allow easier checking of the validity of the results.

The Shire's EHO advised that all complaints received goes directly to the CEO for resolution and are acted upon promptly, but they are not being recorded in the Comments Register. Although no complaints were recorded in the Shire's Comments Register or reported to the Authority during the audit period, due to the lack of the complaints recording processes in place, the audit was unable to determine whether there were some complaints actually received over the audit period but not recorded and subsequently not reported in Schedule 3 nor if there were any complaints not resolved within the required 21 day period.

The audit recommendations to the Shire of Dowerin to improve the strength of its internal controls to maintain compliance with its performance reporting obligations are detailed in the Action Plan.

3.5 RECOMMENDED CHANGES TO THE LICENCE

No changes to the licence are considered necessary.

3.6 CONCLUSION

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude - the audit team members have gained reasonable assurance that the Shire of Dowerin has complied with the performance and quality standards of its Water Services Operating Licence during the audit period 1st December 2005 to 30th November 2008 apart from:

- Non-reporting of overflows to the Authority within 5 days of its occurrence (and incident reporting generally);
- The 2005/06 performance report being 21 days late and we were unable to determine whether the 2006/07 performance report had been lodged with the Authority. Moreover, as the information for the annual performance reports come from a variety of sources, the performance reporting process needs to

be formalised and documentation created to explain where and how to obtain the required information;

- The need to investigate the status of the Department of Environment licence in conjunction with the Department of Water; and
- Also, due to the lack of the complaints recording processes in place, the audit was unable to determine whether there were some complaints actually received over the audit period and only not recorded and subsequently not reported in Schedule 3 and if there were any complaints whether they were resolved in compliance with the relevant performance standards; and
- the Shire of Dowerin lacks formal processes to ensure that documentation is prepared and submitted to the relevant authorities on time and to ensure compliance with the regulatory timeframes.

The previous audit made a recommendation for improvement of the annual performance reporting which is now partially completed. The previous audit recommendations regarding a warning sign for the use of treated water on the sports field and notification of the customer service charter have been partially completed.

The audit identified a number of other opportunities to improve the strength of internal controls to maintain compliance rather than rely upon key staff to ensure that compliance obligations are being met.

4. Asset Management Review

The effectiveness of the Shire's asset management system for the sewerage schemes was assessed using the AMS Effectiveness Matrix provided by the Authority in the Audit Guidelines.

The matrix provides criteria to assess the effectiveness of the following key processes:

- Asset planning;
- Asset creation/acquisition;
- Asset disposal;
- Environmental analysis;
- Risk management;
- Contingency planning;
- Asset management information system;
- Asset operations;
- Asset maintenance;
- Financial planning;
- Capital expenditure planning; and
- Review of the asset management system.

The review has assessed the above key processes of the asset management system and a compliance rating using the scale in section 2.6 was assigned to each process, as shown in Section 4.1.

Section 4.2 provides details of the current status of key recommendations from the previous review.

Section 4.3 provides further details of the systems and the effectiveness rating for each key process in the asset management system.

4.1 SUMMARY OF EFFECTIVENESS RATINGS

The audit assessment of the effectiveness ratings for each key process in the Shire's asset management system is shown in the table below.

ASSET MANAGEMENT SYSTEM		Not Performed	Performed Informally	Planned and tracked	Well defined	Quantitatively Controlled	Continuously Improving
Process	Effectiveness Rating	0	1	2	3	4	5
1. Asset Planning							
2. Asset creation/ acquisition		N/A					
3. Asset disposal							
4. Environmental analysis							
5. Risk management							
6. Contingency planning							
7. Asset management information system							
8. Asset operations							
9. Asset maintenance							
10. Financial planning							
11. Capital expenditure planning							
12. Review of the asset management system							

Section 4.3 provides further details of the systems and the effectiveness rating for each key process in the asset management system.

4.2 PREVIOUS AUDIT RECOMMENDATIONS

The status of the key recommendations in the previous audit report issued in January 2006 is summarised below.

