



Shire of Moora

Audit Report

Water Licence Operational Audit and Asset Management Review

Final Report
31 March 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 Moora ("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 Moora.

The Shire of Moora has contracted some aspects of managing the sewerage scheme to the Water Corporation. The Water Corporation is primarily responsible for maintenance and repair of the collection and conveyance system, up to the point where the waste enters the treatment plant. The maintenance and repair of the treatment plant, including the chlorination system is the responsibility of the Shire, as is the responsibility for updating and maintaining the documentation associated with the system, reporting and customer services.

The scheme consists of seven catchment areas with pumping stations, approximately 16 km of sewerage reticulation and pressure mains and one waste treatment plant, serving 485 domestic and 100 commercial and industrial properties and a population of approximately 1,200. Through the scheme approximately 72,000m³ of wastewater is collected and treated each year with additional treatment of effluent for irrigation purposes.

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 Moora 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);
- Annual performance reports have not been provided to the Authority during the audit period;
- Due to the lack of evidence provided, the audit could not confirm compliance with the performance standards in relation to the sewerage overflows, emergency response and responsiveness to customer complaints;

- The requirement to comply with the Water Services Operating Licence is not included in the Agreement with the Water Corporation for the operation and maintenance of the Shire's sewerage scheme;
- Due to the lack of evidence provided, the audit could not confirm compliance with the reporting requirements to the Department of Environment and Conservation for 2007 and 2008; and
- No complaints register is being maintained and the outcomes recorded.

The previous audit also made recommendations in regards to improvement of the annual performance reporting and performance standards, which are still outstanding. The previous audit recommendations regarding the annual non-potable water notification to customers; updating and displaying the Customer Service Charter; and updating the Asset Management Plan have been completed.

The audit identified a number of 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:

- Annual testing of emergency procedures and contingency plans needs to be undertaken; and
- The integrity of data supplied by the Water Corporation should be confirmed prior to input into the spreadsheets that are used for annual performance reporting.

Two opportunities for improvement were identified in respect of reviewing the scheme's maintenance requirements with the Water Corporation to allocate appropriate staffing levels; and updating the Asset Management Plan for regulatory reporting requirements. All previous Asset Management System review recommendations have been completed.

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

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 Moora. 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

31 MARCH 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 audit sighted the 2006 Annual Report provided to the Department of Environment and Conservation which reported 2 discharges to the environment, necessary due to the storage dams being at capacity. The report states that in both cases the Department at the Geraldton office was informed. However, no evidence was provided to the audit that the Authority was informed of these events within five days of their occurrence.</p> <p>The Annual Reports to the Department of Environment and Conservation for 2007 and 2008 were not provided to the auditor for review and no evidence was provided to support that they were prepared and submitted to the Department.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.</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>Update the "Reporting Requirements" section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence.</p>	<p><i>The Water Corporation control breakdowns through a mechanised phone system. The Shire will request reports along these lines in the future.</i></p> <p><i>The Reporting Requirements section of AMP will be updated to reflect the recommendation.</i></p>	<p>MHB+PS</p> <p>31 May 2009</p>
1.2	<p>Annual Performance Reporting (CI.14, Schedule 3)</p> <p>No copies of the Annual Performance Reports for 2006, 2007 and 2008 period were provided to the auditor for review. There was no evidence of any annual performance reports being prepared and submitted to the Authority.</p> <p>The audit came to the view that the Shire's EHO was not</p>	2	<p>Investigate whether the Authority received the annual performance reports for the Shire of Moora during the audit period. If not, prepare the annual performance reports and provide them to the Authority as soon as possible.</p>	<p><i>Whether the Authority received the annual performance reports will be investigated and missing reports will be immediately provided to</i></p>	<p>MHB+PS</p> <p>Immediately</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>aware of the requirement to submit the annual performance report to the Authority and he believed that the Water Corporation handles the annual performance reporting to the Authority. However, the Agreement between the Water Corporation and the Shire for the operation and maintenance of the Moora sewerage system states that the Water Corporation is only responsible for periodic collection and collation of data on operation, maintenance and performance of the Moora sewerage scheme. The Water Corporation forwards the report quarterly to the Shire to enable the Shire to report on the sewerage scheme performance to the Department of Environment and Conservation. The Agreement does not specify the requirement re reporting to the Authority under the Water Services Operating Licence.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However, the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.</p> <p>Also, as the information for the annual performance reports comes from a variety of sources, the information as to where and how to source the required data needs to be documented.</p>		<p>Ensure compliance with the reporting requirements under the Water Services Operating Licence in the future.</p> <p>Retain copies of the annual performance reports as well as copies of all correspondence with the Authority as evidence of compliance.</p> <p>Update Schedule 2 of the Agreement between the Water Corporation and the Shire of Moora for operation and maintenance of the Moora sewerage system, for the Shire's responsibility to report on performance</p> <p>Update the "Reporting Requirements" section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence.</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>The integrity of data supplied by the Water Corporation should be confirmed prior to input into the spreadsheets.</p>	<p><i>the Authority.</i></p> <p><i>Copies of all annual performance reports as well as copies of all correspondence with the Authority will be retained by the Shire as evidence of compliance.</i></p> <p><i>The Schedule 2 of the Agreement between the Water Corporation and the Shire of Moora will be updated to reflect the recommendation.</i></p> <p><i>The Reporting Requirements section of the AMP will be updated to reflect the recommendation.</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 together with the Annual Performance Report.</i></p> <p><i>The integrity of data will be confirmed with the Water Corporation prior to input into the</i></p>	<p><i>To be carried out during 2009/2010 annual review</i></p> <p><i>31 May 2009</i></p> <p><i>31 May 2009</i></p> <p><i>30 June 2009</i></p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
				<i>spreadsheets.</i>	
1.3	<p>Compliance with Reporting Standards (CI.15(a))</p> <p>The audit was provided with the Water Corporation's record of customer related sewerage blockages which reported 3 blockages for 2006/07 and 10 blockages for 2007/08. Based on this information, the audit could confirm that the Shire complied with the sewerage blockages performance standards.</p> <p>However, due to the lack of evidence provided, the audit could not confirm the compliance with the performance standards in relation to the sewerage overflows, emergency response and responsiveness to customer complaints.</p>	3	Maintain evidence of compliance with the quality and performance standards set out in Schedule 2 of the licence during the audit period, including any incidents of overflows or blockages.	<i>Will set up pathways for this to happen with the Water Corporation and maintain a record of any incidents.</i>	MHB+PS 30 June 2009
1.4	<p>Contractors maintenance of standards (CI.12(a))</p> <p>The audit reviewed the Agreement between the Water Corporation and the Shire of Moora for the operation and maintenance of the Shire of Moora sewerage scheme and noted that the agreement requires the Water Corporation to operate and maintain the Shire's sewerage scheme in accordance with the requirements of the Department of Environment and Conservation and associated licence No. 5214, but the compliance with the Water Services Operating Licence is not mentioned in the agreement.</p>	2	Update Schedule 2 of the Agreement between the Water Corporation and the Shire of Moora for the operation and maintenance of the Moora sewerage system re the requirement that the Water Corporation will operate and maintain the Shire's sewerage scheme in accordance with the Water Services Operating Licence.	<i>The Schedule 2 of the Agreement between the Water Corporation and the Shire of Moora will be updated to reflect the recommendation.</i>	MHB+PS <i>To be carried out during 2009/2010 annual review</i>
1.5	<p>Obligations to other licences adhered to (CI.17)</p> <p>The Shire of Moora recently renewed the Department of Environment and Conservation licence No. 5214 which will expire on the 5th October 2013.</p> <p>The audit noted that a late application fee was incurred due to the licence renewal application being overdue. The</p>	2	Investigate whether the Department of Environment and Conservation received the annual monitoring reports for the Shire of Moora for 2007 and 2008. If not, prepare the annual monitoring reports and provide them to the Department as soon as possible.	<i>Reports in Progress</i>	MHB+PS <i>Immediately</i>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>audit did not identify a process in place to ensure that the licence renewal application would be made on time in the future to avoid late application fees.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. The audit noted that the G2 requirement of the licence to provide an annual monitoring report is included, but the G3 requirement to provide an annual audit compliance report by 1st September each year is not included within the "Reporting Requirements" section of the AMP.</p> <p>The audit sighted the 2006 Annual Report provided to the Department of Environment and Conservation by the Shire. The Annual Reports to the Department for 2007 and 2008 were not provided to the audit for review as well as no evidence was provided to support that they were prepared and submitted to the Department. It is an offence to contravene a licence condition which carries high financial penalties.</p>		<p>Ensure compliance with the reporting requirements of the Department of Environment and Conservation and the associated licence in the future.</p> <p>Retain copies of all annual monitoring and compliance reports as well as copies of all correspondence with the Department as evidence of compliance.</p> <p>Update the "Reporting Requirements" section of the AMP for the reporting requirement of the licence to provide an annual audit compliance report by 1st September each year as required under the clause G3 of the licence.</p> <p>Develop and implement a compliance schedule with the date required for the licence renewal application, being at least 70 days before the expiry of the existing licence, included as part of the schedule of events to ensure regulatory timeframes are met and to avoid payment of late application fees in the future.</p>	<p><i>Copies of all annual monitoring and compliance reports as well as copies of all correspondence with the Department will be retained as evidence of compliance.</i></p> <p><i>The Reporting Requirement section of the AMP will be updated to reflect the recommendation.</i></p> <p><i>A compliance schedule will be developed and implemented.</i></p>	<p>31 May 2009</p> <p>31 May 2009</p> <p>31 May 2009</p>
1.6	<p>Customer Complaints (CI.20)</p> <p>The Shire's EHO was not aware of the existence of a complaints register or whether there were any complaints other than the emergency calls received by the Shire during the audit period.</p> <p>Due to the lack of evidence provided, audit was not able to ascertain whether there were any complaints about the sewerage scheme received by the Shire and if there were</p>	2	<p>A Complaints Register should be developed and maintained by the Shire in order to improve internal control over the recording and reporting of complaints.</p> <p>Each customer complaint received by the Shire and its outcome should be recorded in the Complaints Register in sufficient detail in order to ascertain:</p> <ul style="list-style-type: none"> o Date and time the complaint was 	<p><i>The Complaints Register is monitored by the Water Corp. A pathway will be investigated so that the Shire can access it at any time.</i></p>	<p>MHB+PS</p> <p>31 May 2009</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	any, whether they were resolved within the required time.		received; <ul style="list-style-type: none"> 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. 		
1.7	<p>Asset Management System (CI.6)</p> <p>The Authority advised the auditor that there was correspondence between the Authority and the Shire of Moora in May and June 2008 in relation to the requirement for the Shire to provide details of the AMS that is currently used.. It does not appear that these details were ever provided to the Authority.</p> <p>The AMP contains a section on System Review that requires internal review and update of the AMP to be carried out each year, following the completion of the budget for the following year. Items to be updated include capital expenditure plan, financial plan and asset register. 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. However, we did not identify a process in place to ensure that the timeframes would be met in future. The implementation of the Asset Management System review was reactionary to a note sent by the Authority and not planned.</p>	4	<p>Provide details of the AMP to the Authority as soon as possible.</p> <p>Update the System Review 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 a compliance schedule with the 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. Update the "Reporting Requirements" section of the AMP to ensure regulatory timeframes are met in case of changes occurring in the asset management system.</p>	<p><i>Details of the AMP will be provided to the Authority immediately.</i></p> <p><i>The System Review of the AMP 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>MHB/PS</p> <p><i>Immediately</i></p> <p>31 August 2009</p> <p>31 May 2009</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
1.8	<p>Operational Audit (CI.7)</p> <p>This performance audit is now being undertaken and will be completed.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met in future. The implementation of the Operational Audit was reactionary to a note sent by the Authority and not planned.</p>	4	Develop and implement a compliance schedule with Operational Audit dates included as part of the schedule of events to ensure regulatory timeframes are met.	<i>A compliance schedule will be developed and implemented.</i>	MHB+PS 31 May 2009
1.9	<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 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.</p>	4	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.	<i>The Emergency Assistance section of the Charter will be updated at the next review of the Charter to reflect the recommendation.</i>	MHB+PS 31 October 2011
1.10	<p>Customer Charter (CI.19)</p> <p>The Shire of Moora Customer Service Charter has been reviewed in November 2008 and approved by the Authority on 28 November 2008.</p> <p>The audit found that the Shire of Moora 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 in future. The review and submission of the Customer Service Charter was reactionary to a note sent by the Authority and not planned.</p> <p>Audit confirmed through sighting that the charter is prominently displayed at the Shire's reception, and</p>	4	<p>Increase accessibility of the Charter by making the Customer Charter available to customers on the Shire's website.</p> <p>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.</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>	MHB+PS 30 June 2009 31 May 2009

