



Quantum
Assurance

Shire of Ravensthorpe
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Operational Audit and Asset Management System Review

DRAFT Report

August 2013

TABLE OF CONTENTS

Executive Summary	1
Audit Opinion.....	3
1. Background.....	5
2. Methodology	6
2.1 Objectives and Scope.....	6
2.2 Audit Period and Timing	7
2.3 Licensee's Representatives Participating in the Audit.....	7
2.4 Key Documents Examined	7
2.5 Operational Audit - Compliance Ratings	8
2.6 Asset Management System Review - Effectiveness Ratings.....	8
2.7 Audit Team and Hours.....	9
3. Operational Audit	11
3.1 Summary of Compliance Ratings	11
3.2 Previous Audit Recommendations	14
3.3 Audit Results and Recommendations	19
3.4 Recommended Changes to the Licence	33
3.5 Conclusion.....	33
4. Asset Management System Review	35
4.1 Summary of Asset Management System Ratings.....	36
4.2 Previous Review Recommendations.....	37
4.3 Review Results and Recommendations.....	43
4.4 Conclusion.....	53
Appendix A: Post Audit Implementation Plan.....	54

Quantum Management Consulting and Assurance

ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

Level 28 AMP Tower, 140 St Georges Terrace, Perth **M.** PO Box 6882, East Perth WA 6892

T. 08 9278 2570 **F.** 08 9278 2571

E. mail@quantumassurance.com.au **W.** www.quantumassurance.com.au

Executive Summary

The Shire of Ravensthorpe has a Water Services Operating Licence, issued by the Economic Regulation Authority (the Authority) under the Water Services Licensing Act 1995 (WA), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the township of Ravensthorpe.

The Ravensthorpe sewerage scheme was originally constructed during 1983. The scheme is operated by the Shire of Ravensthorpe and includes a gravity reticulation system, a pump station, a rising main, a treatment plant and an effluent re-use scheme. The scheme provides sewerage services to the town's population of approximately 400 people.

This Operational Audit/Asset Management System Review has been conducted in order to assess the licensee's level of compliance with the conditions of its licence and the effectiveness of its asset management system.

The audit covered the period from 1st December 2011 to 31st May 2013 inclusive.

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 Ravensthorpe has complied with all of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1st December 2011 to 31st May 2013.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in July 2012 and confirmed that the recommendations have been implemented with a minor exception concerning noting the due date for the next review of the Customer Service Charter in the Compliance Schedule.

Several further improvements were noted in this audit. The audit recommended that the Shire:

- Documents the procedure for customer complaints including the roles and responsibilities of staff and use of the Synergy system;
- Provides the latest version (April 2013) of the Customer Service Charter on the Shire's website and the Reception counter and as planned, includes an advice in the annual rates notice on the availability of the Charter; and
- Includes the next review date of the Customer Service Charter in the Compliance Schedule.

The audit confirmed the Shire of Ravensthorpe has complied with all of its information reporting obligations for the period 1st December 2011 to 31st May 2013.

Overall, there is an effective control environment to ensure that the licence obligations are met.

ASSET MANAGEMENT SYSTEM REVIEW

The review of the Asset Management System has shown that there has been a significant improvement in the asset management planning and processes since the previous review in July 2012 including revision of the Asset Management Plan, development of an asset management information system, formal risk assessment and documentation of maintenance plans and operational procedures.

From audit inspection, the assets appear to be in good condition and well-maintained.

The review confirmed that the recommendations in the previous review report dated July 2012 have been implemented with the exception of including further details in the contingency plan and testing the plan.

The revision of the Asset Management Plan included various risk mitigation and management actions that were in progress at the date of the audit. The most significant is

to provide confined space training to Shire personnel and contractors that need to enter the confined spaces such as the sewer pumping station. Our engineering consultant has advised that no personnel should enter any confined space associated with the sewerage scheme until acceptable training and equipment has been provided.

The review identified a number of further improvements, most of which are planned already for completion, as follows:

- Provide appropriate training and equipment to personnel (staff and contractors) before any further entry to confined work spaces associated with the sewerage scheme;
- Continue the development of the Operations Manual and succession planning for operation/maintenance of the scheme;
- Replace one of the access chambers that has degraded and bury an exposed section of inflow pipe running across a waterway;
- Monitor the implementation of all actions in the risk mitigation and management strategy;
- Provide further details in the contingency plan and conduct annual testing;
- Review the accuracy of the cost allocation process to allocate costs to the scheme;
- At the next update of the Asset Management Plan, review the accuracy of and extend the annual capital investment budget.

POST AUDIT IMPLEMENTATION PLAN

The Post-Audit Implementation Plan in Appendix A provides a summary of the issues and recommendations from the operational audit and asset management system review with management responses from the Shire of Ravensthorpe.

The Post Audit Implementation Plan has been developed by the audit team in consultation with the licensee and has been approved by the licensee. The Shire has agreed to implement the recommended actions.

Audit Opinion

Report on the Operational Audit of the Water Services Operating Licence

We have audited the compliance of the Shire of Ravensthorpe with the procedures and controls over the performance and quality standards and licence obligations of the Water Services Operating Licence for the period 1st December 2011 to 31st May 2013 as measured by the Economic Regulation Authority's ('the Authority's') Water Compliance Reporting Manual, July 2012.

Respective Responsibilities

The Shire of Ravensthorpe is responsible for compliance with the procedures and controls over the performance and quality standards and obligations of the Water Services Operating Licence. Our responsibility is to provide reasonable assurance and express a conclusion on compliance with the performance and quality standards and obligations of the Water Services Operating Licence, in all material respects.

Our audit has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and 3100 "Compliance Engagements".

Our audit procedures have been included in Section 1 of this report and have been undertaken to form a conclusion as to whether the Shire of Ravensthorpe has complied in all material respects, with the procedures and controls over the performance and quality standards and licence obligations of the Water Services Operating Licence for the period 1st December 2011 to 31st May 2013 as measured by the Authority's Water Compliance Reporting Manual, July 2012.

Limitations

This report was prepared for distribution to the Shire of Ravensthorpe and the Authority for the purpose of fulfilling the Shire's reporting obligations under the Water Services Operating Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Shire and the Authority, or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the performance and quality standards and licence obligations of the Water Services Operating Licence, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

Auditor's Unqualified Opinion

In our opinion, the Shire of Ravensthorpe has complied, in all material respects, with the performance and quality standards and obligations of the Water Services Operating Licence for the period from 1st December 2011 to 31st May 2013.

We confirm that the Authority's Audit Guidelines: Electricity, Gas and Water Licences (August 2010) 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.

QUANTUM MANAGEMENT CONSULTING & ASSURANCE

GEOFF WHITE
DIRECTOR

PERTH, WA
XX AUGUST 2013

Shire of Ravensthorpe
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Operational Audit and
Asset Management
System Review
- Introduction

Draft Report

August 2013

1. Background

The Shire of Ravensthorpe has a Water Services Operating Licence, issued by the Economic Regulation Authority (the Authority) under the Water Services Licensing Act 1995 (WA), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the township of Ravensthorpe.

The Shire is required to comply with the terms and conditions of their licence, including applicable legislative provisions and performance reporting as set out in their licence and the Water Compliance Reporting Manual (July 2012).

The Ravensthorpe sewerage scheme was originally constructed during 1983. The scheme is operated by the Shire of Ravensthorpe and includes a gravity reticulation system, a pump station, a rising main, a treatment plant and an effluent re-use scheme. The scheme provides sewerage services to the town's population of approximately 400 people.

The scheme collects and treats approximately 34,000m³ of residential and commercial liquid wastes and re-uses approximately 18,500m³ treated and disinfected effluent on spray irrigation of the town's ovals and parks. The scheme consists of 10 km of gravity mains and 0.6 km of pressure main. The treatment system comprises two primary settlement ponds and a secondary pond (combined storage capacity of 10,000m³), and a storage evaporation pond (capacity of 24,800m³). The irrigation pipeline runs from the storage pond to two irrigation tanks (70kL each) for further treatment, and then to the sporting complex oval, hockey field and school oval.

This Operational Audit/Asset Management System Review has been conducted in order to assess the licensee's level of compliance with the conditions of its licence and the effectiveness of its asset management system.

Our audit approach was based on the compliance obligations set out in the licence, applicable legislation and the Audit Guidelines issued by the Authority in August 2010.

2. Methodology

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:

- **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 reporting** – the completeness and accuracy of the compliance and performance reports provided to the Authority; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the Authority or specific issues that are advised by the Authority.

The audit reviewed the status of the previous audit recommendations and also identified areas where improvement is required based on the current audit period.

2.1.2 Asset Management System Review

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

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

The review assessed the status of the previous review recommendations and also identified areas where improvement is required.

2.2 Audit Period and Timing

The audit covered the period 1st December 2011 to 31st May 2013 inclusive and was conducted in July/August 2013.

The previous audit covered the period 1st December 2008 to 30th November 2011 inclusive.

2.3 Licensee's Representatives Participating in the Audit

- Pascoe Durtanovich – Chief Executive Officer (CEO)
- Gregg Harwood – Contract Environmental Health Officer (EHO)
- Graeme Sutherland – Team Leader Parks & Gardens (TLP&G).