Item No.	Recommendation	Action Taken	Closed
1	<p>Environmental Analysis</p> <p>The operating environment is adequately understood, with the service delivery of a high standard.</p> <p><i>Recommendation: Opportunities and threats need to be assessed and documented.</i></p>	<p>There is not a specific section in the AMP on opportunities and threats for the system, but there is a section on the existing environment that describes external factors.</p>	Completed
2	<p>Asset Management System Analysis</p> <p>The AMP was reviewed in April 2005 and is an excellent document with clearly written operation and maintenance plans, as well as an up to date and comprehensive asset register which also has an indication of the asset condition and scheduled replacement date.</p> <p><i>Recommendation: The location of each asset should be included within the asset register. The asset deterioration is currently only based on predicted life span. This aspect of the AMP could be improved by incorporating systematic patterns to determine actual asset deterioration and failure.</i></p>	<p>The location of each asset has not been included within the asset register; however, the assets' location is documented on the maps.</p> <p>A formalised system of asset condition appraisal has been instigated on an annual cycle for all assets. The Asset Register provides the assessment of asset condition only for the access chambers. The condition assessment for other assets is outlined in the separate Asset Condition and Performance excel spreadsheet. However, this provides condition assessment only for access chambers, waste water pumping and effluent reuse pumping.</p> <p>The general condition of assets has been assessed as good, therefore it is considered sufficient to continue with the current practice of predicting the asset deterioration based on predicted life span.</p> <p><i>The audit made a recommendation to update the assets' physical/structural condition assessment for all assets recorded in the Asset Register. (Action Plan item 2.4)</i></p>	Completed
3	<p>Risk Analysis and Contingency Planning</p> <p>No risk assessment and analysis has been conducted.</p> <p>The system is minor and the ponds are located such that any</p>	<p>The Risk Management Methodology is outlined in the AMP and some risk events have been identified in the "Mitigation and management Strategies" section of the AMP, but the Risk Assessment excel spreadsheet has not been completed.</p>	Outstanding

Item No.	Recommendation	Action Taken	Closed
	<p>catastrophic failure will result in local, minor environmental damage rather than human harm. Contingency measures will need to be developed, including financial to deal with any contingencies.</p> <p>There is a sewerage reserve fund which appears in the annual budget and gets regular inputs of cash and there is a Shire employed plumber available on call.</p> <p><i>Recommendation: Conduct a risk assessment and develop a contingency plan.</i></p>	<p>There are basic contingency planning and procedures outlined in the Risk Management section of the Asset Management Plan, but these are over-reliant on individual knowledge. More detailed contingency plans documenting the steps needed to deal with an unexpected failure of a system, process or procedure are recommended.</p> <p>Also, no assessment/testing of contingency plans is in place.</p> <p><i>The audit made a recommendation to improve the Shire's risk assessment and contingency planning and testing. (Action Plan items 2.2 and 2.3)</i></p>	Closed
4	<p>Financial Planning</p> <p>Other than the annual budget detailing operation and maintenance revenue and expenditure, financial planning needs to be updated. This should be done as part of the AMP review; however this was omitted during the last review. Once asset life and expected replacements are determined, this information could be used to feed into the Principal Activities Plan.</p> <p><i>Recommendation: Update the Financial Plan during the next AMP review.</i></p>	<p>The Annual Capital Investment Budget excel spreadsheet and the Annual Operations and Maintenance Budget excel spreadsheet outline the financial objectives. The Annual budget process takes this and allocates resources to each activity. The maintenance and capital investment plans are being updated annually and are currently up to date.</p> <p>The Shire of Dowerin Annual Budget 2008/09 provides detailed expenditure required for the scheme for the next 12 months including operations, maintenance, administration expenses, depreciation, system upgrades and transfer to reserves.</p> <p>The AMP also outlines the five year capital expenditure and five year operating expenditure plans for the sewerage scheme.</p>	Completed
5	<p>Capital Expenditure Plan</p> <p>The capital expenditure plan was not updated during the last review instead was last evaluated in 2005. Fortunately the population and the needs for Shire of Dowerin's asset base have remained constant over the period. There is also a sewerage reserve fund that gets added to each year as part of the annual budget process.</p> <p><i>Recommendation: Update the capital expenditure plan. A review of existing asset life, capital replacement and asset acquisition needs to be undertaken to determine when future</i></p>	<p>The capital investment plans are being updated annually and are currently up to date.</p> <p>The life cycle costs have been budgeted for in the Annual Capital Investment Budget excel spreadsheet and the Annual Operations and Maintenance Budget excel spreadsheet. The capital investment strategy assumes replacing assets at the end of their effective life. This information is then being fed into the annual budget process.</p> <p>The Shire maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and</p>	Completed