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
	<p>through discussion with the Shire's EHO that the charter is provided upon request and at no charge to customers.</p> <p>As confirmed with the Shire's EHO, advice on the availability of the Customer Service Charter is provided to its customers with the annual rate notice. 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 in future.</p>				
2	Asset Management Review				
2.1	<p>Environmental Analysis</p> <p>The Regulatory Requirements section of the AMP 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 Moora on 6th August 2008.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. The audit noted that the G2 requirement of the licence to provide an annual monitoring report is included, but the G3 requirement to provide an annual audit compliance report by 1st September each year is not included within the "Reporting Requirements" section of the AMP.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However, the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.</p>	2	<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 Moora on 6th August 2008.</p> <p>Update the "Reporting Requirements" section of the AMP for the reporting requirement of the licence to provide an annual audit compliance report by 1st September each year as required under the clause G3 of the licence.</p> <p>Update the "Reporting Requirements" section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence.</p>	<p><i>The Asset Management Plan will be updated to reflect the recommendations.</i></p>	<p>MHB+PS 31 May 2009</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
2.2	<p>Contingency Planning</p> <p>Although the need for the emergency procedures testing/assessment has been stated in the AMP, there is no evidence of testing. Also, the Shire's EHO wasn't aware of any emergency procedures test being carried out to ensure that procedures are operable and that appropriate persons are aware of their responsibilities in case of emergency.</p>	1	<p>Arrange testing/assessment of the emergency procedures 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>Written records of these tests/assessments should be kept with the appendices of the AMP.</p>	<p><i>Will liaise with Water Corp on the procedure.</i></p> <p><i>The contingency plans will be then 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.</i></p> <p><i>Written records of these tests/assessment will be kept with the appendices of the AMP.</i></p>	<p>MHB+PS</p> <p>30 November 2009</p>
2.3	<p>Asset Operations</p> <p>The AMP notes that in the past, little time has been spent on preventative maintenance, with both Water Corporation and Shire staff shortages ensuring that only reactionary maintenance is carried out. The future operating budget has been increased to account for more time to be spent on the sewerage system, in line with the additional items set out in the maintenance schedule.</p> <p>The AMP also includes a recommendation that the Shire, as part of the negotiation with the Water Corporation with regards to the increased budget allowance, raise the additional maintenance requirements, to allow the Water Corporation to allocate appropriate staffing levels. The audit agrees with this recommendation.</p>	3	<p>The Shire, as part of the negotiation with the Water Corporation with regards to the increased budget allowance, raise the additional maintenance requirements, to allow the Water Corporation to allocate appropriate staffing levels.</p>	<p><i>Due to expense, extra staffing for the Water Corp would not be possible.</i></p>	<p>MHB+SP</p> <p>No action</p>

No.	Issue	Compliance/ Effectiveness Rating	Recommendation	Management Response	Person Responsible and Completion Date
2.4	<p>Review of Asset Management System</p> <p>The AMP contains a section on System Review that requires internal review and update of the AMP to be carried out each year, following the completion of the budget for the following year. Items to be updated include capital expenditure plan, financial plan and asset register.</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 1.7.</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"> ○ Update the AMP in line with the requirements of the new operating licence for the sewerage services issued to the Shire of Moora on 6th August 2008; ○ Update the "Reporting Requirements" section of the AMP for the reporting requirement of the licence to provide an annual audit compliance report by 1st September each year as required under the clause G3 of the licence; and ○ Update the "Reporting Requirements" section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence. 	2	Update the sections of the Asset Management Plan identified by the operational audit and the asset management system review as requiring amendment.	<i>The sections of the Asset management Plan identified as requiring amendment will be updated to reflect the recommendation.</i>	MHB+PS 31 May 2009

1. Background

The Shire of Moora (“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 Moora.

The Shire of Moora has contracted some aspects of managing the sewerage scheme to the Water Corporation. The Water Corporation is primarily responsible for maintenance and repair of the collection and conveyance system, up to the point where the waste enters the treatment plant. The maintenance and repair of the treatment plant, including the chlorination system is the responsibility of the Shire, as is the responsibility for updating and maintaining the documentation associated with the system, reporting and customer services.

The scheme consists of seven catchment areas with pumping stations, approximately 16 km of sewerage reticulation and pressure mains and one waste treatment plant, serving 485 domestic and 100 commercial and industrial properties and a population of approximately 1,200. Through the scheme approximately 72,000m³ of wastewater is collected and treated each year with additional treatment of effluent for irrigation purposes.