2.4 Key Documents Examined

- Shire of Ravensthorpe Water Services Operating Licence 26, Version OL2 dated 15 May 2009
- Ravensthorpe Operating Area (Sewerage and Non-potable water supply services) Plan No. OWR-OA-040/2
- Audit Report - Shire of Ravensthorpe Water Licence Operational Audit and Asset Management Review dated July 2012
- Shire of Ravensthorpe Water Service Charter for Non-Potable Water Supply and Sewerage Services – April 2013
- Annual Environmental/Compliance Report to the Department of Environment Regulation 25 July 2013
- Compliance Reports to the Authority for the years ended 30 June 2012 and 2013.
- Performance Reports to the Authority for the years ended 30 June 2012 and 2013.
- Correspondence between the Shire and the Authority
- Asset Management Improvement Framework – adopted May 2013
- Minutes of Council Meeting 18 July 2013
- Asset Management Plan (all Shire assets) – adopted May 2013
- Long-Term Financial Plan 2012 – 2013 – adopted May 2013
- Shire of Ravensthorpe Annual Report for 2011/12
- Shire of Ravensthorpe Statutory Budget 2013/14
- Shire of Ravensthorpe Asset Management Plan - Sewerage and Effluent Re-use Scheme Asset – January 2013
- Shire of Ravensthorpe Wastewater Assets Management System – various Excel spreadsheets
- Planned Work Programme 2013 – Waste Water Services (with actual dates completed)
- Operating Procedures – key maintenance activities and contingencies.
- Shire of Ravensthorpe Customer Complaints System and General Request Form.

2.5 Operational Audit - 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
NOT APPLICABLE	N/A	Determined that the compliance obligation does not apply to the licensee's business operations
NOT RATED	N/R	No relevant activity took place during the audit period, therefore it is not possible to assess compliance

2.6 Asset Management System Review - Effectiveness Ratings

The adequacy of processes and policies, and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

Asset management process and policy definition - Adequacy ratings

A	Adequately defined	<ul style="list-style-type: none"> Processes and policies are documented. Processes and policies adequately document the required performance of the assets. Processes and policies are subject to regular reviews, and updated where necessary. The asset management information system(s) are adequate in relation to the assets that are being managed.
B	Requires some improvement	<ul style="list-style-type: none"> Process and policy documentation requires improvement. Processes and policies do not adequately document the required performance of the assets. Reviews of processes and policies are not conducted regularly enough. The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).
C	Requires significant improvement	<ul style="list-style-type: none"> Process and policy documentation is incomplete or requires significant improvement. Processes and policies do not document the required performance of the assets. Processes and policies are significantly out of date. The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).
D	Inadequate	<ul style="list-style-type: none"> Processes and policies are not documented. The asset management information system(s) is not for purpose (taking into consideration the assets that are being managed).

Asset management process - Performance ratings

RATING	DESCRIPTION	CRITERIA
1	Performing effectively	<ul style="list-style-type: none"> The performance of the process meets or exceeds the required levels of performance. Process effectiveness is regularly assessed, and corrective action taken where necessary.
2	Opportunity for improvement	<ul style="list-style-type: none"> The performance of the process requires some improvement to meet the required level. Process effectiveness reviews are not performed regularly enough. Process improvement opportunities are not actioned.
3	Corrective action required	<ul style="list-style-type: none"> The performance of the process requires significant improvement to meet the required level. Process effectiveness reviews are performed irregularly, or not at all. Process improvement opportunities are not actioned.
4	Serious action required	<ul style="list-style-type: none"> Process is not performed, or the performance is so poor that the process is considered to be ineffective.

2.7 Audit Team and Hours

NAME AND POSITION	HOURS
Geoff White – Director	10
Mona Afshar – Consultant	28
Rex Bryant – Consulting Engineer (David Wills and Associates)	10
TOTAL	48

Shire of Ravensthorpe
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Operational Audit –
Detailed Report

Draft Report

August 2013

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 below.

No. 1	Operating Licence Compliance Element	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)							
							1	2	3	4	5	N/A	N/R	
	WATER SERVICES LICENSING ACT 1995													
1	General duty to provide services	n/a	1	C	Low	Strong					✓			
2	Regulations prescribing standard of service	Cl. 19	3	B	High	Strong					✓			
3	Asset Management System	Cl. 17.1	2	C	Medium	Strong					✓			
4	Notify changes to Asset Management System	Cl. 17.2	1	C	Low	Strong					✓			
5	Review of Asset Management System	Cl. 17.3	1	C	Low	Strong					✓			
6	Operational Audit	Cl. 16.1	1	C	Low	Strong					✓			
7	Comply with Performance Standards (emergency response, complaints, continuity and overflows)	Cl. 20.1	3	B	High	Strong					✓			
	WATER COORDINATION REGULATIONS 1996													
8	Payment of fees	Cl. 4.1	1	C	Low	Strong							✓	
	OTHER LICENCE CONDITIONS													
9	Customer complaints process	Cl. 6.1	2	B	Medium	Moderate				✓				
10	Not applicable to local government	N/A	N/A	N/A	N/A	N/A						✓		
11	Customer complaints resolution	Sch.3, Cl. 3.8	2	B	Medium	Strong							✓	
12	Not applicable to local government	N/A	N/A	N/A	N/A	N/A						✓		
13	Staff authorised to make decisions on complaints	Sch.3 Cl.3.9(b)	1	C	Low	Strong					✓			
14	Complaints system	Sch.3 Cl.3.2(d)	2	B	Medium	Moderate				✓				
15	Not applicable to local government	N/A	N/A	N/A	N/A	N/A						✓		
16	Option to refer complaint to Dept. of Water	Sch.3 Cl.3.10	2	B	Medium	Strong							✓	
17	Must co-operate with Dept. of Water	Sch.3 Cl.3.6	2	C	Medium	Strong							✓	
18	Provide details to Dept. of Water	Sch.3 Cl.3.7	2	C	Medium	Strong							✓	
19	Customer Service Charter	Cl.7.1	1	C	Medium	Strong					✓			
20	Availability of Customer Service Charter	Sch.3 Cl. 2.5	2	B	Medium	Moderate				✓				

¹ The number refers to the item reference in the Water Compliance Reporting Manual, the Authority - July 2012.

No. 1	Operating Licence Compliance Element	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant 2=non-compliant, 3=compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)							
							1	2	3	4	5	N/A	N/R	
21	Charter reviewed every 3 years	Sch.3 Cl. 2.6	2	C	Low	Moderate				✓				
22	Services consistent with Charter	Sch.3 Cl. 2.7	2	C	Medium	Strong					✓			
23	Customer consultation process	Cl. 8	2	C	Medium	Strong					✓			
24	Customer Council or at least two other forums	Sch.3 Cl. 4.1	2	C	Medium	Strong					✓			
25	Consult the Authority on type and extent of customer consultation	Sch.3 Cl. 4.2	2	C	Medium	Strong					✓			
26	If requested, establish other forums	Sch.3 Cl. 4.3	2	C	Medium	Strong							✓	
27	<i>Not applicable (only applies to irrigation licences)</i>	Sch.3 Cl. 4.4	N/A	N/A	N/A	N/A						✓		
28	Customer consultation prior to major changes	Sch.3 Cl. 4.5	2	B	Medium	Strong							✓	
29	Council public question time	Sch. 3 Cl. 4.6	2	B	Medium	Strong					✓			
30	Modified customer agreements	Sch. 3 Cl. 5.1	2	B	Medium	Strong							✓	
31	Annual report of non-standard agreements	Sch. 3 Cl. 5.4	2	B	Medium	Strong							✓	
32	Customer survey, if directed by Authority	Sch. 3 Cl. 6	2	C	Medium	Strong							✓	
33 to 40	<i>Not applicable (only applies to potable water licences)</i>	Cl. 9	N/A	N/A	N/A	N/A						✓		
41	Compliance with accounting standards	Cl. 15.1	1	C	Medium	Strong					✓			
42	Compliance with Operational Audit Guidelines	Cl. 16.2	1	C	Medium	Strong					✓			
43	Initial notification of asset management system (AMS) on licence commencement	Cl. 17.1	2	C	Low	Strong					✓			
44	Notify Authority of changes to AMS within 10 business days	Cl. 17.2	1	C	Low	Strong							✓	
45	Compliance with Asset Management Review guidelines	Cl. 17.4	2	B	Medium	Strong					✓			
46	Report on external administration or significant financial or technical changes	Cl. 18.1	3	C	High	Strong							✓	
47	Provide any information requested by Authority	Cl. 21.1	1	C	Medium	Strong					✓			
48	Information reporting requirements	Cl. 21.2	2	B	Medium	Strong					✓			
49	Publish information directed by Authority	Cl. 22.2 - .4	2	B	Low	Strong							✓	
-	Written conditions for connections	Sch.6 Cl. 2.1	2	B	Medium	Strong					✓			
-	Services available for connection	Sch.6 Cl. 2.2	2	B	Medium	Strong					✓			
-	Agreement to discontinue services	Sch.6 Cl. 2.3	2	B	Medium	Strong							✓	

3.2 Previous Audit Recommendations

The status of the key recommendations in the previous audit report issued in July 2012 is summarised below.