Item No.	Recommendation	Action Taken	Closed
	<p><i>expenditure is likely to be required. As the assets come close to needing replacement, it is expected that these will be included in the capital expenditure planning.</i></p>	<p>upgrading of capital facilities for the Dowerin Sewerage Scheme.</p>	
6	<p>Review of Asset Management Plan</p> <p>The Asset Management Plan and the Customer Charter have been reviewed since the last audit was undertaken and have been submitted to the Authority for approval.</p> <p>The licence stipulates that the AMP and Charter should be reviewed no later than every 36 months.</p> <p><i>Recommendation: The AMP and Charter should be reviewed every 12 months at the same time as the annual budget, and updated as necessary.</i></p>	<p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when changes occur to the current system, processes and procedures. The maintenance and capital investment plans shall be revised annually.</p> <p>The review of the Customer Service Charter every 36 months is considered to be sufficient and in accordance with the requirements of the licence.</p> <p><i>The audit made a recommendation for more frequent review of the Asset Management Plan and suggested improvements to the current monitoring and review practices. (Action Plan item 2.6)</i></p>	Partially Completed

4.3 AUDIT RESULTS AND RECOMMENDATIONS

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
1	ASSET PLANNING		4
1.1	Have the strategic objectives for the assets been identified?	<p>The Shire of Dowerin Asset Management Plan (AMP) does include the goal and objective of Shire of Dowerin in providing the sewerage and re-use services as “to provide cost effective wastewater collection, treatment and disposal services for the town of Dowerin, which meets community expectations for health and environmental management”.</p> <p>The Levels of Service requirements for customers are detailed in the Customer Service Charter. These generally include the service commitment detailed below:</p> <p>“The Shire of Dowerin will provide its services in a manner which is fair, courteous and timely with a focus on consultation with our customers respecting your rights and meeting your reasonable expectations.”</p> <p>Additionally, the levels of service and performance parameters have been defined in the AMP. Performance is measured in performance reports to the Authority.</p>	4
1.2	Have life cycle costs been considered?	<p>The life cycle costs have been budgeted for in the Annual Capital Investment Budget excel spreadsheet and the Annual Operations and Maintenance Budget excel spreadsheet.</p> <p>The Shire is in the process of building up sufficient Reserves to ensure it can maintain and upgrade the sewerage scheme in the Dowerin Townsite when required. The Sewerage Reserve balance was \$288,805 as at 30 June 2008.</p>	4
1.3	Does the planning process and objectives reflect the needs of all	The Asset Management Plan includes sections on the Asset Environment and levels of service in detail.	4

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
	stakeholders?		
2	ASSET CREATION/ ACQUISITION		N/A
2.1	Has the need for new assets been determined and full project evaluation process been followed, including comparative assessment of non-asset solutions?	<p>The New Asset Creation Plan outlined in the AMP states that there are no new assets that have been identified and none are included in the Financial Management software module.</p> <p>No new assets are planned for the scheme, only ongoing repairs and maintenance, and replacements of existing infrastructure as required. These are budgeted in the Annual Capital Investment Budget and in the Annual Operations and Maintenance Budget excel spreadsheets.</p>	N/A
2.2	Do the resulting projects reflect sound engineering and business decisions?	No new assets are planned for the scheme, only ongoing repairs and maintenance, and replacements of existing infrastructure as required.	N/A
2.3	Have documents recording relevant details on the asset been collected?	<p>No new assets are currently planned, only upgrades and maintenance to the existing system, and replacements of existing infrastructure as required.</p> <p>New assets required in the future will be procured through the Government Supply system where available or through public tendering and in accord with the Shire's procurement policies and procedures.</p>	N/A
2.4	Are construction/ contract management processes and responsibilities clear and well documented?	As above.	N/A
2.5	Do the assets reflect the objectives identified in the asset creation/ acquisition?	No new assets are planned, only upgrades and maintenance to the existing system, and replacements of existing infrastructure as required.	N/A
2.6	Are the actual costs as predicted?	No new assets are planned, only upgrades and maintenance to the existing system, and replacements of existing infrastructure as required.	N/A