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 Moora. The licence was renewed by way of substitution, on the 21st of May 1997 and 14th of June 2002. On the 28th of September 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 yet 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 11th December 2008.

2.3 LICENSEE'S REPRESENTATIVES PARTICIPATING IN THE AUDIT

- Glenn Bangay – Environmental Health Officer (EHO)
- Colleen Skipworth – A/Works Co-ordinator – Moora, Water Corporation WA

2.4 KEY DOCUMENTS EXAMINED

- Shire of Moora Operating Licence dated 28/09/2004;
- Shire of Moora 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;
- Moora Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-058/2;
- Shire of Moora Sewerage Scheme Plans;
- Shire of Moora 2005 Operational Audit and Asset Management System Review Final Report (dated January 2006) for the period December 2002 to November 2005;
- Shire of Moora Customer Charter for Wastewater Services reviewed November 2008;
- Economic Regulation Authority Approval of Shire of Moora Customer Service Charter dated 28 November 2008;
- Agreement between the Water Corporation of Western Australia and the Shire of Moora for the operation and maintenance of the Shire of Moora sewerage scheme (Headworks and reticulation) dated 29 July 1997;
- Water Corporation and Shire of Moora - Moora Sewerage Scheme – Headworks and Reticulation – Extension and Variation dated 25 November 1999;
- The Department of Environment and Conservation Licence No. 5214 valid for the period between the 6th October 2008 and the 5th October 2013;
- Second Licence Expiry Reminder issued to the Shire of Moora by the Department of Environment and Conservation on 29th July 2008;
- Reports of Examination from the Chemistry Centre of WA for the Shire of Moora water sampling for 2006, 2007 and 2008 periods;
- Shire of Moora Annual Report for waste water treatment plant licence No. 5214 file No. L107/93 to the Department of Environment and Conservation dated 7th August 2006;
- Shire of Moora Financial Report for the year ended 30th June 2008;
- Shire of Moora minutes of the special meeting of Council held on Wednesday 6 August 2008; and
- Shire of Moora Asset Management Plan Moora Town Sewerage Scheme dated July 2008.

2.5 COMPLIANCE RATINGS

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

COMPLIANCE STATUS	RATING	DESCRIPTION OF COMPLIANCE
COMPLIANT	5	Compliant with no further action required to maintain compliance
COMPLIANT	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance
COMPLIANT	3	Compliant with major or material recommendations to improve the strength of internal controls 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.

EFFECTIVENESS	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 (Refer to the 5-point rating scale in section 2.5 for details)				
						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	Weak		✓			
CUSTOMER SERVICE										
Customer complaints	Cl.20	2	B	Medium	Weak		✓			
Customer Charter	Cl.19	2	C	Medium	Moderate				✓	
Customer consultation	Cl.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>Asset Management System (Cl.6)</p> <p>There was no current AMP available for review at the time of the audit. The AMP has not been updated since it was produced in 1997.</p> <p><i>Recommendation: The Asset Management Plan will need to be updated immediately. Once finalised, all appropriate staff should be notified of the existence of the AMP and of the proper procedures for operations, maintenance and administration of the wastewater treatment system.</i></p>	<p>The AMP has been updated in July 2008 and as confirmed by the Shire's EHO, all appropriate staff have been notified of the existence of the AMP and have a knowledge of the proper procedures for operations, maintenance and administration of the sewerage system.</p>	Completed
2	<p>Specific Information to be Provided (cl.14)</p> <p>Shire of Moora did not have evidence that Schedule 3 was completed or that the Authority had received the Schedule 3 for the 2004/05 financial year.</p> <p><i>Recommendation: Schedule 3 forms are to be submitted within 30 days of the end of the financial year.</i></p> <p><i>Provide the annual statistics immediately and ensure that future statistics are provided as per the requirements of the licence. The Shire is also required to retain all correspondence as evidence to prove that the Authority has received the information. Resend the Schedule if the Authority has not received it.</i></p>	<p>No copies of the Annual Performance Reports for 2006, 2007 and 2008 period were provided to the audit for review. There was no evidence of any annual performance reports being prepared and submitted to the Authority. The audit came to the view that the Shire's EHO was not aware of the requirement to submit the annual performance report to the Authority and he believed that the Water Corporation handles the annual performance reporting to the Authority. However, the Agreement between the Water Corporation and the Shire for the operation and maintenance of the Moora sewerage system states that the Water Corporation is only responsible for periodic collection and collation of data on operation, maintenance and performance of the Moora sewerage scheme. The Water Corporation forwards the report quarterly to the Shire to enable the Shire to report on the sewerage scheme performance.</p> <p><i>The audit made recommendations to improve the Shire's internal control over the Shire's Annual Performance Reporting and Incidents Reporting. (Action Plan items 1.1 & 1.2)</i></p>	Outstanding

Item No.	Recommendation	Action Taken	Closed
3	<p>Performance Standards - Overflows and Blockages</p> <p>At the time of the audit, there was no evidence to prove that the Authority received Schedule 3 from the Shire or data to show the quantity of overflows and blockages.</p> <p><i>Recommendation: Shire of Moora to inform the Authority of all spills and blockages. The Shire is required to retain all correspondence as evidence to prove if the Authority has received the information. Determine if the Authority has received this information and if not provide the annual statistics immediately to the Authority and ensure future statistics are provided as per the requirements of the licence.</i></p>	<p>No copies of the Annual Performance Reports for 2006, 2007 and 2008 period were provided to the audit for review. Moreover, the Shire failed to provide an evidence of any annual performance report ever being prepared and submitted to the Authority.</p> <p><i>The audit made recommendations to improve the Shire's internal control over the Shire's Annual Performance Reporting and Incidents Reporting. (Action Plan items 1.1 & 1.2)</i></p>	Outstanding
4	<p>Performance Standards (CI.15/Schedule 2)</p> <p>Treated effluent is used to irrigate the sporting field; however there is no evidence of annual notification to all customers that the water is not suitable for drinking. The community is aware that non-potable is used by the sporting complex; however it is recommended that a notification about the use of the treated effluent in the sports field be sent out with rates notice.</p>	<p>The scheme re-uses treated wastewater on spray irrigation of the sports field that is operated by the Shire of Moora. The Shire of Moora 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. This is considered adequate notification.</p>	Completed
5	<p>Customer Service Charter (CI.19)</p> <p>The Charter was reviewed in 2005, so is due for review in 2008. The Charter also need to be displayed in a visible area in the Shire of Moora's office and sent annually to customers. As this document is a controlled copy, include last review date and version number so that Customers are aware if it is a current version.</p>	<p>The Shire of Moora Customer Service Charter has been reviewed in November 2008 and approved by the Authority on 28 November 2008. The year 2008 is stated on the front page of the charter.</p> <p>Sighted the Customer Service Charter and the Authority's approval of the charter.</p> <p>The audit found that the Shire of Moora 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 the Authority 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>	Completed

Item No.	Recommendation	Action Taken	Closed
		<p>As confirmed with the Shire's EHO, the advice on the availability of the Customer Service Charter is provided to its customers together with the rate notice annually. 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 in future.</p> <p>The audit made a recommendation to improve the Shire's internal control over the Customer Service Charter annual notification. (Action Plan item 1.10)</p>	

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 (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
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 by the Water Corporation with the location of all assets related to the waste water services provided in the town of Moora. The Sewerage Scheme Plans were provided to the Shire of Moora on CD. These were compared with the operating area described in Schedule 1 (Plan No.: OWR-OA-058/2) of the Licence. All assets were found to be well within the specified operating area.</p> <p>Sighted Plan No.: OWR-OA-058/2 and the Shire of Moora Asset Management Sewerage Scheme Plans provided by the Water Corporation to the Shire of Moora on CD.</p>	5
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>The SWOT analysis, outlined in the AMP, refers to one of the Shire's sewerage system strengths being the sufficient capacity in the system to handle increased loading as a result of population growth.</p> <p>The Shire's EHO confirmed that the capacity of the system is well under-utilised and that the Water Corporation confirmed the system will handle two upcoming subdivisions as well as future increase in population growth.</p>	5
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

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
CI.6	<p>Asset Management System</p> <p>(a) The Licensee is to –</p> <p>(i) provide for an asset management system in 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>	3	<p>The Shire’s AMP was updated in July 2008.</p> <p>The Authority advised the audit that there was a correspondence between the Authority and the Shire of Moora in May and June 2008 in relation to the requirement for the Shire to provide details of the AMS that is currently used to the Authority. It does not appear that these details were ever provided to the Authority.</p> <p>The AMP contains a section on System Review that requires internal review and update of the AMP to be carried out each year, following the completion of the budget for the following year. Items to be updated include capital expenditure plan, financial plan and asset register. 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. 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 Authority and not planned.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Provide to the Authority details of the AMS that is currently in use i.e. details of the platform ▪ Update the System Review 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 the Asset Management System review dates included as part of the schedule of events to ensure regulatory timeframes 	4

