



# Notice

18 May 2021

## Shire of Dumbleyung

### 2020 operational audit and asset management system review

The Economic Regulation Authority has published the 2020 [operational audit and asset management system review report](#) and the [post-audit implementation plan](#) for the Shire of Dumbleyung's water services licence WL16.

The Shire supplies sewerage services and non-potable water supply services to the township of Dumbleyung, located 267 km south-east of Perth.

#### *The ERA's decision*

The ERA considers that the Shire has achieved an adequate level of compliance with its licence and has an effective asset management system.

The ERA has decided to maintain the audit and review period at 36 months. The next audit and review will cover the period 1 December 2020 to 30 November 2023, with the report due by 29 February 2024.

#### *Background to the ERA's decision*

#### *Audit ratings*

The auditor assessed 158 licence obligations applicable to the Shire's licence and found:<sup>1</sup>

- 63 were rated A1 (adequate controls, compliant).
- Two were rated A2 (adequate controls, non-complaint – minor effect on customers or third parties).
- Two were rated B1 (generally adequate controls, complaint).
- Seven were rated B2 (generally adequate controls – improvement needed, non-compliant – minor effect on customers or third parties).
- One was rated C2 (inadequate controls – significant improvement needed, noncompliant – moderate effect on customers or third parties).

<sup>1</sup> 20 obligations were determined as not applicable during the audit period and therefore not assessed for compliance. These obligations were determined as not applicable because of the type of services provided by the Shire.

- 56 were rated A/NR (adequate controls, not rated for compliance due to lack of relevant activity).
- 27 were rated NP/NR (not performed, not rated for compliance).<sup>2</sup>

The audit identified 10 non-compliances.

The non-compliances identified are due to conflicts with obligations under the local government legislation governing the content of rates bills and payment methods and other minor administrative matters, including that:

- The Shire's website did not contain a link to the *Water Services Code of Conduct (Customer Services Standards) 2018*.
- The Shire provided annual performance reports and data to the ERA after the due date.

### **Audit recommendations**

The auditor made four recommendations to address seven non-compliances.<sup>3</sup>

The post-audit implementation plan states that the Shire will address the audit recommendations between now and 29 October 2021.

### **Review ratings**

The assessment of the 12 asset management components prescribed in the ERA's *2019 Audit and Review Guidelines: Water Licences* found:<sup>4</sup>

- Seven components were rated A1 (documentation adequately defined, performing effectively).
- Five components were rated B2 (documentation requires some improvement, performance requires improvement).

### **Review recommendations**

The auditor was not required to provide any recommendations as no asset management deficiencies were identified.

The Shire did not provide a post-review implementation plan.<sup>5</sup>

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<sup>2</sup> Because there was no relevant activity during the audit period.

<sup>3</sup> The auditor did not make a recommendation for three non-compliances as these obligations are no longer current or they are covered by other recommendations.

<sup>4</sup> A copy of the guidelines is available on the ERA [website](#).

<sup>5</sup> As per section 5.1.8 of the [2019 Audit and Review Guidelines: Water Licences](#), the licensee is only required to provide a post-review implementation plan for licence obligations have been rated 2, 3, 4, C or D or asset management process deficiencies rated 3, 4, C or D.

## ***The ERA's assessment of the audit and review findings***

### ***Audit***

The ERA considers that the Shire has demonstrated an adequate level of compliance with its licence. The non-compliances identified by the auditor are due to conflicts with obligations under the local government legislation governing the content of rates bills and payment methods or minor administrative matters.

### ***Review***

The review findings indicate that the Shire's asset management system has improved since the 2017 review and no recommendations were made by the auditor.

### ***Further information***

General enquiries

Paul Reid

Ph: 08 6557 7976

[licensing@erawa.com.au](mailto:licensing@erawa.com.au)

Media enquiries

Natalie Warnock

Ph: 08 6557 7933 | Mob: 0428 859 826

[media@erawa.com.au](mailto:media@erawa.com.au)