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
3	ASSET DISPOSAL		3
3.1	Are under-utilised and under-performing assets identified as part of a regular, systematic review process?	<p>A formalised system of asset condition appraisal has been instigated on an annual cycle for all assets. Assets in fair or poor condition are being inspected more frequently. The results of appraisal inspection are recorded in the Asset Condition and Performance excel spreadsheet.</p> <p>The Asset Condition and Performance excel spreadsheet is updated up to April 2007 for static elements and up to April 2008 for rotating elements. The Shire's EHO advised that no asset condition appraisal has been performed since then.</p> <p>The sewerage pump stations are being inspected annually and refurbished or replaced where defects or wear is detected. Performance monitoring against the pump curves is not currently possible on site. Workshop performance testing will be conducted where poor performance is suspected from the pump run hours and energy consumption records.</p> <p>Additionally, under-performing assets may be identified during routine preventative maintenance.</p>	2
3.2	Is there a replacement strategy?	<p>An asset renewal and replacement plan has been developed by replacing assets at the end of their effective life and is included in the Annual Capital Investment Budget excel spreadsheet.</p> <p>The Shire maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and upgrading of capital facilities for the Dowerin Sewerage Scheme.</p>	4
3.3	Has an evaluation of disposal alternatives been completed?	According to the AMP, assets at the end of their life will be replaced with a similar capacity and the old asset dumped or recycled for scrap as appropriate.	2
3.4	Are damaged or missing assets	Damaged or missing assets would be written-off.	3

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
	written-off?		
3.5	Is there a disposal plan?	The Asset Disposal Plan as outlined in the AMP states that no assets have been identified for disposal.	2
3.6	Are the reasons for under-utilisation or poor performance critically examined and corrective action taken to remedy the situation, or a disposal decision made?	Annual asset condition appraisal and regular preventative maintenance identify assets that are underperforming. These are investigated and corrected action taken to remedy to the situation, or disposed off.	3
4	ENVIRONMENTAL ANALYSIS		3
4.1	Have the performance requirements – availability of service, capacity, continuity, emergency response been documented?	The levels of service and performance parameters are clearly defined in the AMP. They include availability, capacity, continuity, odour control, and emergency response. Annual Performance Report is provided as per Schedule 3 to the Authority on an annual basis. However, the audit was unable to ascertain compliance with the performance standards for 2006/07 period, due to the unavailability of the 2006/07 Annual Performance Report for review.	3
4.2	Are the asset system objectives documented?	Yes, the Asset Management Plan outlines the expectations of each of the system components.	3
4.3	Have opportunities and threats in the system environment been assessed?	There is not a specific section in the AMP on opportunities and threats for the system, but there is a section on the existing environment that describes external factors.	2
4.4	Are regulatory obligations and statutory/regulatory requirements documented?	Yes, the Asset Management Plan identifies the following regulatory requirements: <ul style="list-style-type: none"> ▪ Water Services Licensing Act 1995; ▪ Local Government Act 1995; ▪ Environmental Protection Act 1986; 	2

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
		<ul style="list-style-type: none"> ▪ Occupational Safety and Health Act 1984; and ▪ Occupational Safety and Health Regulations 1996. <p>Audit noted that the AMP also requires compliance with the Department of Environment Licence Number R1782 issued 21st December 2004. However, the Department of Water records show that Shire of Dowerin has the Department of Environment Registration number R1782 issued 21st December 2005.</p> <p>The AMP section on Regulatory Requirements outlining the requirements of the operating licence for the sewerage services need to be updated in line with the new operating licence issued to the Shire of Dowerin on 6th August 2008.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Investigate in conjunction with the Department of Water, the status of the Department of Environment licence and request a copy of the decision indicating the status of the licence for future reference. ▪ Upon the investigation of the Department of Environment licence status, the Asset Management Plan should be updated for details of the Environment Licence (if any). ▪ Update the Asset Management Plan in line with the requirements of the new operating licence for the sewerage services issued to the Shire of Dowerin on 6th August 2008. <p><i>(Action Plan items 1.3 and 2.1)</i></p>	
4.5	Does the asset meet the level of service required by users of the service?	Yes, the asset appears to be in keeping with Shire's statement on its commitment to service. However, the audit was unable to ascertain compliance with the performance standards for 2006/07 period, due to the unavailability of the 2006/07 Annual Performance Report for review.	3
4.6	Do the assets meet regulatory	Compliance with the regulatory requirements is being monitored by the Shire's EHO and	4