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<p>are met.</p> <ul style="list-style-type: none"> Note the required timeframes for the notification of the asset management system changes to the Authority. Update the "Reporting Requirements" section of the AMP to ensure regulatory timeframes are met in case of changes occurring in the asset management system. (Action Plan item 1.7) 	
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> <p>(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.</p>	4	<p>This performance audit is now being undertaken and will be completed.</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 Authority and not planned.</p> <p>Recommendation:</p> <p>Develop and implement a compliance schedule with Operational Audit dates included as part of the schedule of events to ensure regulatory timeframes are met. (Action Plan item 1.8)</p>	4
CI.8	<p>Adherence to Technical Standards</p> <p>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>.</p>	N/A	No relevant technical standards had been published in the <i>Government Gazette</i> at the time of the audit.	N/A
CI.9	<p>Adherence to Industry Codes</p> <p>The Licensee shall observe the <i>Sewerage Code of Australia WSA 02 1999</i> in the design and construction of sewerage systems.</p>	4	<p>The sewer system was built to appropriate standards when constructed in two stages between 1975 and 1976.</p> <p>Confirmed though discussion with the Shire's EHO that no changes were made into the sewerage systems since the previous</p>	5

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			audit. The EHO is aware of the Code.	
CI.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 Moora prepares a comprehensive Annual Report for the whole of the shire, which is independently audited by a certified auditor. Audit reviewed the Financial Report for the year ended 30 June 2008 and Independent audit report that confirmed the financial statements of the Shire of Moora are giving a true and fair view of the Shire's financial position as at 30 June 2008 and its performance for the year ended at that date; and are complying with the requirements of the Local Government Act 1995; Local Government Regulation 1996; and with the Australian Accounting Standards. The Shire's Financial Management Information System (FMIS) has the ability to produce operating statements as per the Water Services licence requirements.	5
CI.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 and Charges for 2008/2009 were approved at the Shire of Moora Special Meeting of Council held on the 6 th of August 2008 as evidenced in the minutes for that meeting. Prices and charges are listed for each class of customer.	5
CI.17	Obligations to Other Licences Adhered to Wastewater treatment plants operated by the Licensee shall have relevant Licences from the Department of Environment and Conservation and be operated in compliance with those Licences.	4	Sighted the letter from the Department of Environment and Conservation advising approval of Shire's application for a licence to operate the Shire of Moora Waste Water Treatment Plant. Licence number is L5214/1993/10 and will expire on the 5 th October 2013. The audit also sighted the Second Licence Expiry Reminder to the Shire from the Department of Environment and Conservation dated 29/07/2008 and advising that a late application fee of \$250 now applies to the Shire's licence. Under the clause 5CB of the Environmental Protection Regulation 1987, the Shire must apply	2

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<p>for renewal of existing licence more than 70 days before the day on which the existing licence expires. Licence renewal application made less than 70 days but more than 42 days before the expiry must pay a late application fee of 10 units, and less than 42 days before expiry must pay a late fee of 20 units. The audit did not identify a process in place to ensure that the licence renewal application would be made on time in the future to avoid late application fees.</p> <p>The “Reporting Requirements” section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. The audit noted that the G2 requirement of the licence to provide an annual monitoring report is included, but the G3 requirement to provide an annual audit compliance report by 1st September each year is not included within the “Reporting Requirements” section of the AMP.</p> <p>The audit sighted the 2006 Annual Report provided to the Department of Environment and Conservation by the Shire. The Annual Reports to the Department for 2007 and 2008 were not provided to the auditor for review and no evidence was provided to support that they were prepared and submitted to the Department.</p> <p>The Agreement between the Water Corporation and the Shire for the operation and maintenance of the Moora sewerage system states that the Water Corporation is only responsible for periodic collection and collation of data on operation, maintenance and performance of the Moora sewerage scheme. The Water Corporation forwards the report quarterly to the Shire to enable the Shire to report on the sewerage scheme performance to the Department of Environment and Conservation annually, as required by the licence. It is an offence to contravene a licence condition which carries high financial penalties.</p> <p>Also, sighted reports from the Chemistry Centre of the examination</p>	

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<p>of water samples from sewerage ponds and holding dam.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Investigate whether the Department of Environment and Conservation received the annual monitoring reports for the Shire of Moora for 2007 and 2008 period. If not, prepare the annual monitoring reports and provide them to the Department as soon as possible. ▪ Ensure compliance with the reporting requirements of the Department of Environment and Conservation and associated licence in the future. ▪ Retain copies of all annual monitoring and compliance reports as well as copies of all correspondence with the Department as evidence of compliance. ▪ Update the “Reporting Requirements” section of the AMP for the reporting requirement of the licence to provide an annual audit compliance report by 1st September each year as required under the clause G3 of the licence. ▪ Develop and implement a compliance schedule with the date required for the licence renewal application, being at least 70 days before the expiry of the existing licence, included as part of the schedule of events to ensure regulatory timeframes are met and to avoid payment of late application fees in the future. <i>(Action Plan item 1.5)</i> 	
Cl.15(c)	<p>Emergency Telephone Service Operational</p> <p>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.</p>	2	<p>The Customer Service Charter provides a section on emergency assistance which states the following:</p> <p><i>“The Shire and the Water Corporation 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</i></p>	4

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<p><i>the problem. Should the number be unmanned for any reason a message left on the answering machine <u>will be responded to within two hours.</u></i></p> <p>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.</p> <p>However, as confirmed through the discussion with the Shire's EHO the emergency calls received by the Shire are being responded to within one hour.</p> <p>The emergency customer service telephone numbers for emergency and faults are provided in the charter.</p> <p>Also, the AMP outlines the emergency contact details to Moora Shire Council staff as well as Water Corporation staff.</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. (<i>Action Plan item 1.9</i>) 	
CI.15(d), CI.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	The maintenance and repair of the scheme is separated into two sections. The maintenance and repair of the collection and conveyance system, up to the point where the waste enters the treatment plant, is contracted to the Water Corporation. The maintenance and repair of the treatment plant, including chlorination system is the responsibility of the Shire. The maintenance schedule for Moora sewerage scheme was designed to ensure that the sewerage system operates effectively	3

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<p>and meets the system objectives. The blockages occur mainly as a result of tree roots invading the pipe lines. The maintenance schedule provides for a progressive inspection and at least an annual rodding or jetting of all reticulation of all sewers. Additionally, as advised by the Shire's EHO the pipes were chemically cleaned 3 years ago. The areas affected the most will be upgraded.</p> <p>The audit was provided with the Water Corporation's record of customer related sewerage blockages which reported 3 blockages for 2006/07 and 10 blockages for 2007/08. Based on this information, the audit could confirm that the Shire complied with the sewerage blockages performance standards.</p> <p>However, due to the lack of evidence provided, the audit could not confirm the compliance with the performance standards in relation to the sewerage overflows.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Maintain evidence of compliance with the quality and performance standards set out in Schedule 2 of the licence during the audit period, including any incidents of overflows or blockages. (<i>Action Plan item 1.3</i>) 	
Cl.15(b)	<p>Non-potable Water – Health Directions</p> <p>The Licensee shall provide annual notification to all Customers provided with non-potable water that the water supplied is not suitable for drinking.</p>	1	<p>The scheme re-uses treated wastewater on spray irrigation of the sports field that is operated by the Shire of Moora. The Shire of Moora 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
Cl.16	<p>Services by Agreement</p> <p>The Licensee may enter into agreements with Customers to provide Water Services.</p>	4	<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.</p>	5

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
	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.		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.	
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>	2	<p>The maintenance and repair of the collection and conveyance system, up to the point where the waste enters the treatment plant, is contracted to the Water Corporation.</p> <p>The maintenance and repair of the treatment plant, including chlorination system is the responsibility of the Shire, as is the responsibility for updating and maintaining the documentation associated with the system, reporting and customer service.</p> <p>The audit reviewed the Agreement between the Water Corporation and the Shire of Moora for the operation and maintenance of the Shire of Moora sewerage scheme and noted that the agreement requires the Water Corporation to operate and maintain the Shire's sewerage scheme in accordance with the requirements of the Department of Environment and Conservation and associated licence No. 5214, but the compliance with the Water Services Operating Licence is not mentioned in the agreement.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ Update the Schedule 2 of the Agreement between the Water Corporation and the Shire of Moora for operation and maintenance of the Moora sewerage system for the requirement that the Water Corporation will operate and maintain the Shire's sewerage scheme in accordance with the Water Services Operating Licence. (<i>Action Plan item 1.4</i>) 	2
Cl.20	<p>Customer Complaints</p> <p>The Licensee shall establish a system for recording, managing and resolving within 21 days Complaints by</p>	4	<p>The Customer Service Charter outlines process in regards to enquiries, suggestions, complaints and disputes.</p> <p>The Shire's EHO was not aware of the existence of a complaints</p>	2