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
1.1 (item 3)	Asset Management System The Licensee must have an Asset Management System in respect to the licensed activity.	The Asset Management Plan and asset register system are current. The system is currently under full review and update. The Shire operates a simple computerised system based on a standard suite of spreadsheets. However, these are incomplete and need significant updating.	3	a) Finalise the review and updating of the Asset Management Plan. b) Finalise populating the standard spreadsheets and make use of the spreadsheets as part of the asset management system.	Plan will be finalised by CEO, EHO & Gardens Supervisor. EHO to organise by 30 June 2013 Spreadsheet will be populated by Gardens Supervisor in conjunction with the EHO. EHO to organise by 30 June 2013	The Asset Management Plan (AMP) and supporting spreadsheets have been updated as at January 2013.	COMPLETED
1.2 (items 4 & 44)	Asset Management System	The Operational Audit and Asset Management System Review are now being undertaken. Although, any dates that require action are now being entered in to the Shire's Lotus Organiser Chart, the Shire should also develop and implement a Compliance Schedule to ensure regulatory timeframes are met.	1	Implement a Compliance Schedule that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority (hardcopy on the Shire's Water Licence file).	Ongoing implementation by the CEO - 30 June 2013	The Compliance Schedule (Appendix F of AMP) has been implemented. The schedule clearly states the due dates for necessary actions required.	COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
1.3 (item 20)	<p>Availability of Customer Service Charter</p> <p>The audit confirmed through sighting that the Customer Service Charter is prominently displayed at the Shire's reception, and through discussion with the Shire's EHO that the Charter is provided upon request and at no charge to customers.</p> <p>In addition, the audit confirmed that the Charter is available to customers on the website.</p>	However, the Shire's EHO advised that customers are not advised of the availability of the Wastewater Scheme Customer Service Charter on an annual basis.	1	<p>a) Advise customers of the availability of the Wastewater Scheme Customer Service Charter annually as part of the mail out of annual rates notices.</p> <p>b) Note the required dates in the Lotus Organiser Chart and the Compliance Schedule.</p>	<p>Customers will be advised through a note placed in the annual rate notice or an advert. in the local paper on an annual basis. EHO to organise by Dec 2012</p> <p>Dates will be noted in Compliance Schedule. EHO by 30 June 2013</p>	The CEO confirmed that the availability of the Charter is advised to ratepayers via the annual rate notice. Noted as an action in the Compliance Schedule.	COMPLETED
1.4 (item 21)	<p>Review of Customer Service Charter</p> <p>The previous charter was approved by the Authority on 17 October 2005. The Authority granted a request by the Shire for an extension of the submission due date until 30 November 2008. The Shire submitted the first draft of its charter to the Authority for approval on 3 February 2009. The Authority provided feedback to the Shire regarding the charter. The Shire submitted the final version</p>	<p>Although the Authority approved the charter, the timeframes within which the Shire has submitted its charter have been unduly long. Future reviews of the charter should be undertaken within the required timeframes.</p> <p>The Authority has provided a 12 month extension to the deadline for the next review date to 20 April 2013.</p> <p>Although, any dates that require action are now</p>	3	<p>a) Implement a Compliance Schedule with the Customer Service Charter review dates included as part of the schedule of events to ensure regulatory timeframes are met.</p> <p>b) Ensure that future Customer Service Charter reviews will be undertaken within the required timeframes</p>	<p>Dates will be noted in Compliance Schedule by the CEO. EHO to organise by 30 June 2013</p> <p>Charter review will be completed by 30 Dec. 2012.</p>	<p>The Wastewater Services Charter was reviewed in April 2013 in accordance with the regulatory timeframe.</p> <p>The Compliance Schedule does not include the next review date of the Charter to provide a reminder of the due date.</p> <p><i>(Post Audit Implementation Plan item 1.3)</i></p>	PARTLY COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	of its charter on 8 April 2009. The revised Customer Service Charter was approved by the Authority on 20 April 2009.	being entered into the Shire's Lotus Organiser Chart, the Shire should implement a Compliance Schedule to ensure regulatory timeframes are met.					
1.5 (item 44)	Notification of Changes to Asset Management System	<p>There were no material changes made to the asset management system that would require notification to the Authority in the audit period.</p> <p>However, there is no process in place to ensure that the Shire would notify the Authority of any changes to its asset management system within 10 business days from the date of change.</p>	1	<p>a) Update the Asset Management Plan for the requirement to notify the Authority of any changes to the asset management system within 10 business days.</p> <p>b) Implement a Compliance Schedule and note the required timeframe of 10 business days for notification of asset management system changes to the Authority.</p>	EHO as required	The Compliance Schedule (Appendix F) of the Asset Management Plan includes the requirement to notify the Authority where there have been significant changes to the asset details or plans.	COMPLETED
1.6 (Item 48)	Performance and Compliance Reporting In accordance with the Water Compliance Reporting Manual May 2011, the Shire is required to submit to the Authority:	The audit reviewed the Shire's Compliance and Performance Reports for the years' ending 30 June 2009, 2010 and 2011 and relevant correspondence between the Shire and the Authority and noted the		a) Implement a Compliance Schedule with timeframes for annual Performance and Compliance Reports submission as part of the	EHO to organise by 30 June 2013	a) The due dates for Compliance and Performance reporting to the Authority are noted in the Compliance	COMPLETED

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	<ul style="list-style-type: none"> Annual performance reports no later than 31 July for the reporting year ending 30 June; and Annual compliance reports by 31 August for the year ending 30 June. 	<p>following exceptions:</p> <ul style="list-style-type: none"> The Shire did not retain any evidence that the Performance Report for the year ended 30 June 2009 was submitted by the due date; The Compliance Report and Performance Report for the year ended 30 June 2010 were submitted after the due dates; The Compliance Report for the year ended 30 June 2011 did not include the late 2010 reports as a non-compliance; and The Compliance Report and Performance Reports for the year ended 30 June 2011 were submitted after the due dates. This needs to be recorded as a non-compliance in the Compliance Report for the year ending 30 June 2012. 		<p>schedule of events. The Compliance Schedule will also assist replacement staff to meet regulatory timeframes if the EHO is on leave.</p> <p>b) Ensure that all future Performance Reports are submitted to the Authority within the timeframes required and copies of correspondence are retained.</p> <p>c) Keep track of all non-compliances with the licence obligations so that future Compliance Reports are complete.</p>		<p>Schedule.</p> <p>b) The Compliance and Performance Reports for 2011/12 and 2012/13 were submitted by the due dates.</p> <p>c) The 2011/12 Compliance Report included the non-compliance re the 2010/11 reports being submitted after the due dates.</p>	

Item	Licence Condition	Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
		Although, any dates that require action are now being entered into the Shire's Lotus Organiser Chart, it is not effective to ensure that reports are submitted to the Authority by the due dates.					

3.3 Audit Results and Recommendations

No ²	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
DETAILED COMPLIANCE OBLIGATIONS							
LICENCE COMPLIANCE REQUIREMENTS – WATER SERVICES LICENSING ACT 1995							
1	Water Services Licensing Act Section 32(1)(a)	n/a	The licensee must provide the water service.	1	5	The audit confirmed that the Shire provides the water service.	5
2	Water Services Licensing Act Section 33	Clause 19	The Licensee must achieve prescribed standards as defined in the regulations.	2	2	As per item 7 – The audit reviewed the Shire's Performance Reports for 2011/12 and 2012/13, and noted that the Shire complied with all performance standards.	5
3	Water Services Licensing Act Section 36(1)(a)	Clause 17.1	The Licensee must have an Asset Management System in respect to the licensed activity.	2	4	The audit confirmed that the Asset Management System in respect to the licensed activity is in place. The Shire's Asset Management Plan was last updated January 2013. The Shire operates a simple computerised system based on a standard suite of spreadsheets.	5
4	Water	Clause	The Licensee must notify	2	5	The Authority was notified of progress in implementing the	5

² Number refers to the item reference in the Electricity Compliance Reporting Manual, the Authority - July 2012

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
	Services Licensing Act Section 36(1)(b)	17.2	the Authority of any changes to the Asset Management System.			previous operational audit and asset management system review recommendations in the Post Audit Implementation Plan updates. There were no material changes made to the asset management system that would require notification to the Authority.	
5	Water Services Licensing Act Section 36(1)(c)	Clause 17.3	The Licensee must not less than once in every period of 24 months (or such other period determined by the Authority) provide the Authority with an independent expert report, acceptable to the Authority, on the effectiveness of the Asset management System.	2	5	The Shire has implemented a Compliance Schedule that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority. The Asset Management System Review is now being undertaken and will be completed within the prescribed time.	5
6	Water Services Licensing Act Section 37(1)	Clause 16.1	The Licensee must not less than once in every period of 24 months (or such other period determined by the Authority) provide the Authority with an operational audit conducted by an independent expert, acceptable to the Authority.	2	5	The Shire has implemented a Compliance Schedule that sets out the responsibilities and due dates of all regulatory reviews and reporting to the Authority. The Operational Audit is now being undertaken and will be completed within the prescribed time.	5

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
7	Water Services Licensing Act Section 38(2)	Clause 20.1	<p>The licensee must comply with the performance standards set out in Schedule 4.</p> <ul style="list-style-type: none"> Emergency telephone response system such that customers need only make one call and they are advised of the nature and timing of action within one hour (Target is 90% of calls). 90% of complaints resolved within 15 business days. Fewer than 40 blockages per 100km of sewer main per year 90% of connected properties experience no sewerage overflows per year 	2	2	The audit reviewed the Shire's Performance Reports for 2011/12 and 2012/13, and noted that the Shire has complied with all performance standards.	5
LICENCE COMPLIANCE REQUIREMENTS – WATER COORDINATION REGULATION 1996							