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
	requirements?	audited as required under the operating licence by the independent auditor.	
5	RISK MANAGEMENT		2
5.1	Has a risk assessment of the asset been conducted?	<p>The Risk Management Methodology is outlined in the AMP and some risk events have been identified in the "Mitigation and management Strategies" section of the AMP, but the Risk Assessment excel spreadsheet has not been completed.</p> <p>Also the Risk Assessment excel spreadsheet needs to be updated in line with the new operating licence for the sewerage services issued to the Shire of Dowerin 6th August 2008.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Complete the Risk Assessment following the Risk Assessment Methodology outlined in the AMP and in the Risk Assessment excel spreadsheet and consolidate the risks identified; and ▪ Update the Risk Assessment Excel spreadsheet in line with the new operating licence for the sewerage services issued to the Shire of Dowerin 6th August 2008. <p><i>(Action Plan item 2.2)</i></p>	2
5.2	Has the probability and consequences of asset failure been identified?	Probability and consequences of some risk events has been assessed in the "Mitigation and Management Strategies" section of the AMP, but the Risk Assessment excel spreadsheet has not been completed.	2
5.3	Is risk management practiced?	Risk management is only performed on an informal basis. A more structured approach is recommended as described in 5.1.	2
5.4	Are risk control measures implemented for risks identified as unacceptable?	Some informal risk control measures are implemented, such as spared pumps in each pump station, but a formal risk assessment process is recommended as described in 5.1 to ensure control measures are adequate for risks identified as unacceptable.	2

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
6	CONTINGENCY PLANNING		1
6.1	Is there sufficient contingency planning and backup?	<p>There is basic contingency planning and procedures outlined in the Risk Management section of the Asset Management Plan, but these are over-reliant on individual knowledge. Contingency plans need to be clear enough for someone not directly involved in the day to day operations to be able to successfully action the plan.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ More detailed contingency plans documenting the steps needed to deal with an unexpected failure of a system, process or procedure are recommended. <p><i>(Action Plan item 2.3)</i></p>	1
6.2	Is disaster recovery regularly tested?	<p>The contingency plans have not been tested.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Once developed, contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency. <p><i>(Action Plan item 2.3)</i></p>	0
6.3	Are appropriate contingency plans in place?	<p>Risk Mitigation and Management Strategies are outlined in the AMP; however these are very basic and over-reliant on individual knowledge.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Following the risk assessment, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; 	1

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
		<p>chlorinator failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc..</p> <ul style="list-style-type: none"> ▪ The contingency plans should include: <ul style="list-style-type: none"> ○ Detailed procedures; ○ Key local contact details – name, number and location; ○ Communication protocols; ○ Specifications, location and availability of emergency equipment; and ○ Authorities that need to be contacted and when. <p><i>(Action Plan item 2.3)</i></p>	
6.4	Have contingency plans have been developed for events that may result in severe consequences?	Basic plans have been developed for identified risk events but these require more detail as per 6.3.	1
7	ASSET MANAGEMENT INFORMATION SYSTEM		2
7.1	Is there adequate system documentation?	The Shire currently operates a simple computerised system based on the standard suite of excel spreadsheets developed by the GHD and provided by the ERA. The Shire's EHO attended a day training course on how to use the spreadsheets. Apart from a copy of the course presentation on how to use the spreadsheets, no other system documentation has been provided to the Shires.	2
7.2	Do the input controls include appropriate verification and validation of data entered into the system?	Excel spreadsheets are used, but there are no input controls that check the input of data.	2
7.3	Are key computations documented and are they accurate?	Some excel spreadsheets contains formulas such as, for example: - In the Risk Assessment spreadsheet, inherent risk is automatically assigned from the	2