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
	<p>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 Licensee 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>register or whether there were any complaints other than the emergency calls received during the audit period by the Shire.</p> <p>Due to the lack of evidence provided, audit was not able to ascertain whether there were any complaints about the sewerage scheme received by the Shire and if there were any, whether they were resolved within the required time.</p> <p>The Shire's CEO is authorised to make necessary decisions to settle the 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"> ▪ Develop and implement a Complaints Register in order to improve internal control over the recording and reporting of complaints; and ▪ Record each customer complaint received by the Shire and its outcome in the Complaints Register in sufficient detail 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. <p><i>(Action Plan item 1.6)</i></p>	

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
	<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>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>			
Cl.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 	3	<p>The Shire of Moora Customer Service Charter was reviewed in November 2008 and approved by the Authority on 28 November 2008.</p> <p>Sighted the Customer Service Charter and the Authority's approval of the charter.</p> <p>The Shire of Moora originally submitted their charter to the Authority for approval on 7th November 2008. The Secretariat of the Authority provided feedback to the Shire regarding the charter. The Shire of Moora submitted the revised version of the charter on 24th November 2008. The previous charter was approved by the Authority in October 2005. The Authority found that the Shire of Moora 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</p>	4

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
	<p>Customers.</p> <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 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>submission of the Customer Service Charter was reactionary to a note sent by the Authority 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>As confirmed with the Shire's EHO, the advice on the availability of the Customer Service Charter is provided to its customers together with the rate notice annually. 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. (<i>Action Plan item 1.10</i>) 	
CI.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>	4	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	5

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
	(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. The Licensee shall allow Customers to raise matters of concern regarding the sewerage system at public question time in accordance with the <i>Local Government Act 1995</i> .		in significant variation in its service levels. Audit confirmed that, on the basis of information provided, the Shire of Moora generally complies with the minimum requirement in relation to public consultation, as demonstrated through the public consultation process that the Shire of Moora undertook in relation to review of the customer service charter in October 2008. The Shire placed advertisements in the local newspaper inviting public comment on the charter. There were no major changes to the operation of the water services during the audit period that would require public consultation. The Shire of Moora allows its customers to raise matters of concern regarding the sewerage system at public question time during the Moora Council meetings.	
CI.21	Customer Survey 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. Such a survey will not be required more frequently than once every 12 months.	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)	Incident Reporting The Licensee shall inform the Authority of the occurrence of any of the following events within five days of their occurrence: - overflows from wastewater/ sewerage	3	The audit sighted the 2006 Annual Report provided to the Department of Environment and Conservation which reported 2 discharges to the environment were necessary, due to the storage dams being at capacity. The report states that in both cases the Department at the Geraldton office was informed. However, no evidence was provided to the auditor that the Authority was	2

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
	<p>infrastructure, including wastewater treatment plants, pumping stations etc.</p> <p>The Authority may require a detailed report on these events to be provided within 14 days of the request.</p>		<p>informed of these events within five days of their occurrence.</p> <p>The Annual Reports to the Department for 2007 and 2008 were not provided to the auditor for review and no evidence was provided to support that they were prepared and submitted to the Department.</p> <p>The “Reporting Requirements” section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.</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; and ▪ Update the “Reporting Requirements” section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence. (<i>Action Plan item 1.1</i>) 	
<p>Cl.14(c), Sch 3</p>	<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>No copies of the Annual Performance Reports for 2006, 2007 and 2008 were provided to the auditor for review. There was no evidence of any annual performance reports being prepared and submitted to the Authority. The audit came to the view that the Shire’s EHO was not aware of the requirement to submit the annual performance report to the Authority and he believed that the Water Corporation handles the annual performance reporting to the Authority. However, the Agreement between the Water Corporation and the Shire for the operation and maintenance of the Moora sewerage system states that the Water Corporation is only responsible for periodic collection and collation of data on operation, maintenance and performance of the Moora sewerage scheme. The Water Corporation forwards the report quarterly to</p>	<p>2</p>

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<p>the Shire to enable the Shire to report on the sewerage scheme performance to the Department of Environment and Conservation. The Agreement does not specify the requirement re reporting to the Authority under the Water Services Operating Licence.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However, the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.</p> <p>Also, as the information for the annual performance reports comes from a variety of sources, the information as to where and how to source the required data needs to be documented.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Investigate whether the Authority received the annual performance reports for the Shire of Moora during the audit period. If not, prepare the annual performance reports and provide them to the Authority as soon as possible. ▪ Ensure compliance with the reporting requirements under the Water Services Operating Licence in the future. ▪ Retain copies of the annual performance reports as well as copies of all correspondence with the Authority as evidence of compliance. ▪ Update the Schedule 2 of the Agreement between the Water Corporation and the Shire of Moora for operation and maintenance of the Moora sewerage system for the Shire's responsibility to report on performance ▪ Update the "Reporting Requirements" section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence. 	

Licence ref.	Licence obligation	Audit priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (1,2 = non-compliant 3,4,5 = compliant refer 2.5)
			<ul style="list-style-type: none"> ▪ 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. (<i>Action Plan item 1.2</i>) 	
CI.15(a)	Compliance with Reporting Standards The Licensee shall comply with the quality and performance standards set out in Schedule 2.	3	<p>The audit was provided with the Water Corporation's record of customer related sewerage blockages which reported 3 blockages for 2006/07 and 10 blockages for 2007/08. Based on this information, the audit could confirm that the Shire complied with the sewerage blockages performance standards.</p> <p>However, due to the lack of evidence provided, the audit could not confirm the compliance with the performance standards in relation to the sewerage overflows, emergency response and responsiveness to customer complaints.</p> <p>Recommendation:</p> <p>Maintain evidence of compliance with the quality and performance standards set out in Schedule 2 of the licence during the audit period, including any incidents of overflows or blockages. (<i>Action Plan item 1.3</i>)</p>	3

3.4 INTEGRITY OF PERFORMANCE REPORTING

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

No copies of the Annual Performance Reports for 2006, 2007 and 2008 were provided to the audit for review. The audit came to the view that the Shire's EHO was not aware of the requirement to submit the annual performance report to the Authority and he believed that the Water Corporation handles the annual performance reporting to the Authority.

However, the Agreement between the Water Corporation and the Shire for the operation and maintenance of the Moora sewerage system states that the Water Corporation is only responsible for periodic collection and collation of data on operation, maintenance and performance of the Moora sewerage scheme. The Water Corporation shall forward the report quarterly to the Shire to enable the Shire to report on the sewerage scheme performance to the Department of Environment and Conservation. The Agreement does not specify the requirement re reporting to the Authority under the Water Services Operating Licence.

The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However, the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.

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

The audit recommendations to the Shire of Moora to improve the internal controls to maintain compliance with its performance reporting obligations are outlined in the Licensee 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 Moora 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);
- Annual performance reports have not been provided to the Authority during the audit period;
- Due to the lack of evidence provided, the audit could not confirm compliance with the performance standards in relation to the sewerage overflows, emergency response and responsiveness to customer complaints;

- The requirement to comply with the Water Services Operating Licence is not included in the Agreement with the Water Corporation for the operation and maintenance of the Shire's sewerage scheme;
- Due to the lack of evidence provided, the audit could not confirm compliance with the reporting requirements to the Department of Environment and Conservation for 2007 and 2008; and
- No complaints register is being maintained and the outcomes recorded.

The previous audit also made recommendations in regards to improvement of the annual performance reporting and performance standards, which are still outstanding. The previous audit recommendations regarding the annual non-potable water notification to customers, updating and displaying the Customer Service Charter and updating the Asset Management Plan have been completed.