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
8	Water Services Coordination Regulations Section 2	Clause 4.1	The licensee must pay the applicable fees in accordance with the regulations.	N/R	5	The licence expires on 29 April 2021. The application for renewal of the licence is to be accompanied by the prescribed fee.	N/R
LICENCE COMPLIANCE REQUIREMENTS – LICENCE CONDITIONS							
9	N/A	Clause 6.1	The licensee must establish a customer complaints process as set out in Schedule 3.	NR	4	<p>The Shire's Wastewater Scheme Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes. All complaints to the Shire are recorded in the Synergy system. The audit sighted the system and confirmed there were no recorded complaints concerning the wastewater scheme. However, it was noted that the complaints recording process and responsibilities are not documented in the Shire's procedures.</p> <p>Recommendation:</p> <p>The Shire should document a procedure for customer complaints including the roles and responsibilities of staff and use of the Synergy system. This could include the Shire's target of resolving complaints within 15 business days and other reviews available to complainants.</p> <p><i>(Post Audit Implementation Plan item 1.1)</i></p>	4
10	N/A	Schedule 3 Clause 3.1	The licensee must resolve customer complaints within 15 business days of the	NR	N/A	The Shire of Ravensthorpe is a Local Government Agency so this clause is not applicable.	N/A

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
			receipt of complaint.				
11	N/A	Schedule 3 Clause 3.8	The licensee must resolve customer complaints within 15 business days of the receipt of complaint or for matters to be considered by a Local Government Council within 5 business days after the first ordinary Council meeting following the 15 business day period.	NR	4	The audit confirmed with the Shire's EHO and review of the Complaints System that there were no sewerage related customer complaints received by the Shire over the audit period.	N/R
12	N/A	Schedule 3 Clause 3.2(b)	The licensee must provide appropriately trained staff to respond to complaints.	NR	N/A	The Shire of Ravensthorpe is a Local Government Agency so this clause is not applicable.	N/A
13	N/A	Schedule 3 Clause 3.9(b)	The licensee must provide one trained staff member who is authorised or has access to another officer who is authorised to make necessary decisions to respond to complaints.	NR	5	The Shire's CEO is authorised to make necessary decisions to settle the customer complaints or disputes.	5
14	N/A	Schedule 3 Clause 3.2(d)	The licensee must provide an appropriate system to monitor and record the number, nature of and	NR	4	The Shire's Wastewater Scheme Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes. All complaints to the Shire are recorded in the Synergy system. The audit sighted the system and confirmed there were no recorded complaints	4

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
			outcomes to complaints.			concerning the wastewater scheme. However, it was noted that the complaints recording process and responsibilities are not documented in the Shire's procedures. <i>(Post Audit Implementation Plan item 1.1)</i>	
15	N/A	Schedule 3 Clause 3.4	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	NR	N/A	The Shire of Ravensthorpe is a Local Government Agency so this clause is not applicable.	N/A
16	N/A	Schedule 3 Clause 3.10	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water unless the complaint is a matter that relates to section 3.22 of the <i>Local Government Act 1995</i> .	NR	4	The audit confirmed with the Shire's EHO that there were no sewerage related customer complaints received by the Shire over the audit period. The Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes.	N/R
17	N/A	Schedule 3 Clause 3.6	The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Department of Water.	N/R
18	N/A	Schedule 3	The licensee must, on	NR	4	The audit confirmed with the Shire's EHO that during the	N/R

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
		Clause 3.7	request, provide complaints details to the Department of Water.			audit period, there were no such requests received from the Department of Water.	
19	N/A	Clause 7.1	The licensee must establish a Customer Service Charter as set out in Schedule 3.	2	4	The revised Shire of Ravensthorpe Wastewater Scheme Customer Service Charter was approved by the Authority on April 2013.	5
20	N/A	Schedule 3 Clause 2.5	The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.	2	3	<p>The previous version of the Customer Service Charter was displayed at the Shire's reception and on the website, rather than the latest version dated April 2013.</p> <p>The Shire planned to include an advice in the annual rates notice for 2013/14 on the availability of the Charter.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> a) The Shire should provide the latest version (April 2013) of the Customer Service Charter on the Shire's website and the Reception counter. b) As planned in the Compliance Schedule, include an advice in the 2013/14 rates notice on the availability of the Charter. <p><i>(Post Audit Implementation Plan item 1.2)</i></p>	4
21	N/A	Schedule 3 Clause 2.6	The licensee must review its Customer Service Charter at least once in every three year period.	2	5	<p>The Wastewater Services Charter was reviewed in April 2013 in accordance with the regulatory timeframe.</p> <p>The Compliance Schedule does not include the next review</p>	4

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
						<p>date of the Charter to provide a reminder of the due date.</p> <p>Recommendation:</p> <p>The Shire should record the next review date for the Customer Service Charter in the Compliance Schedule.</p> <p><i>(Post Audit Implementation Plan item 1.3)</i></p>	
22	N/A	Schedule 3 Clause 2.7	The licensee must provide its services consistent with its Customer Service Charter.	2	4	<p>The audit confirmed that the Shire provides its services consistent with its Customer Service Charter.</p> <p>The Charter is consistent with the licence provisions, covering all of the service issues likely to be of concern to the Shire's customers.</p>	5
23	N/A	Clause 8	The licensee must establish customer consultation processes as set out in Schedule 3.	NR	4	The audit confirmed with the Shire's EHO that an adequate customer consultation process has been established.	5
24	N/A	Schedule 3 Clause 4.1	The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.	NR	4	<p>The audit confirmed with the Shire's EHO that the Shire holds regular electors meetings and articles are being placed in the local newspaper.</p> <p>The Shire also allows its customers to raise matters of concern regarding the sewerage system at public question time during the Ravensthorpe Council meetings.</p>	5
25	N/A	Schedule 3	The licensee must consult	NR	4	The Shire's Wastewater Scheme Customer Service Charter	5

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
		Clause 4.2	the Authority on the type and extent of consultation to be adopted by the licensee.			states that community comment will be solicited via the bi-annual customer satisfaction survey and through the local media. The Shire will also provide direct advice to customers of any system change that may result in a significant variation in its service levels. The revised Shire of Ravensthorpe Wastewater Scheme Customer Service Charter was approved by the Authority April 2013. No public submissions were received in relation to the charter.	
26	N/A	Schedule 3 Clause 4.3	The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such requests received from the Authority.	N/R
27	N/A	Schedule 3 Clause 4.4	The licensee must hold season opening and closing public meetings, and the agenda must cover at least season opening and closing conditions, tariffs and scheme operation.	NR	N/A	Not applicable.	N/A
28	N/A	Schedule 3 Clause 4.5	The licensee must prior to making a major change to the operation of a water	NR	4	The audit confirmed with the Shire's EHO that during the audit period, the Shire has made no significant changes to	N/R

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
			service hold a public meeting and seek written submissions.			the operation of the wastewater service.	
29	N/A	Schedule 3 Clause 4.6	The licensee must allow customers to raise matters of concern regarding Council public question time in accordance with the <i>Local Government Act 1995</i> .	NR	4	The audit confirmed with the Shire's EHO that the Shire allows its customers to raise matters of concern regarding the sewerage system at public question time during the Ravensthorpe Council meetings.	5
30	N/A	Schedule 3 Clause 5.1	The licensee may enter into an agreement with a customer to provide water services that may exclude, modify or restrict the terms of the licence.	NR	4	The audit confirmed with the Shire's EHO that no such agreements have been entered into over the audit period.	N/R
31	N/A	Schedule 3 Clause 5.4	The licensee must publish a report annually that includes the specified information.	NR	4	The audit confirmed with the Shire's EHO that no agreements that may exclude, modify or restrict the terms of the licence have been entered into over the audit period.	N/R
32	N/A	Schedule 3 Clause 6	The licensee must conduct a customer survey if directed by the Authority.	NR	4	The audit confirmed with the Shire's EHO that during the audit period, there were no such directions received from the Authority.	N/R
33 to	N/A	Clause 9	Memorandum of Understanding	2	N/A	Clause 9 is not applicable.	N/A

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
40							
41	N/A	Clause 15.1	The licensee must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	NR	4	Each year the Shire of Ravensthorpe prepares a comprehensive Annual Report for the whole of the Shire, which is independently audited by a certified auditor. The audit sighted the Shire's Annual Report for the year ended 30 th June 2012 including an Independent Audit Report.	5
42	Water Services Licensing Act Section 37	Clause 16.2	The licensee must comply and require the licensee's auditor to comply with the Authority's Standard Audit Guidelines, minimum requirements regarding appointment of the auditor, scope of audit, conduct of the audit and reporting of the audit.	NR	4	The Audit Plan for this Operational Audit and Asset Management System Review, dated July 2012, stipulates compliance requirements on auditors.	5
43	Water Services Licensing Act Section 36	Clause 17.1	The licensee must provide for and notify the Authority of its asset management system within 2 business days from the licence commencement date unless notified in writing by the Authority.	2	5	The licence commencement date was 21 May 1997. The Authority was notified of the Shire's asset management system at that date.	5

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
44	Water Services Licensing Act Section 36	Clause 17.2	The licensee must notify the Authority of any changes to its asset management system within 10 business days from the date of change.	2	5	There were no material changes made to the asset management system that would require notification to the Authority in the audit period. The Compliance Schedule in the Asset Management Plan has been updated for the requirement to notify the Authority of any changes to the asset management system within 10 business days.	N/R
45	Water Services Licensing Act Section 36	Clause 17.4	The licensee must comply and require the licensee's expert to comply with the Authority's Standard Guidelines dealing with the asset management system review including, minimum requirements, regarding appointment of the expert reviewer, scope of review, conduct of the review and reporting of the outcomes of the review.	NR	4	The Audit Plan for this Operational Audit and Asset Management System Review, dated July 2012, stipulates compliance requirements on auditors.	5
46	N/A	Clause 18.1	The licensee must report to the Authority if it is under external administration within 2 business days or significant change in its financial or technical	2	2	The audit confirmed with the CEO and by review of the Annual Report 2011/12 that there have been no significant changes.	N/R