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
		<p>likelihood and overall consequence scores;</p> <p>- In the Annual Capital Investment Budget spreadsheet and in the Annual Operations & Maintenance Budget spreadsheet, the light blue cells are automatically calculated.</p> <p>Apart from viewing the computations in the formula bar, no documentation of key computations has been provided to the Shires.</p> <p>Audit tested the accuracy of computations on a sample basis and confirmed the computations tested were accurate.</p>	
7.4	Do reports meet management requirements?	Apart from printing the excel spreadsheets out, there is no ability to create management reports.	1
7.5	Are the logical security access controls such as passwords adequate?	<p>The AMP and the accompanying excel spreadsheets are saved on the server. There is a password access to the Shire's system and the EHO's PC which restricts access to authorised Shire officers.</p> <p>The system is regularly backed up as part of the standard IT maintenance procedures on weekly basis. The back up tape goes to the bank for safekeeping.</p>	3
7.6	Are there adequate physical security access controls?	The Shire offices are locked and alarmed outside of hours.	4
7.7	Are problems with the system tracked and are there management procedures for follow-up?	There is no formal tracking of the problems with the excel spreadsheets. However, the Authority can be consulted in case the problem occurs.	1
7.8	Is the functionality of the AMIS adequate for the licensee's needs?	The functionality of the suite of excel spreadsheets provided by the ERA to the Shires for asset management planning purposes is appear to be adequate for the licensee's needs.	1

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness rating (0=no process, 1=base practices, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving)
8	ASSET OPERATIONS		3
8.1	Are practices covering operating rules documented?	The Asset Management Plan includes an overview of the operations of the system only. However, the manufacturer's operating instructions/manuals are kept and used by the plumber and maintenance staff.	3
8.2	Do operational practices reflect performance targets?	Yes, current operational processes appear to reflect performance targets.	4
8.3	Do operational plans relate to what is required to achieve the levels of service required of the system?	The manufacture's work instructions/manuals provide guidance only and are reliant on the knowledge and skills of the plumber and maintenance staff to maintain sufficient levels of service.	3
8.4	Are the asset system components documented?	The Shire currently operates a simple computerised system based on the standard suite of excel spreadsheets. All the asset system components have been identified and documented in the Asset Register excel spreadsheet. Physical parameters for the assets are recorded in the "As constructed" drawings. The AMP provides a summary description of each installation within the system.	3
8.5	Does the register record asset type, location, material and an assessment of assets' physical/structural condition?	The current Asset Register includes details on: <ul style="list-style-type: none"> ▪ Asset Number; ▪ Description; ▪ Dimensions/ type; ▪ Construction materials/ model; ▪ Construction date; and ▪ Replacement Value for access chambers, pipes, treatment plant, pump station and effluent re-use. The assets' location is documented on the maps.	2

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		<p>The Asset Register provides the assessment of assets condition only for the access chambers and pipes. The condition assessment for other assets is outlined in the separate Asset Condition and Performance excel spreadsheet.</p> <p>The audit noted that 2 new pumps have been purchased and installed during the 2007/08, however the asset register has not been updated yet.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ The Asset Register needs to be updated for two new pumps added to the system during 2007/08 financial year. (Action Plan item 2.4) 	
8.6	Is the asset's theoretical life known?	The assumed standard economic life of all sewerage scheme assets is identified in the Annual Capital Investment Budget excel spreadsheet.	4
8.7	Are asset costs measured and recorded?	All assets expenditure is captured in the Shire's Financial Management Information System (FMIS). The Historical Cost information for the assets have not been transferred to the Asset Register.	3
8.8	Are actual assets and human resources appropriate for performance requirements?	<p>The Dowerin wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition. The system is also relatively young and the assets are in good condition. The assets seem appropriate for the current levels of demand.</p> <p>The AMP outlines the current human resources required to support plan as follows:</p> <ul style="list-style-type: none"> ▪ CEO; ▪ Licensed Plumber; ▪ Works Supervisor; ▪ Gardener; ▪ Environmental Health Officer/Building Surveyor; and 	4