The audit identified a number of 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 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 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>Asset Planning/Creation/Acquisition</p> <p>The existing AMP has not been updated. As a result, no provision has been made for any asset planning, creation and acquisition or how the strategic objectives for the wastewater treatment system may have changed.</p> <p>The Asset Register has not been updated since 1997, and there has been a sewer extension and an effluent reuse system added to the system since then which has been captured in other documentation, however not the AMP.</p> <p><i>Recommendation: The Asset Management Plan needs to be updated and forwarded onto the Authority for approval.</i></p>	<p>The Shire's AMP was updated in July 2008 and forwarded to the Authority for approval.</p>	Completed
2	<p>Environmental Analysis</p> <p>The operating environment is adequately understood, with the service delivery of a good standard. Risk assessments of all external factors affecting the system have been undertaken. As the system is simple and quite small, the main risk of failure is environmental rather than health and safety.</p> <p><i>Recommendation: Opportunities and threats need to be assessed and documented.</i></p>	<p>The SWOT analysis has been carried out on the Moora town sewerage system and the identified strengths, weaknesses, opportunities and threats are detailed in Table 2. SWOT Analysis of the AMP.</p>	Completed
3	<p>Asset Management System Analysis</p> <p>Due to the AMP being out of date, this part of the asset management system is quite inadequate.</p> <p>The Water Corporation is managing the Asset in an innovative manner with the introduction of computer programs. The asset's maintenance and register are well managed and documented by the Water Corporation, however there is a gap where the</p>	<p>The Shire's AMP was updated in July 2008, including the Asset Register and the Maintenance Schedule.</p> <p>The Maintenance Schedule is designed to ensure that the sewerage system operates effectively and meets the system objectives.</p>	Completed

Item No.	Recommendation	Action Taken	Closed
	<p>responsibility for the AMP has not been addressed and has therefore never been updated.</p> <p><i>Recommendation: The Asset Management Plan must be updated, including the asset register, and a maintenance schedule and register must be prepared and implemented. The Maintenance Schedule should be developed in conjunction with the Water Corporation to ensure that it is appropriate for the system.</i></p>		
4	<p>Risk Analysis and Contingency Planning</p> <p>Risk assessment have been undertaken and documented by the Water Corporation. The AMP should be updated to demonstrate a risk assessment of the changed system. The ponds are fenced inadequately hence could allow a person to enter the ponds. This could result in a catastrophic failure with the health and safety of unauthorised people entering the restricted area.</p> <p><i>Recommendation: Update the AMP to reflect risk assessment and analysis. Redesign the fence to prevent unauthorised entry into the restricted area.</i></p>	<p>A risk assessment analysis has been carried out on the Moora town sewerage system and is detailed in the Table 1 Risk Assessment & Register of the AMP.</p> <p>Following the risk assessment, those issues identified as having a medium or high residual risk rating have been identified and control measures implemented to manage the risk.</p> <p>A set of emergency procedures have been developed to cover situations identified in the risk assessment as having severe consequences, in spite of risk rating</p> <p>Although, the AMP states the need for testing/assessment of emergency procedures, there is no evidence of testing and the Shire's EHO wasn't aware of any emergency procedures test being carried out to ensure that procedures are operable and that appropriate persons are aware of their responsibilities in case of emergency. <i>See Action Plan item 2.2 for audit recommendation regarding the emergency procedures testing.</i></p> <p>The audit also confirmed the adequacy of fencing to prevent unauthorised entry into the restricted area.</p>	Completed
5	<p>Financial Planning</p> <p>The Annual Budget details the operations and maintenance income and expenditure, and the Plan of Principal Activities would detail the capital expenditure of any new sewerage works. There is also a 5 year projection of income and expenditure in the annual budget. Financial planning is good,</p>	<p>The AMP outlines the planned income and operational expenditure for the Moora sewerage system for the next 10 years.</p>	Completed

Item No.	Recommendation	Action Taken	Closed
	<p>although the AMP needs to be updated to reflect current financial planning.</p> <p><i>Recommendation: As part of the AMP review, the financial planning needs to be updated.</i></p>		
6	<p>Capital Expenditure Plan</p> <p>The AMP needs to be updated to reflect the current capital expenditure plan. Capital expenditure planning is considered good for this asset.</p> <p><i>Recommendation: As part of the AMP review, the capital expenditure planning needs to be updated.</i></p>	<p>The AMP outlines capital expenditure planned for sewerage and treatment systems for the next 10 years as well as a study of the balance of the Sewerage Reserve Fund for the next 10 years.</p>	Completed
7	<p>Review</p> <p>The AMP should be prepared and submitted to the Authority for review. Customer Charter is was prepared in 2005; however as a controlled document it requires a date and version number.</p> <p><i>Recommendation: The AMP should be reviewed and updated as soon as possible.</i></p> <p><i>The AMP and Charter should be reviewed every 12 months at the same time as the annual budget, and updated as necessary. They should be updated within every 36 months, thus the Charter is due to be updated next year.</i></p>	<p>The AMP was updated in July 2008 and is currently up to date.</p> <p>The AMP contains a section on System Review that requires internal review and update of the AMP to be carried out each year, following the completion of the budget for the following year. Items to be updated include capital expenditure plan, financial plan and asset register.</p> <p>Since the AMP document has recently been created for the Shire, there were no reviews of the AMP carried out as yet.</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>The audit suggested improvements to the current monitoring and review practices. (Action Plan item 2.4)</p>	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 (1=performed informally, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving - refer 2.6)
1	ASSET PLANNING		4
1.1	Have the strategic objectives for the assets been identified?	<p>The Shire of Moora Asset Management Plan (AMP) does include the following mission statement: <i>“The mission of the Shire of Moora in providing this service is to provide cost effective wastewater collection, treatment and disposal services for the town of Moora, which meets community expectations for health and environmental management”.</i></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><i>“The Shire of Moora 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.”</i></p> <p>Additionally, the levels of service and performance indicators have been defined in the AMP.</p>	4
1.2	Have life cycle costs been considered?	The AMP considers life-cycle cost of asset acquisition, operation and disposal.	4
1.3	Does the planning process and objectives reflect the needs of all stakeholders?	Yes, the need of all stakeholders appears to be considered by the planning process and objectives.	4
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>No new assets are currently planned, only upgrades and maintenance to the existing system, and replacements of existing infrastructure as required.</p> <p>The main asset related planning revolves around the upgrade of each of the pump stations to current standards. Planning for scheme expansion does not appear</p>	N/A

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness Rating (1=performed informally, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving - refer 2.6)
		warranted at this stage.	
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?	No new assets are currently planned, only upgrades and maintenance to the existing system, and replacements of existing infrastructure as required. New assets required in the future will be procured through the Government Supply system where available or through public tendering and in accordance with the Shire's procurement policies and procedures.	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
3	ASSET DISPOSAL		3
3.1	Are under-utilised and under-performing assets identified as part of a regular, systematic review process?	On an annual basis, a formal inspection of asset is carried out, to assess the condition and performance of each asset. Table 4 of the AMP displays the asset issues from a review of the system in 2007. Additionally, under-performing assets may be identified during routine preventative maintenance.	4
3.2	Is there a replacement strategy?	The basic replacement strategy is replacing assets at the end of their effective life. However, the system is being regularly reviewed against the system objectives and requirements, condition assessments and performance data to determine any items due	4

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness Rating (1=performed informally, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving - refer 2.6)
		<p>for replacement.</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 Moora Sewerage Scheme.</p>	
3.3	Has an evaluation of disposal alternatives been completed?	The assessment of disposal options would be included in the asset disposal plan.	3
3.4	Are damaged or missing assets written-off?	Damaged or missing assets would be written-off.	3
3.5	Is there a disposal plan?	<p>The system is meeting demand and working close to capacity. As such there are no plans to dispose of any major assets in the foreseeable future.</p> <p>The AMP states that should the asset condition assessment reveal under-performing assets or service levels change dramatically; an asset disposal plan would be required, to ensure that the process is correctly undertaken.</p> <p>The AMP also outlines what the disposal plan should include such as the person responsible for the works, reasons behind the failure, assessment of disposal options and transfer of disposal details to asset register and financial records.</p> <p>Table 4. of the AMP displays the asset issues from a review of the system in 2007 and identifies the old Imhoff tank and other outdated infrastructure for disposal in a landfill area within next 2 or 3 years. The disposal plan will need to be prepared for this planned disposal.</p>	3
3.6	Are under-utilised and under-performing assets identified as part of a regular, systematic review process?	Annual asset condition appraisal and regular preventative maintenance identifies assets that are underperforming. These are investigated and corrective action taken to remedy to the situation, or the assets disposed of.	3
4	ENVIRONMENTAL ANALYSIS		3
4.1	Have the performance requirements –	The levels of service are clearly defined in the AMP. They include availability, capacity,	3