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
			circumstances within 10 business days.				
47	N/A	Clause 21.1	The licensee must provide any information the Authority may require in connection with its functions under the Act.	2	3	In addition to the reporting requirements under the Water Compliance Reporting Manual, the Shire provided updates on the post-audit implementation plan in respect of the 2011 performance audit and asset management system review to the Authority.	5
48	N/A	Clause 21.2	The licensee must comply with the information reporting requirements as set out in Schedule 5.	2	3	In accordance with the Water Compliance Reporting Manual, the Shire is required to submit to the Authority: <ul style="list-style-type: none"> Annual performance reports no later than 31 July for the reporting year ending 30 June; and Annual compliance reports by 31 August for the year ending 30 June. The audit confirmed that the Compliance Schedule contain the due dates for annual performance and compliance reports to the Authority. The annual reports for 2011/12 and 2012/13 were submitted by the due dates.	5
49	N/A	Clause 22.2 and 22.4	The licensee must publish relevant information directed to do so by the Authority within the specified timeframes.	NR	5	The audit confirmed with the Shire's EHO that during the audit period, no such directions were received from the Authority.	N/R
-	N/A	Schedule 6	The licensee must set out in writing its conditions for	NR	4	The audit confirmed that the Shire provide its services	5

No 2	Licence Condition	Obligation Under Condition	Description	Risk Type (1= Major, 2=Moderate, N/R= Not reportable)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance Rating (1=significantly non-compliant , 2=non-compliant, 3 =compliant/major action, 4=compliant/minor action, 5=fully compliant, N/A = not applicable, N/R = not rated)
		Clause 2.1	connection and make it available to people enquiring or applying for connection.			consistent with its Customer Service Charter. The charter is generally consistent with the licence provision in covering all of the service issues likely to be of concern to the Shire's customers.	
-	N/A	Schedule 6 Clause 2.2	The licensee must ensure that its services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.	NR	4	The audit confirmed with the Shire's EHO that the services are available for connection on any land in the Operating Area subject to compliance with the Shire's conditions.	5
-	N/A	Schedule 6 Clause 2.3	The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable.	NR	4	The audit confirmed with the Shire's EHO that over the audit period there was no discontinuation of the service due to the service not being commercially viable.	N/R

3.4 Recommended Changes to the Licence

No changes to the licence are considered necessary.

3.5 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 Ravensthorpe has complied with all of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1st December 2011 to 31st May 2013.

The audit reviewed the action taken on previous audit recommendations in the audit report issued in July 2012 and confirmed that the recommendations have been implemented with a minor exception concerning noting the due date for the next review of the Customer Service Charter in the Compliance Schedule.

Several further improvements were noted in this audit. The audit recommended that the Shire:

- Documents the procedure for customer complaints including the roles and responsibilities of staff and use of the Synergy system;
- Provides the latest version (April 2013) of the Customer Service Charter on the Shire's website and the Reception counter and as planned, includes an advice in the annual rates notice on the availability of the Charter; and
- Includes the next review date of the Customer Service Charter in the Compliance Schedule.

The audit confirmed the Shire of Ravensthorpe has complied with all of its information reporting obligations for the period 1st December 2011 to 31st May 2013.

Overall, there is an effective control environment to ensure that the licence obligations are met.

The Post Audit Implementation Plan in Appendix A provides a summary of the issues and recommendations from the audit with responses from the Shire.

Shire of Ravensthorpe
Water Services Operating Licence
(Sewerage and Non-Potable Water)

Asset Management
System Review –
Detailed Report

Draft Report

August 2013

4. Asset Management System Review

The effectiveness of the Shire's asset management system was assessed using the asset management system process and policy definitions ratings and the performance ratings provided by the Authority in the Audit Guidelines (refer section 2.6 above).

This included evaluating the key processes of:

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

The review has assessed and rated these key processes as shown in Section 4.1.

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

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

4.1 Summary of Asset Management System Ratings

The audit assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 2.6, is shown in the table below.

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

ASSET MANAGEMENT SYSTEM	Process and policy definition rating				Performance rating				
	Inadequate (D)	Requires significant improvement (C)	Requires some improvement (B)	Adequately defined (A)	Serious action required (4)	Corrective action required (3)	Opportunity for improvement (2)	Performing effectively (1)	Not Rated
Key Processes									
1. Asset planning				√				√	
2. Asset creation/ acquisition				√					√
3. Asset disposal				√				√	
4. Environmental analysis								√	
5. Asset operations			√			√			
6. Asset maintenance				√			√		
7. Asset management information system								√	
8. Risk management								√	
9. Contingency planning			√			√			
10. Financial planning				√			√		
11. Capital expenditure planning				√			√		
12. Review of asset management system								√	

4.2 Previous Review Recommendations

The status of the key recommendations in the previous audit report issued in July 2012 is summarised below.

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
2.1	Asset Planning	<p>The Asset Management Plan has not been reviewed or updated since it was issued in June 2007 (although this is currently in progress).</p> <p>Also, asset Life Cycle costs have not been included in the Asset Management Plan.</p> <p>Other parts of the Plan such as the risk assessment, financial plan and capital expenditure plan are incomplete and have not been reviewed or updated since 2007.</p>	B,3	<p>a) Finalise the current review of the AMP and implement a procedure to review/update the Plan on an annual basis or if major changes occur, and full revision and re-issue every 5 years.</p> <p>b) Revise the Asset Management Plan to include life cycle costs of all assets.</p> <p>c) Include a risk management methodology in the AMP.</p> <p>d) Review and complete the Financial Plan in the AMP.</p> <p>e) Review and complete the Capital Expenditure Plan in the AMP.</p> <p>Modify the "Document Status" table to include a brief description of changes to the document from the previous version.</p>	EHO 30 June 2013	The Asset Management Plan (January 2013) has been revised to include the recommended changes.	COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
2.2	Asset Disposal and Maintenance Under-utilised and under-performing assets should be identified as part of a regular systematic review process.	This is a small system with only the essential assets to enable it to function. No disposals are anticipated. Asset condition is monitored on an ad hoc basis by the Works team. However, there is no process for annual review and assessment of asset condition and no system to record the condition assessment.	B,3	Implement a procedure for annual review of the condition of all assets for the scheme and to record this information in an Asset Management Information System (such as the spreadsheet examples available from the Authority).	EHO to organise by 30 June 2013 EHO to complete the implementation of a procedure for the annual review of the condition of all assets in consultation with the Gardening Supervisor and is to implement that system on an annual basis,	Annual review of the condition of assets is included in the Compliance Schedule (by 30 June each year). The Planned Work Programme includes annual inspection of the main assets. The audit sighted the 2013 schedule with dates completed.	COMPLETED
2.3	Environmental Analysis	Opportunities and threats for the system are not documented in the AMP. Section 2.3 of the AMP outlines the legislative requirements, although this section needs to be updated for the 2009 operating licence from the Authority and any other regulatory changes.	B,3	a) Update the AMP to include a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the assets and operation of the scheme, including meeting the service and performance standards per the operating licence from the Authority. b) Revise the Legislative Requirements section of the AMP for the 2009 operating licence from the Authority and any other regulatory changes since 2007.	EHO 30 June 2013 EHO to complete SWOT	A SWOT analysis report (Appendix G) has been provided. This report lists all the weaknesses and threats identified by the Shire. The legislative requirements section of the Asset Management Plan has been reviewed.	COMPLETED
2.4	Asset Operations	Assets are currently documented in groups in the	B,3	Update the Asset Management Information	EHO 30 June 2013	The Asset Management Plan	COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	– Asset Register Assets should be documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	financial asset register. There is no detailed Asset Register, with planned replacement dates and a current condition assessment (although this is currently being developed using spreadsheets).		System (spreadsheets) to record the location, age, replacement cost, inspection date, condition assessment, etc.	EHO to complete the Asset Register in consultation with the Gardening Supervisor.	(Appendix A) shows the list of all assets by category.	
2.5	Asset Maintenance Maintenance policies and procedures should be documented and linked to service levels required The Ravensthorpe wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition. The system is also	The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance. However, there are no detailed maintenance plans and procedures and evidence that the planned maintenance has been performed.	B,3	Document the maintenance procedures and Annual Maintenance Plan for the scheme, such that the maintenance work is recorded in the Shire's work program and the Plan is updated as maintenance is completed	EHO to organise by 30 June 2013 EHO to prepare maintenance procedures and annual plan in consultation with the Gardening Supervisor. Maintenance plan will be reviewed annually by the EHO in consultation with the Gardening Supervisor.	The Asset Management Plan (Appendix E) shows the asset maintenance planned. Maintenance work programme 2013 sighted. Operating procedures for key maintenance activities have been documented by Team Leader Parks & Gardens.	COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	relatively young and the assets are in good condition.						
2.6	Risk Management Risk management policies and procedures should exist and be applied to minimise internal and external risks associated with the asset management system. Risks should be documented in a risk register with applicable treatment plans.	The Risk Management Methodology is not completed in the AMP. There is no documented risk register or treatment plans for higher risks.	C,3	a) Document the risk assessment following the risk management methodology outlined in the AMP, and in the Risk Assessment spreadsheet, and consolidate the risks identified; and b) Update the Risk Assessment spreadsheet in line with the operating licence for the sewerage services issued to the Shire of Ravensthorpe.	EHO to organise by 30 June 2013 EHO to prepare and complete risk assessment and response/contingency and emergency procedures in consultation with the Gardening Supervisor that addresses all of these points. Risk arrangements will be reviewed annually by the EHO in consultation with the Gardening Supervisor.	Risk Management has been fully implemented and the procedure detailed in the AMP. Appendix D of the AMP includes a detailed risk assessment. Appendix F includes risk mitigation and treatment actions. Annual review of the AMP including the risk assessment is noted in the Compliance Schedule.	COMPLETED
2.7	Contingency Planning Contingency plans should be	However, a formal Contingency Plan has not been developed either as part of the AMP or as a separate document.	C,3	a) Based on the risk assessment in the AMP, a set of contingency plans or emergency procedures should be	a) EHO to organise by 30 June 2013 EHO to prepare and complete risk	Based on the above risk assessment, the Shire has identified seven areas of operation which could	PARTLY COMPLETED