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		<ul style="list-style-type: none"> ▪ Administration Officer. <p>Audit noted that Derek Lival is named to be a licensed plumber contracted by the Shire of Dowerin to maintain the sewer assets. However, the Shire's EHO advised that Derek does not maintain the sewer assets any longer and the Shire of Dowerin is now contracting Mark Johnston, licensed plumber employed by the Shire of Goomalling. The name of the licensed plumber contracted by the Shire needs to be updated in the AMP.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ The name of the licensed plumber contracted by the Shire needs to be updated in the AMP to reflect current contractual arrangement. (Action Plan item 2.4) 	
9	ASSET MAINTENANCE		3
9.1	Are practices covering maintenance documented?	The Asset Management Plan includes a section on Maintenance Planning. This is effectively an overview of the maintenance.	2
9.2	Do maintenance plans cover preventative and corrective maintenance?	<p>A comprehensive Routine Maintenance Plan has been prepared and included in the Maintenance Management Plan excel spreadsheet. A maintenance schedule specifies maintenance tasks to be carried out daily, weekly, monthly, two monthly, six monthly, yearly and five yearly. It provides a checklist of maintenance tasks but is reliant on the knowledge and ability of the person performing the maintenance to carry them out satisfactorily.</p> <p>The unforeseen maintenance tasking is instigated by a telephone call-out system to the Plumber or Works Supervisor, who attends the site, assesses the requirements and arranges the immediate and follow-up actions and activities.</p>	3
9.3	Do maintenance practices reflect performance targets?	<p>Maintenance is regularly performed on assets. Maintenance is carried out by the licensed plumber and qualified maintenance staff on a regular basis.</p> <p>Licensed plumber is employed by the Shire to maintain the sewer assets. Works</p>	3

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		<p>Supervisor provides the machinery and man power to assist the plumber in any major repairs when required. The Gardener assists in the monitoring and maintenance of the reticulation system in conjunction with the plumber. Health requirements for the sewer are instigated and maintained to ensure protection of health of the town population.</p> <p>Sighted plumber's maintenance records and a record of blockages. The plumber employed by the Shire of Dowerin is currently also contracted to maintain the Dowerin's sewer assets. Noted that the blockages book kept by the plumber contains mixed entries for Shire of Dowerin and Shire of Goomalling. These should be kept separate for each Shire.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Separate record of blockages should be kept by the plumber for Shire of Dowerin and Shire of Goomalling. <i>(Action Plan item 2.5)</i> 	
9.4	Is the level of maintenance justified against replacement costs?	No formal comparisons appear to have been made of maintenance against replacement costs.	0
9.5	Do maintenance plans relate to what is required to achieve the levels of service required of the system?	The maintenance tasks specified in the Maintenance Schedule relate to the levels of service required of the system.	3
10	FINANCIAL PLANNING		4
10.1	Does the financial plan provide projections of operating statements (profit and loss) and statement of financial position (balance sheets);	<p>A complete Annual Budget document is completed for each coming financial year for the Shire which includes the Sewerage System and actuals/budget are monitored.</p> <p>Sighted the Shire of Dowerin Adopted Budget for the year ended 30 June 2009.</p>	4
10.2	Does the financial plan cover the financial objectives and strategies and	The Annual Capital Investment Budget excel spreadsheet and the Annual Operations and Maintenance Budget excel spreadsheet outlines the financial objectives. The Annual	4

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	actions to achieve the objectives?	budget process takes this and allocates resources to each activity.	
10.3	Does the financial plan identify the source of funds for the capital expenditure plan?	The Shire maintains a Sewerage Reserve. The funds in the reserve can only be used for the purposes of replacing and upgrading of capital facilities for the Dowerin Sewerage Scheme.	4
10.4	Is the source of funds for operations, maintenance and administration identified in the financial plan?	The Shire has a specified area rating which is applied to all properties connected or capable of being connected to the sewerage scheme in the Dowerin town site. The purpose of this rate is to offset the cost of the sewerage treatment, including operation, maintenance, administration, depreciation and loan repayments.	4
10.5	Does the financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period?	The AMP outlines the five year capital expenditure and five year operating expenditure for the sewerage scheme. An amount per annum of \$85,000 is level of revenue presently placed to maintain the sewer assets. The sewerage rates are the main source of sewerage scheme income. The Shire's financial plan does not specifically provide a prediction on income for the next five years, however, due to the stability of the income stream, this is not considered necessary.	1
10.6	Does the financial plan provide for the operations and maintenance, administration and capital expenditure requirements of the scheme?	The Shire of Dowerin Annual Budget 2008/09 provides detailed expenditure required for the scheme for the next 12 months including operations, maintenance, administration expenses, depreciation, system upgrades and transfer to reserves.	4
11	CAPITAL EXPENDITURE PLANNING		4
11.1	Has a capital expenditure plan been prepared?	The forecast lifecycle asset replacement program is included in the Annual Capital Investment Budget excel spreadsheet.	4
11.2	Does the plan cover the issues to be addressed, the actions proposed, the centre of responsibilities, and deadline dates?	The analysis assumes that assets will be replaced at the end of their standard economic life.	4

