

Shire of Dumbleyung  
Water Services (Operating) Licence

Operational Audit and Asset  
Management System  
Effectiveness Review

Report  
22 February 2018

**PAXON** GROUP

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# 1 Executive Summary

## 1.1 Operational Audit

### Audit Objective

The operational audit (“Audit”) was conducted to assess the Shire of Dumbleyung’s (“Shire”) level of compliance with the conditions of its licence.

The Audit covered the period from 1 December 2014 to 30 November 2017 (“Audit Period”) inclusive.

### Licence, Business and Major Changes

The Shire provides water services under the provisions of a Water Services Licence issued by the Economic Regulation Authority (“ERA”).

The Shire was granted a Water Services Operating Licence (“WSOL”) by the ERA. The WSOL commenced on 29 April 1996 and authorises the Shire to provide non - potable water supply services and sewerage services.

The legislation that governs the licensing of water service providers is the Water Services Act 2012 (“Act”). The Act, except for some sections, commenced on 18 November 2013. An ‘amendment by substitution’ was made to the WSOL, dated 18 November 2013, to take account of the provisions of the Act.

No major change in the business of the Shire took place during the Audit Period.

### Shire’s Actions on Previous Audit Report Recommendations

The previous Audit was conducted by Quantum Assurance in respect of the period 1 December 2011 to 30 November 2014. The Quantum Assurance Final Report, dated May 2015, identified eight “*Non-Compliance/Controls Improvements*”.

This Audit concluded that six of the eight recommendations included in the Quantum Assurance report, dated 13 May 2015, has been resolved. The remaining two recommendations are still unresolved.

Details of all eight recommendations included in the Quantum Assurance report are included in section 3 of this Report entitled: “Previous Audit: Non-compliances and Recommendations”.

### Summary of Non-Compliances and Recommendations Arising from the Current Audit

The Audit identified a few instances of non-compliance with the conditions of the Shire’s WSOL.

Two separate assessments are provided in respect of the individual compliance obligations and the controls for each obligation:

- A summarised assessment of both compliance and controls per individual obligation is disclosed in Table 9 entitled: “*Audit: Obligation Ratings Summary*” as in section 4 of this Report; and

- A detailed assessment of both compliance and controls per individual obligation, including recommendations for findings of non-compliance and/or weak controls, is disclosed in Table 10 entitled: “*Audit Observations and Recommendations*” as in section 4 of this Report.

Furthermore, specific detailed information as to those individual obligations assessed as non-compliant and/or as having weak controls is disclosed in Table 11 entitled: “*Current Audit: Non-Compliances and Recommendations*” as included in section 4 of this Report.

Control Environment

The control environment operated by the Shire during the Audit Period to help ensure compliance with its Licence conditions was assessed to have been unsatisfactory.

Licence Compliance

In the auditor’s professional view, apart from the instances of non-compliance with the conditions of the Shire’s WSOL referred to above, the Shire complied with the conditions of its Licence during the Audit Period.

Table 1 below provides a summary of the Audit ratings for both controls and compliance across all obligations. Table 1 provides this summary from the perspective of the Audit priorities determined during the Audit planning phase, and is as follows:

Audit Priority Applied	Adequacy of Controls Rating						Compliance Rating					
	Adequate Controls	Generally Adequate Controls	Inadequate Controls	No Controls Evident	Not Performed	Not Applicable	Compliant	Non-compliant – Minor Impact	Non-compliant – Moderate Impact	Non-compliant – Major Impact	Not Rated	Not Applicable
	A	B	C	D	NP	NA	1	2	3	4	NR	NA
<b>1 (Highest)</b>				2	1						3	
<b>2</b>	3			5	2	3	5	1			4	3
<b>3</b>	16			4			9				11	
<b>4</b>	13	2		13	4	17	21	5	1		5	17
<b>5 (Lowest)</b>	10			53	12	5	16				59	5
<b>Total</b>	<b>42</b>	<b>2</b>		<b>77</b>	<b>19</b>	<b>25</b>	<b>51</b>	<b>6</b>	<b>1</b>		<b>82</b>	<b>25</b>

Table 1: Summary of Audit Findings

## 1.2 Asset Management System Effectiveness Review

### Review Objective

The Water Services Licensing Act 1995 and the current Act each requires that the Shire provides for and maintains an asset management system. The system should set out the processes to be taken by the Shire to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires that the Shire provides the ERA with a report by an independent expert on the effectiveness of the system.

This asset management system effectiveness review (“Review”) will provide the ERA with an independent opinion on whether the Shire has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

A detailed description of the scope of the Review and the methodology adopted is provided in Section 2 of this Report.

The Review covered the period from 1 December 2014 to 30 November 2017.

### Summary of Conclusions

This review concludes the Shire has significantly improved its approach to the management of its sewerage system, which is now operating in a competent manner. Its asset management system is, practical and uses up to date computer software in its application.

During the recent two years, the Shire has consistently achieved the standards required of its various licences and agreements related to collection and treatment of sewage (although its licence includes “*delivery of a non-potable water supply*”, the Shire does not currently provide this service). Its personnel are focussed and prepared to continually improve their knowledge and skills.

The highest “A 1” rating was assigned to one of the twelve key processes reviewed. Eight were assigned the third highest “B 2” rating and one the “B 3” rating. The “C 3” rating was assigned to Risk Assessment and Financial Planning – mainly due to inadequate documentation.