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
	<p>documented, understood and tested to confirm their operability and to cover higher risks.</p> <p>Key staff have an understanding of unwritten procedures, such as the calling of a plumber in the case of a pipe blockage, or an electrician in the case of a pump failure.</p>			<p>developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.</p> <p>The contingency plans should include:</p> <ul style="list-style-type: none"> Detailed procedures Key local contact details – name, number and location Communication protocols Specifications, location and availability of emergency equipment Authorities that need to be contacted and when. <p>b) Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that</p>	<p>assessment and response/contingency and emergency procedures in consultation with the Gardening Supervisor that addresses all of these points.</p> <p>b) EHO to organise by 30 June 2013</p>	<p>be subject to moderate, significant or major risk.</p> <p>The strategies to mitigate/manage those risks are documented in Appendix D of the AMP.</p> <p>These strategies need to be supported by more detailed contingency plans that include the details previously recommended (contact details, communication protocols, alternate suppliers eg wastewater recovery supplier, etc.).</p> <p>The plans have also not yet been tested (such as by annual desktop review of possible scenarios).</p> <p><i>(Post Audit Implementation Plan item 2.4)</i></p>	

Item	Asset Management Element	Previous Review Findings	Prev. Effect. Rating	Recommended Corrective Actions	Post Audit Action Plan	Action Taken	Status
				appropriate persons are aware of their responsibilities in cases of emergency.			

4.3 Review Results and Recommendations

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating ³	A	Performance Rating ⁴	1
1	ASSET PLANNING				
1.1	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	<p>The Shire of Ravensthorpe Asset Management Plan – January 2013 (AMP) was sighted. The goal, objective and level of service are stated in the AMP as:</p> <p><i>“to provide cost effective wastewater collection, treatment and disposal services for the town of Ravensthorpe, which meets community expectations for health and environmental management”.</i></p> <p>The Shire has also developed an Asset Management Plan (adopted May 2013) for all Shire assets including the wastewater treatment assets.</p>			
1.2	Service levels are defined.	The Levels of Service requirements for customers are detailed in the Customer Service Charter. Additionally, the levels of service and performance parameters have been defined in the AMP. Performance is measured in performance reports to the Authority.			
1.3	Non-asset options (e.g. demand management) are considered.	The assets are considered appropriate for the current levels of demand and have excess capacity. Non-asset management options are not considered necessary.			
1.4	Lifecycle costs of owning and operating assets are assessed.	<p>The Life Cycle costs have been assessed and included in the Asset Management Plan. The Plan notes that an annuity of \$7,250 be set aside each year to meet capital costs. This costing does not include all wastewater assets (such as only 4 access chambers compared with 40 in the asset register and piping is also understated).</p> <p>Refer recommendation in 8.3 below.</p>			
1.5	Funding options are evaluated.	The Shire maintains a Waste and Sewerage Reserve. The funds in the reserve can be used for the purposes of replacing and upgrading of capital facilities for the Ravensthorpe Sewerage Scheme.			
1.6	Costs are justified and cost drivers identified.	Costs are justified and cost drivers identified as part of the Shire’s annual budgeting process.			

³ Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

⁴ Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1.7	Likelihood and consequences of asset failure are predicted.	The AMP includes a detailed risk assessment with the likelihood and consequences of asset failure.			
1.8	Plans are regularly reviewed and updated.	The AMP was revised in January 2013 and is scheduled for annual reviews.			
2	ASSET CREATION/ ACQUISITION	Process Rating		Performance Rating	N/R
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	No new assets are planned for the scheme at least in the next 5 years. Only ongoing repairs and maintenance, and replacements of existing infrastructure, such as pumps, as required.			
2.2	Evaluations include all life-cycle costs.	Asset replacement includes assessing lifecycle costs. Detailed analysis was performed as part of the Shire's overall Asset Management Plan and Long-Term Financial Plan 2012 – 2022.			
2.3	Projects reflect sound engineering and business decisions.	Projects are undertaken using the Shire's normal project planning and management processes.			
2.4	Commissioning tests are documented and completed.	No new assets acquired or planned apart from pumps which are tested upon installation. No major assets were installed during this audit period.			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Legal, environmental and safety obligations are stated in the Asset Management Plan (section 2.3). Also considered in the Risk Assessment section of the Plan.			
2	ASSET DISPOSAL	Process Rating	A	Performance Rating	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	This is a small system with adequate assets to enable it to function. No disposals are anticipated. The condition of the main assets is reviewed on an annual basis (progressively over the year) as part of the planned work programme.			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	The condition of the main assets is reviewed on an annual basis (progressively over the year) as part of the planned work programme. Corrective action is taken where necessary, such as modifying operating or maintenance procedures (sighted documentation of key procedures).			
3.3	Disposal alternatives are evaluated.	This is a small system with adequate assets to enable it to function. No disposals are anticipated.			
3.4	There is a replacement strategy for assets.	There are 3 pumps that are installed and maintained on a rotational basis. Replacement of other assets is part of the capital expenditure plan.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	A	Performance Rating	1
4	ENVIRONMENTAL ANALYSIS				
4.1	Opportunities and threats in the system environment are assessed.	Opportunities and threats for the system are documented in the risk assessment section of the AMP, including a detailed risk register and mitigation/contingency strategies. A SWOT analysis was completed as part of the revision of the current AMP.			
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	Annual Performance Report sighted for 2011/12 and 2012/13. Performance standards are being met. There were no recorded complaints in this audit period.			
4.3	Compliance with statutory and regulatory requirements.	Section 2.3 of the AMP outlines the legislative requirements, including the current licence from the Authority, health and safety and environmental requirements.			
4.4	Achievement of customer service levels.	The levels of service and performance parameters are defined in the AMP. They include availability, capacity, continuity, odour control, and emergency response. Performance standards are being met. There were no customer complaints noted during the audit period.			
5	ASSET OPERATIONS				
		Process Rating	B	Performance Rating	3
5.1	Operational policies and procedures are documented and linked to service levels required.	The Asset Management Plan includes an overview of the operations of the system as required to maintain the service levels. The manufacturers' operating instructions/manuals are kept and used by maintenance staff.			
5.2	Risk management is applied to prioritise operations tasks.	A risk assessment has not yet been completed as part of the Asset Management Plan. Refer section 8.1.			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	Assets are documented in groups in the financial asset register. As part of the AMP (Appendix A), there is a detailed Asset Register, with locations, planned replacement dates and replacement cost estimates. The condition of assets is monitored through the annual planned work programme.			
5.4	Operational costs are measured and monitored.	All asset expenditure is captured in the Shire's Financial Management Information System (FMIS). The historical capital, operating and maintenance costs of the assets are in the FMIS.			
5.5	Staff receive training commensurate with their responsibilities.	The Ravensthorpe wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition. The AMP outlines the current human resources required to support the plan as			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>follows:</p> <ul style="list-style-type: none"> ▪ CEO ▪ Team Leader, Parks and Gardens (TLP&G) ▪ Environmental Health Officer (Contract). <p>As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations and training for working in confined spaces.</p> <p>The rating of the risk “entry into confined spaces of sewer pump station, etc.” as “significant” is considered to be under-stated as there is potential for personnel fatality from confined space access entry (methane gas). Appropriate training is planned but should be given a higher priority.</p> <p>Given the nature of the risk involved, it is the opinion of David Wills and Associates that no personnel, staff or contractor, should enter any confined space associated with the Ravensthorpe Sewerage System until training and equipment (acceptable to Worksafe WA) has been undertaken/supplied.</p> <p>Detailed operating procedures have been developed for key activities and to reduce the reliance upon the TLP&G. Given the size of the operation, the progressive updating of the Operations Manual as unforeseen events occur, is considered acceptable.</p> <p>Also, with the relatively small number of people involved in operating the facilities, the continued development and training for a “succession” plan to cover the absence of the Team Leader has been recognised by the Shire should continue.</p> <p>Recommendations;</p> <ul style="list-style-type: none"> a) As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations, training for working in confined spaces and safe work practices (as a high priority). b) No personnel, staff or contractor, should enter any confined space associated with the Ravensthorpe Sewerage System until training and equipment (acceptable to Worksafe WA) has been undertaken/supplied. c) Update the risk assessment with the higher risk rating and risk treatment for the risk “entry into confined spaces of sewer pump station, etc.”. d) As planned, continue the development of the Operations Manual and implementation of succession planning to cover the absence of the Team Leader. <p><i>(Post Audit Implementation Plan item 2.1)</i></p>