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11.3	Does the plan provide reasons for capital expenditure and timing of expenditure?	The analysis assumes that assets will be replaced at the end of their standard economic life.	4
11.4	Is the capital expenditure plan consistent with the asset life and condition identified in the asset management plan?	The capital expenditure plan would appear to be consistent with the estimated replacement year. In reality some assets will fail earlier than the standard life and some assets will remain useful beyond the standard replacement life. A condition monitoring system has been instigated on an annual cycle for all assets. The general condition of assets has been assessed as good.	4
12	REVIEW OF AMS		3
12.1	Is a review process in place to ensure that asset management plans are kept current?	<p>The AMP contains a section on Monitoring and Review Procedures that require the AMP to be reviewed five yearly and reissued when changes occur to the current system, processes and procedures. The maintenance and capital investment plans shall be revised annually.</p> <p>The audit noted that the requirement to notify any changes to the system to the Authority is not stated in the AMP's review procedures. This issue is already covered by the Recommendation 1.4.</p> <p>The back page of the AMP contains "Document Status" table that outlines the revision number, the author, the reviewer, and who approved the AMP for issue and when. The table notes that the AMP was approved for issue on 31/01/07, however, on the front page of the AMP is stated June 2007. This suggests that either the "Document Status" has not been updated or some confusion exists as to the latest date of issue.</p> <p>Moreover, the users of the AMP could benefit from a brief description of changes to the document from the previous version.</p> <p>Recommendations:</p>	3

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		<ul style="list-style-type: none"> ▪ Ensure the “Document Status” table is updated every time changes to the AMP occur and the AMP is reissued. ▪ Modify the “Document Status” table to include a brief description of changes to the document from the previous version. <i>(Action Plan item 2.6)</i> 	
12.2	Are asset management plans being reviewed at appropriate intervals?	<p>The Monitoring and Review Procedures in the AMP suggest review of the AMP in five yearly intervals and the maintenance and capital investment plans shall be revised annually.</p> <p>The “Document Status” table does not provide for recording details about routine reviews of the document that do not escalate into the reissue of the AMP.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ The Asset Management Plan should be reviewed in more frequent intervals i.e. annually and reissued when changes occur. Accompanying excel spreadsheet should be updated during the year as required and revised annually. ▪ Keep track of all reviews of the Asset Management Plan. <p><i>(Action Plan item 2.6)</i></p>	3
12.3	Are the asset management plans current?	<p>The operational audit and asset management system review identified that some sections of the AMP need to be updated to reflect current practices such as:</p> <ul style="list-style-type: none"> ○ Update the AMP for details of the current Department of Environment Licence/Registration; and ○ Update the AMP in line with the requirements of the new operating licence for the sewerage services issued to the Shire of Dowerin on 6th August 2008. ○ The name of the licensed plumber contracted by the Shire needs to be 	2

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		<p>updated in the AMP to reflect current contractual arrangement.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Update the sections of the Asset Management Plan identified by the operational audit and the asset management system review as requiring amendment. <i>(Action Plan item 2.6)</i> 	

4.4 CONCLUSION

The review of the asset management system shows that processes are well-defined and monitored in practice, with the exception of:

- The Risk Assessment needs to be completed using the Risk Assessment Methodology outlined in the AMP and in the Risk Assessment excel spreadsheet; and
- More detailed contingency plans documenting the steps needed to deal with an unexpected failure of a system, process or procedure need to be developed and tested on an annual basis.

Other opportunities for improvement were identified in respect of:

- Updating the Asset Register for two new pumps added to the system during the 2007/08 financial year;
- Keeping a separate record of blockages re services for the Shire of Dowerin and Shire of Goomalling by the plumber;
- Training to be undertaken by the Shire's maintenance staff; and
- Updating the Asset Management Plan for regulatory reporting requirements and to reflect current contractual arrangements.

Overall, the Asset Management System is appropriate and adequate for the Shire's operations.

The previous Asset Management System (AMS) review recommendations regarding risk analysis and contingency plans are still outstanding; the recommendation regarding review of the AMS was partially completed. Other recommendations concerning environmental analysis, asset management system analysis, financial planning and capital expenditure planning have been completed.

END OF REPORT