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness Rating (1=performed informally, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving - refer 2.6)
	availability of service, capacity, continuity, emergency response been documented?	<p>continuity, odour control, emergency response and blockages.</p> <p>The AMP also outlines performance indicators in relation to complaints, blockages, flooding, SPS outages, pumping efficiency, and response time.</p> <p>However, no copies of the Annual Performance Reports for 2006, 2007 and 2008 were provided to the auditor for review. Due to the lack of evidence provided, the audit could not confirm the compliance with the performance standards in relation to the sewerage overflows, emergency response and responsiveness to customer complaints.</p>	
4.2	Are the asset system objectives documented?	These details are contained in the asset register and in the system description.	3
4.3	Have opportunities and threats in the system environment been assessed?	The opportunities and threats in the system environment have been identified by the SWOT Analysis which is included in Table 2 of the AMP.	3
4.4	Are regulatory obligations and statutory/regulatory requirements documented?	<p>Yes, the Asset Management Plan identifies the following regulatory requirements:</p> <ul style="list-style-type: none"> ▪ Water Services Licensing Act 1995; ▪ Department of Environment and Conservation requirements; ▪ Occupational Safety and Health Act 1984; ▪ Occupational Safety and Health Regulations 1996; ▪ Health Act 1911; and ▪ Health (Treatment and sewerage and disposal of effluent and liquid waste) Regulation 1974. <p>The Regulatory Requirements section of the AMP 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 Moora on 6th August 2008.</p> <p>The "Reporting Requirements" section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. The audit noted that the G2 requirement of the Department's licence to provide an annual monitoring report is included, but the G3 requirement to provide an annual audit compliance report by 1st</p>	2

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		<p>September each year is not included within the “Reporting Requirements” section of the AMP.</p> <p>The “Reporting Requirements” section of the AMP outlines the reporting requirements of the Shire to the Department of Environment and Conservation. However, the reporting requirements to the Authority under the Water Services Operating Licence are not outlined in the AMP.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Update the Asset Management Plan in line with the requirements of the new operating licence for the sewerage services issued to the Shire of Moora on 6th August 2008. ▪ Update the “Reporting Requirements” section of the AMP for the reporting requirement of the licence to provide an annual audit compliance report by 1st September each year as required under the clause G3 of the licence. ▪ Update the “Reporting Requirements” section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence. <p><i>(Action Plan item 2.1)</i></p>	
4.5	Does the asset meet the level of service required by users of the service?	<p>Yes, the assets appears to be in keeping with Shire’s statement on its commitment to service.</p> <p>However, no copies of the Annual Performance Reports for 2006, 2007 and 2008 were provided to the auditor for review. Due to the lack of evidence provided, the audit could not confirm the compliance with the performance standards in relation to the sewerage overflows, emergency response and responsiveness to customer complaints</p>	3
4.6	Do the assets meet regulatory requirements?	Compliance with the regulatory requirements is being monitored by the Shire’s EHO and audited by an independent auditor as required under the operating licence.	4
5	RISK MANAGEMENT		4

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5.1	Has a risk assessment of the asset been conducted?	<p>A risk assessment has been carried out on Moora's town sewerage system. This relates to the role that the Shire plays as the owner of the system. Whilst the Water Corporation's role in the maintenance and day to day operation of the system changes the risk profile, ultimately, the Shire carries the responsibility for the system. The risk assessment will be reviewed as part of the AMP (Asset management Plan) review or when system changes occur, to ensure that all risks are identified and adequately managed.</p> <p>The Risk Assessment is outlined in Table 1: Risk Assessment & Register of the AMP which details:</p> <ul style="list-style-type: none"> o Risk; o Identified impacts; o Possible causes; o Probability; o Severity; o Risk Rating; o Control Measures; and o Residual Risk. 	4
5.2	Has the probability and consequences of asset failure been identified?	Yes, the probability and consequences of asset failure have been identified and are outlined in Table 1: Risk Assessment & Register in the AMP.	4
5.3	Is risk management practiced?	Yes, the risk assessment has been carried out on Moora town sewerage system.	4
5.4	Are risk control measures implemented for risks identified as unacceptable?	<p>Following the risk assessment, those issues identified as having a medium or high residual risk rating have been identified and control measures implemented to manage the risk.</p> <p>These comprise measures contained in the AMP and other council operating policies and guidelines. The review provisions set out in the AMP are designed to ensure risk management is carried out on an on-going basis.</p>	4
6	CONTINGENCY PLANNING		2

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6.1	Is there sufficient contingency planning and backup?	<p>A set of emergency procedures have been developed to cover situations identified in the risk assessment as having severe consequences, in spite of the risk rating listed.</p> <p>These procedures cover bushfire, electrical and pump failure, pipeline burst or blockages, tablet chlorinator failure and pond overflow. Control of situations in the event of an emergency is the responsibility of the Works Manager.</p>	3
6.2	Is disaster recovery regularly tested?	<p>The AMP states:</p> <p><i>“These plans should be tested/assessed to ensure that they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</i></p> <p><i>They also should be reviewed annually (Water Corporation currently review annually) to ensure that changes to the system or contacts are reflected. Written review of these review/assessment processes should be kept with in the appendices of the AMP.”</i></p> <p>Although the need for the emergency procedures testing/assessment has been stated in the AMP, there is no evidence of testing and the Shire’s EHO wasn’t aware of any emergency procedures test being carried out to ensure that procedures are operable and that appropriate persons are aware of their responsibilities in case of emergency.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> ▪ Testing/assessment of the emergency procedures to be carried out 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. ▪ Written records of these tests/assessments should be kept with in the appendices of the AMP. (Action Plan item 2.2) 	1
6.3	Are appropriate contingency plans in place?	Yes, the emergency procedures appear to be appropriate for the operation of the sewerage scheme.	3
6.4	Have contingency plans been	Yes, emergency procedures have been developed to cover situations identified in the	3

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	developed for events that may result in severe consequences?	risk assessment as having severe consequences, in spite of the risk rating listed.	
7	ASSET MANAGEMENT INFORMATION SYSTEM		2
7.1	Is there adequate system documentation?	<p>The Water Corporation manages the assets using the SAP system. This system includes operation and maintenance information, in addition to recording financial information. The system documentation is kept by the Water Corporation.</p> <p>At the Shire, the asset system is managed without the aid of a specialised computerised system. The financial component of the system is managed by the Shire's financial officer through a system of paper and electronic programs. Procedures relating to account keeping, data security and back-up are outlined in general council procedures. Access to these areas is restricted to Shire staff and escorted visitors.</p>	3
7.2	Do the input controls include appropriate verification and validation of data entered into the system?	<p>There is no formal system in place for data transfer between the Water Corporation and the Shire system.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> ▪ The integrity of data supplied by the Water Corporation should be confirmed prior to input into the spreadsheets. (<i>Action Plan item 1.2</i>) 	0
7.3	Are key computations documented and are they accurate?	At the Shire, the asset system is managed without the aid of a specialised computerised system.	0
7.4	Do reports meet management requirements?	<p>The financial reports prepared by the Shire do meet management requirements.</p> <p>In accordance with the Agreement between the Water Corporation and the Shire, the Water Corporation forwards a quarterly report to the Shire to enable a report on the performance of the wastewater treatment plant to be forwarded to the Department of Environment and Conservation annually by the Shire, as required by the Department's licence.</p>	2

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7.5	Are the logical security access controls such as passwords adequate?	Asset management information stored on the Shire's computer network includes: <ul style="list-style-type: none"> o electronic copy of the conversations between the Shire and the Water Corporation, the Shire and the Authority, and the Shire and the Department of Environment and Conservation; o the Water Corporation's quarterly reports to the Shire on performance of the wastewater treatment plant; and o the Shire's reporting to the Authority and the Department of Environment and Conservation. Access to the Shire's network requires unique user ID log on and password to prevent unauthorised access.	3
7.6	Are there adequate physical security access controls?	The Sewerage Scheme Plans provided by the Water Corporation to the Shire of Moora on CD are kept in the Environmental Health Officer's office. During office hours, access to Shire office areas is restricted to Shire staff and escorted visitors. 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?	At the Shire, the asset system is managed without the aid of a specialised computerised system.	0
7.8	Is the functionality of the AMIS adequate for the licensee's needs?	At the Shire, the asset system is managed without the aid of a specialised computerised system. Considered adequate.	0
8	ASSET OPERATIONS		4
8.1	Are practices covering operating rules documented?	The operation of the sewerage system is split into two sections of the AMP, the reticulation system and the treatment system. The reticulation system procedures are subject to the procedures contained in the Water Corporation's OHS Manual and generic procedures whilst the treatment system procedures are subject to the Shire of Moora Employee Safety Manual Policies and Procedures.	4