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
6	ASSET MAINTENANCE	Process Rating	A	Performance Rating	2
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>The Ravensthorpe wastewater scheme is a simple system, which requires a basic level of asset management to maintain it in an effective condition. The system is also relatively young and the assets are in good condition.</p> <p>The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance. This is supported by a detailed annual maintenance work programme showing planned and actual maintenance undertaken.</p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>Annual review of the condition of assets is included in the Compliance Schedule (by 30 June each year). The Planned Work Programme includes annual inspection of the main assets.</p> <p>The audit sighted the 2013 schedule with dates completed. Physical audit inspection of the visible assets confirmed that the general condition of the major assets is acceptable, apart from one access chamber (CP5) where the concrete has degraded and it needs to be replaced as recommended by the Team Leader Parks and Gardens.</p> <p>The risk assessment also notes that “the exposed part of the inflow pipe to the secondary treatment pond should be inspected with a view to determining works to alleviate the threat to the pipework posed by floodwaters.” This was due for action by July 2013.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> The Shire should replace the access chamber (CP5). (Plastic lining of Access Chamber CP5 is the best option to prevent concrete degradation. A less expensive alternative may be to manufacture a chamber from large diameter Polyethylene (PE) drainage pipe and coat the underside of a standard concrete sewer access chamber lid with two pack epoxy paint.) As planned, the Shire should bury the exposed section of the PVC inflow pipe to the secondary treatment pond to prevent potential flood damage. <p><i>(Post Audit Implementation Plan item 2.2)</i></p>			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>The Asset Management Plan includes a section on Routine and Planned Maintenance Plans. This is effectively an overview of the maintenance. This is supported by a detailed annual maintenance work programme showing planned and actual maintenance undertaken. Emergency procedures are further documented in the risk mitigation and management strategies and the Operations Manual.</p>			
6.4	Failures are analysed and	<p>Any asset failures would be considered in the annual review of the Asset Management Plan and the Shire's annual</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	operational/maintenance plans adjusted where necessary.	budget preparation.			
6.5	Risk management is applied to prioritise maintenance tasks.	A detailed risk assessment was completed and documented in the risk register as part of the revision of the Asset Management Plan.			
6.6	Maintenance costs are measured and monitored.	Maintenance costs are tracked through the FMIS and actual/budget reporting each month.			
7	ASSET MANAGEMENT INFORMATION SYSTEM	Process Rating	A	Performance Rating	1
7.1	Adequate system documentation for users and IT operators.	The asset management information system (AMIS) is adequately described in the Asset Management Plan which contains the various Excel spreadsheets as appendices.			
7.2	Input controls include appropriate verification and validation of data entered into the system.	The AMIS data will be checked by the person inputting the data – considered adequate.			
7.3	Logical security access controls appear adequate, such as passwords.	The AMP and AMIS are saved on the Shire's server. There is a password access to the Shire's system and the EHO's PC which restricts access to authorised officers.			
7.4	Physical security access controls appear adequate.	The Shire offices are locked and alarmed outside of hours.			
7.5	Data backup procedures appear adequate.	The Shire's system is regularly backed up as part of the standard IT maintenance procedures on a daily basis. The backup copy goes offsite for safekeeping. The EHO downloads files each month to the Shire server.			
7.6	Key computations related to licensee performance reporting are materially accurate.	The AMIS uses the Excel spreadsheets with basic computations, as available from the Authority. Information provided is reviewed for reasonableness by the EHO.			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	There is no ability to create management reports. Reporting to the Authority on performance is based on manual spreadsheets kept. Considered adequate for a simple system.			
8	RISK MANAGEMENT	Process Rating		Performance Rating	2
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks	The risk management methodology is defined in the Asset Management Plan and has been applied in developing the AMP, operating and maintenance procedures. The risk mitigation and management actions are stated in Appendix D of the AMP.			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	associated with the asset management system.	<p>As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations and training for working in confined spaces.</p> <p>The rating of the risk “entry into confined spaces of sewer pump station, etc.” as “significant” is considered to be under-stated as there is potential for personnel fatality from confined space access entry (methane gas). Appropriate training is planned but should be given a higher priority.</p> <p>As noted in section 5.5, the provision of suitable training and equipment should have a higher priority.</p> <p><i>(Post Audit Implementation Plan item 2.1)</i></p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	<p>The risk mitigation and management strategies (Appendix D of the AMP) include a number of actions to mitigate risks. Due dates for most of the actions are included in Section 7 of the AMP. Whilst, there was evidence during the audit that these actions are being progressed, it is suggested that they be formally monitored such as by monthly reporting by the EHO/TLP&G to the CEO until completed.</p> <p>Recommendation:</p> <ul style="list-style-type: none">The status of the actions in the risk mitigation and management strategies (Appendix D of the AMP) should be formally monitored such as monthly reporting by the EHO/Team Leader Parks & Gardens to the CEO to ensure the actions are implemented within a reasonable timeframe. <p><i>(Post Audit Implementation Plan item 2.3)</i></p>			
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The probability and consequences of asset failure have been assessed in the risk register (Appendix C of the AMP). Annual review of the AMP including the risk assessment is noted in the Compliance Schedule.</p>			
9	CONTINGENCY PLANNING	Process Rating		Performance Rating	2
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Based on the above risk assessment, the Shire has identified seven areas of operation which could be subject to moderate, significant or major risk. The strategies to mitigate/manage those risks are documented in Appendix D of the AMP.</p> <p>These strategies need to be supported by more detailed contingency plans that include the details previously recommended (contact details, communication protocols, alternate suppliers eg wastewater recovery supplier, etc.).</p> <p>The plans have also not yet been tested (such as by annual desktop review of possible scenarios).</p> <p>Recommendations:</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>a) The contingency plans should include more details such as:</p> <ul style="list-style-type: none">○ Key local contact details – name, number and location○ Communication protocols – reporting of incidents and escalation○ Specifications, location and availability of emergency equipment/contractors (eg wastewater pumping contractors)○ Authorities that need to be contacted and when (health, environment, etc). <p>b) The contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</p> <p>c) The annual review could be included in the Compliance Schedule.</p> <p><i>(Post Audit Implementation Plan item 2.4)</i></p>			
10	FINANCIAL PLANNING	Process Rating		Performance Rating	2
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	The financial summary in the Asset Management Plan states the financial objective as “the income under the specified area rating will marginally increase to recover the full cost of the sewerage scheme.” The strategies for revenue, capital expenditure and operating/maintenance expenditure are stated.			
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	<p>The Shire maintains a Waste and Sewerage Reserve. The funds in the reserve can only be used for the purpose of replacing and upgrading of capital facilities for the Ravensthorpe Sewerage Scheme. Funds at 30 June 2013 amounted to \$235,561 with \$36,907 to be transferred in for 2013/14.</p> <p>Annual rates cover the ongoing cost of the sewerage treatment, including operation, maintenance, administration, and depreciation (income of \$56,337 and operating expenses of \$18,553 are budgeted in 2013/14).</p>			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	<p>The financial plan provides projections of income, expenses and the sewerage reserve for the next 5 years. No capital expenditure is planned. The budget for 2013/14 confirms there is adequate income to cover the annual expenses.</p> <p>As noted in the risk mitigation and management strategies, a review of the accounts over the past 3 years has identified a number of cost allocations that are incorrect. It may be that not all costs are being recorded against the scheme including capital replacements. The Shire has installed a new SynergySoft financial system in 2012/13 and plans to review the cost allocation process and ensure that staff are properly trained.</p> <p>Recommendation:</p>			

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
		<ul style="list-style-type: none"> As planned, the allocation of costs (operating and capital) to the sewerage scheme needs to be reviewed to ensure that all costs are being accurately recorded against the scheme and staff are properly trained in cost allocations. <p>(Post Audit Implementation Plan item 2.5)</p>		
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The financial plan provides projections of income, expenses and the sewerage reserve for the period 2012 - 2016. No capital expenditure is planned. The budget for 2013/14 confirms there is adequate income to cover the annual expenses.		
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	<p>The financial plan provides projections of income, expenses and the sewerage reserve for the period 2012 - 2016. No capital expenditure is planned. The budget for 2013/14 confirms there is adequate income to cover the annual expenses. The reserve is forecast to increase to \$450,865 by 2017.</p> <p>The Plan notes that a future date, the Shire will review its forward capital estimates to ensure the future capital replacement costs can be met and if not, an alternative source of finance will be sought.</p>		
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Variations in actual and budget income and expenses are identified in monthly reports provided to the Council.		
11	CAPITAL EXPENDITURE PLANNING	Process Rating		Performance Rating 2
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	The Asset Management Plan notes that there is no planned capital expenditure for the period 2012 – 2016. The audit confirmed the assets appear to be in good condition.		
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The Asset Management Plan notes that there is no planned capital expenditure for the period 2012 – 2016. The audit confirmed the assets appear to be in good condition.		
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The planned life of assets is considered acceptable by the audit. Also, a condition monitoring system has been implemented. The AMP includes an Annual Capital Investment Budget in Appendix B. The budget calculates an annuity for replacement of assets over their useful lives as \$7,250 per annum. This costing does not include all wastewater assets (such as only 4 access chambers compared with 40 in the asset register and piping is also understated). Also, the costing has not been extended beyond 2017.		