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		<p>The “Collection System” section of the AMP discussed the standard operating procedures to be followed by staff in the operation of the sewerage system (contained in the Water Corporation OHS Manual).</p> <p>The “Treatment System” section of the AMP discussed the standard operating procedures to be followed by staff in the operation of the treatment system (contained in the Shire of Moora employee Safety Manual Policies and procedures).</p> <p>Annually, as part of the asset management plan review, operating and maintenance procedures are to be reviewed to determine if there are any improvements that could be made to improve efficiency. This may include changes to scheduling or task allocation. Any changes made in regards to improving efficiency during this review, or at any other time, are to be documented in the Appendix K of the AMP.</p> <p>Currently, the operating and maintenance procedures are up to date and no changes were made and documented as yet.</p>	
8.2	Do operational practices reflect performance targets?	Yes, current operational practices 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?	Yes, the operational plans appear to be related and linked to required levels of service.	4
8.4	Are the asset system components documented?	<p>The asset register lists the assets associated with the Moora Wastewater treatment system, and include sufficient data on the system to enable future planning. It is updated as changes are made to the system.</p> <p>The Water Corporation maintains an asset register of all collection assets within their computer system.</p> <p>All plans and drawing associated with individual assets are kept in the local Water Corporation depot office. Copies of these are kept in the Shire office.</p>	4

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness Rating (1=performed informally, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving - refer 2.6)
		The Asset System section of the AMP lists all major components in the sewerage system with a brief summary and photographs.	
8.5	Does the register record asset type, location, material and an assessment of assets' physical/structural condition?	<p>The current Asset Register includes details on:</p> <ul style="list-style-type: none"> ▪ Asset Number; ▪ Description; ▪ Dimensions/ type; ▪ Construction date; ▪ New life expectancy; ▪ Condition rating; ▪ Performance Rating; ▪ Importance Rating; and ▪ Replacement Value. <p>The assets' location is documented on the maps.</p>	4
8.6	Is the asset's theoretical life known?	The asset register contains information on the expected life of each asset.	4
8.7	Are asset costs measured and recorded?	All assets expenditure is captured in the Shire's Financial Management Information System (FMIS) and used in developing the AMP.	3
8.8	Are actual assets and human resources appropriate for performance requirements?	<p>The actual assets seem appropriate for the current levels of demand.</p> <p>The AMP noted that in the past little time has been spent on preventative maintenance, with both Water Corporation and Shire staff shortages ensuring that only reactionary maintenance is carried out. The future operating budget has been increased to account for more time to be spent on the sewerage system, in line with the additional items set out in the maintenance schedule.</p> <p>The AMP also includes a recommendation that the Shire, as part of the negotiation with the Water Corporation with regards to the increased budget allowance, raise the additional maintenance requirements, to allow the Water Corporation to allocate appropriate staffing levels. Audit agrees with this recommendation.</p>	3

Item no.	Criteria (refer AMS Effectiveness Matrix in Audit Guidelines)	Observations and results (including any potential improvements)	Effectiveness Rating (1=performed informally, 2=planned & tracked, 3=well-defined, 4=quantitatively controlled, 5=continuously improving - refer 2.6)
		<p>Recommendation:</p> <ul style="list-style-type: none"> ▪ The Shire, as part of the negotiation with the Water Corporation with regards to the increased budget allowance, raise the additional maintenance requirements, to allow the Water Corporation to allocate appropriate staffing levels. (Action Plan item 2.3) 	
9	ASSET MAINTENANCE		4
9.1	Are practices covering maintenance documented?	<p>The maintenance and repairs of the collection and conveyance system up to the point where the waste enters the treatment plant, is contracted to the Water Corporation. The maintenance and repair of the treatment plant, including the chlorination system is the responsibility of the Shire.</p> <p>The AMP outlines the maintenance procedures and maintenance schedule for Treatment System maintained by the Shire as well as the Reticulation System maintained by the Water Corporation. Records are kept of tasks completed.</p>	4
9.2	Do maintenance plans cover preventative and corrective maintenance?	Overall, the maintenance is geared towards reactionary maintenance. Refer recommendation in 8.8	3
9.3	Do maintenance practices reflect performance targets?	Yes, current maintenance practices appear to reflect performance targets. The maintenance schedule is designed to ensure that the sewerage system operates effectively and meets the system objectives.	4
9.4	Is the level of maintenance justified against replacement costs?	No formal comparisons appear to have been made of maintenance against replacement costs but this would be considered when replacements are justified.	0
9.5	Do maintenance plans relate to what is required to achieve the levels of service required of the system?	Yes, the maintenance plans appear to be related and linked to required levels of service.	3
10	FINANCIAL PLANNING		4

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10.1	Does the financial plan provide projections of operating statements (profit and loss) and statement of financial position (balance sheets);	An annual budget document is completed for each financial year for the Shire which includes the Sewerage System. Actual/budget figures are monitored.	4
10.2	Does the financial plan cover the financial objectives and strategies and actions to achieve the objectives?	The Financial Management section of the AMP outlines the financial objective and details the strategies and actions to achieve this objective.	4
10.3	Does the financial plan identify the source of funds for the capital expenditure plan?	Funding for capital expenditure works is sourced from the Sewerage Scheme Reserve Fund. Each year, it is intended that the balance of the rate revenue not going to operational expenditure will be placed in a reserve fund. The Sewerage Reserve Fund had a closing balance of \$102,500 as at 30 th June 2008. Table 8 of the AMP provides a Sewerage Reserve Fund Summary for the next 10 years outlining proposed opening and closing balances, and transfers from and to the reserve.	4
10.4	Is the source of funds for operations, maintenance and administration identified in the financial plan?	Income for the operation, maintenance and administration of the sewerage system is obtained from rates, charges at Water Corporation recommended prices, as well as septic tank fees and headworks charges. These rates take account of operational and capital expenditure costs incurred by the system. For special infrastructure projects, funding may also be sourced from grants, subsidies or other government bodies. Details of any such funding will be set out in the annual budget.	4
10.5	Does the financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period?	Assumptions on the expected rate revenue for the next five years are based upon historical figures and standard index of 2.5% increase per annum. Table 6 of the AMP sets out the planned income and operational expenditure for the Moora sewerage system for the next 10 years. Appendix C of the AMP contains details and breakdowns of the expenditure, including a list of assumptions.	4
10.6	Does the financial plan provide for the operations and maintenance, administration and capital expenditure	Table 6 of the AMP sets out the planned income and operational expenditure for the Moora sewerage system for the next 10 years. Appendix C of the AMP contains details	4

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	requirements of the scheme?	and breakdowns of the expenditure, including a list of assumptions.	
11	CAPITAL EXPENDITURE PLANNING		4
11.1	Has a capital expenditure plan been prepared?	The Capital Expenditure Plan allows for planning for renewal or changes to the system, in line with service requirements set out in the licence and the objectives detailed by the Council. It does not include works associated with the maintenance of the system, as these are covered under the Financial Plan. Funding for capital expenditure works is sourced from the Sewerage Scheme Reserve Fund. Tables 7 and 8 of the AMP provide a summary of the capital expenditure plan for the sewerage and treatment systems for next 10 years. Details of the current expenditure plan are found in Appendix C of the AMP.	4
11.2	Does the plan cover the issues to be addressed, the actions proposed, the centre of responsibilities, and deadline dates?	Yes, the capital expenditure plan covers this information.	4
11.3	Does the plan provide reasons for capital expenditure and timing of expenditure?	Yes, a description of each item of capital expenditure and expected year is detailed in the Appendix C of the AMP.	4
11.4	Is the capital expenditure plan consistent with the asset life and condition identified in the asset management plan?	Yes, the capital expenditure plan takes into account the asset condition assessment as well as the expected life of the asset.	4
12	REVIEW OF AMS		3
12.1	Is a review process in place to ensure that asset management plans are kept	The AMP contains a section on System Review that requires internal review and update of the AMP to be carried out each year, following the completion of the budget for the following year. Items to be updated include the capital expenditure plan, financial plan	3

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	current?	and asset register. 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. This issue is already covered by the Recommendation 1.7.	
12.2	Are asset management plans being reviewed at appropriate intervals?	The AMP suggests the asset management plan be reviewed annually and any changes to the asset management plan are documented in Appendix K of the AMP.	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 Asset Management Plan in line with the requirements of the new operating licence for the sewerage services, issued to the Shire of Moora on 6th August 2008; ○ Update the "Reporting Requirements" section of the AMP for the reporting requirement of the licence to provide an annual audit compliance report by 1st September each year as required under the clause G3 of the licence. ○ Update the "Reporting Requirements" section of the AMP for the reporting requirements to the Authority under the Water Services Operating Licence. <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 2.4</i>) 	2

4.4 CONCLUSION

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

- Annual testing of emergency procedures and contingency plans needs to be undertaken.

Two opportunities for improvement were identified in respect of reviewing the scheme's maintenance requirements with the Water Corporation to allocate appropriate staffing levels; and updating the Asset Management Plan for regulatory reporting requirements. All previous Asset Management System review recommendations have been completed.

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

END OF REPORT