Item no.	Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>Recommendation:</p> <ul style="list-style-type: none"> At the next update of the Asset Management Plan in June 2014, the Annual Capital Investment Budget should be fully populated with all assets, replacement costs re-assessed and the period extended out to say 20 years, to recalculate the annuity and confirm the reserve is adequate to cover capital expenditure. <p><i>(Post Audit Implementation Plan item 2.6) ,</i></p>			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The capital expenditure plan is scheduled to be reviewed in June each year as part of the review of the Asset Management Plan. Also, noted as a reminder in the Compliance Schedule.			
12	REVIEW OF ASSET MANAGEMENT SYSTEM	Process Rating	A	Performance Rating	1
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.				
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	An independent review is performed at least every 3 years as required by the licence.			

4.4 Conclusion

The review of the Asset Management System has shown that there has been a significant improvement in the asset management planning and processes since the previous review in July 2012 including revision of the Asset Management Plan, development of an asset management information system, formal risk assessment and documentation of maintenance plans and operational procedures.

From audit inspection, the assets appear to be in good condition and well-maintained.

The review confirmed that the recommendations in the previous review report dated July 2012 have been implemented with the exception of including further details in the contingency plan and testing the plan.

The revision of the Asset Management Plan included various risk mitigation and management actions that were in progress at the date of the audit. The most significant is to provide confined space training to Shire personnel and contractors that need to enter the confined spaces such as the sewer pumping station. Our engineering consultant has advised that no personnel should enter any confined space associated with the sewerage scheme until acceptable training and equipment has been provided.

The review identified a number of further improvements, most of which are planned already for completion, as follows:

- Provide appropriate training and equipment to personnel (staff and contractors) before any further entry to confined work spaces associated with the sewerage scheme;
- Continue the development of the Operations Manual and succession planning for operation/maintenance of the scheme;
- Replace one of the access chambers that has degraded and bury an exposed section of inflow pipe running across a waterway;
- Monitor the implementation of all actions in the risk mitigation and management strategy;
- Provide further details in the contingency plan and conduct annual testing;
- Review the accuracy of the cost allocation process to allocate costs to the scheme;
- At the next update of the Asset Management Plan, review the accuracy of and extend the annual capital investment budget.

The Post Audit Implementation Plan in Appendix A provides a summary of the issues and recommendations from the asset management system review with responses from the Shire.

Appendix A: Post Audit Implementation Plan

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
1	Operational Audit				
1.1. (items 9 & 14)	Customer Complaints Process <p>The Shire's Wastewater Scheme Customer Service Charter outlines the process in regards to enquiries, suggestions, complaints and disputes. All complaints to the Shire are recorded in the Synergy system. The audit sighted the system and confirmed there were no recorded complaints concerning the wastewater scheme. However, it was noted that the complaints recording process and responsibilities are not documented in the Shire's procedures.</p>	Medium	The Shire should document the procedure for customer complaints including the roles and responsibilities of staff and use of the Synergy system. This could include the Shire's target of resolving complaints within 15 business days and other reviews available to complainants.	The Shire complaints system will be reviewed and updated to reference the Wastewater Scheme customers.	CEO December 2013
1.2 (item 20)	Availability of Customer Service Charter <p>The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.</p> <p>The previous version of the Customer Service Charter was displayed at the Shire's reception and on the website, rather than the latest version dated April 2013.</p> <p>The Shire plans to include an advice in the annual rates notice for 2013/14 on the availability of the Charter.</p>	Medium	<p>a) The Shire should provide the latest version (April 2013) of the Customer Service Charter on the Shire's website and the Reception counter.</p> <p>b) As planned in the Compliance Schedule, include an advice in the 2013/14 rates notice on the availability of the Charter.</p>	<p>The website will be updated accordingly and the Charter is now available at the front counter</p> <p>The advice was not sent with the current rate notice but will be sent with the annual fire break notices in September</p>	<p>CEO December 2013</p> <p>CEO September 2013</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
1.3 (item 21)	Review of Customer Service Charter <p>The Wastewater Services Charter was reviewed in April 2013 in accordance with the regulatory timeframe.</p> <p>The Compliance Schedule does not include the next review date of the Charter to provide a reminder of the due date.</p>	Low	The Shire should record the next review date for the Customer Service Charter in the Compliance Schedule.	The Compliance Schedule will be updated in the next internal review	CEO December 2013
2	Asset Management System Review				
2.1	Asset Operations - Training <p>Staff should receive training commensurate with their responsibilities.</p> <p>As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations and training for working in confined spaces.</p> <p>The rating of the risk "entry into confined spaces of sewer pump station, etc." as "significant" is considered to be under-stated as there is potential for personnel fatality from confined space access entry (methane gas). Appropriate training should be given a higher priority.</p> <p>Detailed operating procedures have been developed for key activities and to reduce the reliance upon the TLP&G. Given the size of the operation, the progressive updating of the</p>	High	<p>a) As noted in the risk assessment, staff working with contaminated matter and in highly confined spaces are highly susceptible to injury, and should be provided with appropriate inoculations, training for working in confined spaces and safe work practices (as a high priority).</p> <p>b) No personnel, staff or contractor, should enter any confined space associated with the Ravensthorpe Sewerage System until training and equipment (acceptable to Worksafe WA) has been undertaken/supplied.</p> <p>c) Update the risk assessment with the higher risk rating and risk treatment for the risk "entry into confined spaces of sewer pump</p>	<p>Staff are now being inoculated and are trained in safe work practices. Training will be sourced for Working in Confined Spaces.</p> <p>Noted. Training will be undertaken</p> <p>Assessment will be updated in next review</p>	<p>CEO March 2014</p> <p>CEO December 2013</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>Operations Manual as unforeseen events occur, is considered acceptable.</p> <p>Also, with the relatively small number of people involved in operating the facilities, the continued development and training for a "succession" plan to cover the absence of the Team Leader has been recognised by the Shire should continue.</p>		<p>station, etc."</p> <p>d) As planned, continue the development of the Operations Manual and implementation of succession planning to cover the absence of the Team Leader.</p>	Manual and Planning are being developed	<p>Team Leader Parks and Gardens</p> <p>June 2014</p>
2.2	<p>Asset Maintenance</p> <p>Annual review of the condition of assets is included in the Compliance Schedule (by 30 June each year). The Planned Work Programme includes annual inspection of the main assets.</p> <p>The audit sighted the 2013 schedule with dates completed. Physical audit inspection of the visible assets confirmed that the general condition of the major assets is acceptable, apart from one access chamber (CP5) where the concrete has degraded and it needs to be replaced as recommended by the Team Leader Parks and Gardens.</p> <p>The risk assessment also notes that "the exposed part of the inflow pipe to the secondary treatment pond should be inspected with a view to determining works to alleviate the threat to the pipework posed by floodwaters." This was due for action by July 2013.</p>	Medium	<p>a) The Shire should replace the access chamber (CP5). (Plastic lining of Access Chamber CP5 is the best option to prevent concrete degradation. A less expensive alternative may be to manufacture a chamber from large diameter Polyethylene (PE) drainage pipe and coat the underside of a standard concrete sewer access chamber lid with two pack epoxy paint.)</p> <p>b) As planned, the Shire should bury the exposed section of the PVC inflow pipe to the secondary treatment pond to prevent potential flood damage.</p>	<p>Works will be undertaken as part of this year's works program.</p> <p>Works will be undertaken prior to next winter.</p>	<p>Team Leader Works</p> <p>June 2014</p> <p>Team Leader Works</p> <p>April 2014</p>

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
			<p>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>c) The annual review could be included in the Compliance Schedule.</p>	The plan will be updated as part of the next internal review	CEO December 2013
2.5	<p>Financial Planning – Cost Allocation</p> <p>The financial plan provides projections of income, expenses and the sewerage reserve for the next 5 years. No capital expenditure is planned. The budget for 2013/14 confirms there is adequate income to cover the annual expenses.</p> <p>As noted in the risk mitigation and management strategies, a review of the accounts over the past 3 years has identified a number of cost allocations that are incorrect. It may be that not all costs are being recorded against the scheme including capital replacements.</p> <p>The Shire has installed a new SynergySoft financial system in 2012/13 and plans to review the cost allocation process and ensure that staff are properly trained.</p>	Medium	As planned, the allocation of costs (operating and capital) to the sewerage scheme needs to be reviewed to ensure that all costs are being accurately recorded against the scheme and staff are properly trained in cost allocations.	The system has been updated.	Completed
2.6	<p>Capital Expenditure Planning</p> <p>The capital expenditure plan is consistent with the asset life and condition identified in the asset</p>	Low	At the next update of the Asset Management Plan in June 2014, the Annual Capital Investment Budget	The capital budget will be reviewed during this financial year	DCEO June 2014

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	<p>management plan.</p> <p>The planned life of assets is considered acceptable by the audit. Also, a condition monitoring system has been implemented. The AMP includes an Annual Capital Investment Budget in Appendix B.</p> <p>The budget calculates an annuity for replacement of assets over their useful lives as \$7,250 per annum. This costing does not include all wastewater assets (such as only 4 access chambers compared with 40 in the asset register and piping is also understated). Also, the costing has not been extended beyond 2017.</p>		<p>should be fully populated with all assets, replacement costs re-assessed and the period extended out to say 20 years, to recalculate the annuity and confirm the reserve is adequate to cover capital expenditure.</p>		

END OF REPORT