### Shire’s Response to Previous Review Report Recommendations

The previous Review was conducted by Quantum Assurance in 2015. The Review Report, dated 13 May 2015, identified several issues and provided ten detailed recommendations to resolve the issues identified.

This Review concluded that only one of the ten recommendations included in the Quantum Assurance report, dated 13 May 2015, has been resolved. Of the remaining nine recommendations not assessed as resolved, six were actually assessed as partly or mainly resolved – but require further minor document editing as a result of this review. Three previous recommendations remain unresolved due to a lack of adequate response to the previous recommendations and/or a requirement for further improvement.

Details of actions taken by the Shire in response to the recommendations, together with the Reviewer's assessment are provided in Table 7 entitled: "Previous Review: Deficiencies and Recommendations" as in section 3 of this Report.

The recommendations of the previous Review and subsequent status related to each recommendation are summarised as follows:

#### **Asset Creation and Acquisition**

Recommendation 9/2014: Status - unresolved

The legislative requirements section of the Asset Management Plan ("AMP") should be updated to reflect the recent changes to the legislative requirements including the Water Services Act 2012, Water Services Regulations 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as for the new versions of the operating licence issued on 18 November 2013 and 1 July 2016.

#### **Asset Operations**

Recommendation 10/2014: Status - unresolved

The Shire should review and update the Asset Register to ensure all assets are documented in the Asset Register accurately and completely (including the new subdivision assets and alarm monitoring system) and that all required information, including the GPS co-ordinates, is recorded for all asset groups.

#### **Asset Maintenance**

Recommendation 11/2014: Status - as disclosed below

- The Shire should undertake a condition appraisal of all assets as soon as practicable and record the results of the appraisal in the Asset Condition and Performance Excel spreadsheet. (Status: in hand – mainly resolved);
- The Shire should prioritise the maintenance tasks resulting from the asset condition appraisal and implement a plan for asset condition improvement commensurate with urgency, risk and practicability. (Status: resolved);  
and
- The Shire should resume the annual condition appraisal program of all assets. (Status: in hand – partly resolved)

Recommendation 12/2014: Status - resolved

The Shire should prioritise the recommendations set out in the Department of Health Water Recycling Assessment Report and determine a plan for their implementation commensurate with urgency, risk and practicability.

#### **Asset Management**

Recommendation 13/2014: Status - resolved

- The Shire should ensure all Asset Management System documentation, including all future updates of the AMP and the accompanying Excel spreadsheets, is saved on the Shire's server and regularly backed up as part of the standard IT maintenance procedures. The backups should be tested each quarter. (Status: resolved);  
and
- The Shire should update the Asset Management Practices section of the AMP to stipulate the responsibilities for management, storage and back-up that would

ensure that all Asset Management System records are provided to and retained by the Shire. (Status: resolved)

### **Risk Management**

Recommendation 14/2014: Status – partly resolved

- The Shire should review and, where required, update the Risk Assessment worksheet to ensure that all current internal and external risks associated with the asset management system have been captured and considered, including the recent changes to the legislative requirements (Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013) as well as the new version of the operating licence issued on 18 November 2013;
- The Shire should ensure that treatment plans are actioned and monitored; and
- The Shire should ensure that the probability and consequences of asset failure are assessed regularly i.e. annually as part of the annual review process of the AMP.

### **Contingency Planning**

Recommendation 15/2014: Status – partly resolved

- Based on the revised risk assessment in the AMP, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example, bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.;
- The contingency plans should include:
  - o Detailed procedures;
  - o Key local contact details – name, number and location;
  - o Communication protocols;
  - o Specifications, location and availability of emergency equipment; and
  - o Authorities that need to be contacted and when.
- Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.

### **Financial Planning**

Recommendation 16/2014: Status - unresolved

- The Shire should review and update the AMP – Financial Summary section as well as accompanying Financial Planning spreadsheet including projections of income, operations and maintenance, administration and capital expenditure requirements of the scheme as well as the Dumbleyung Sewerage Scheme Reserve based on an assessment of the condition of assets, revised replacement values of assets and updates to the planned operating and maintenance programs and costs;
- Further consideration should be given to recovering the full cost of the sewerage scheme from rates if operations and maintenance levels are to be maintained;

- The adequacy of the sewerage reserve should be reviewed annually by comparison with the projected costs in the Financial Planning spreadsheet; and
- As noted in the Shire's Strategic Community Plan Our 2012-20 Vision, an asset replacement strategy should be developed for the replacement of the sewerage scheme assets at the end of their economic life.

### **Capital Expenditure Planning**

Recommendation 17/2014: Status – mainly resolved

The Shire should review and update the capital expenditure plan in the AMP on an annual basis, as stated in the AMP. For example, the condition of assets may have changed, and this may result in changes to the projected expenditure and affect the capital replacement annuity that needs to be set aside in the sewerage reserve.

### **Asset Management System Review**

Recommendation 18/2014: Status – mainly resolved

- The Shire should review and update the AMP and accompanying Excel spreadsheets to bring it up to date;
- The Shire should ensure the AMP is revised at least every five years and when any significant changes occur and accompanying Excel spreadsheets should be reviewed and updated annually;
- The Shire should update the AMP - Monitoring and Review Procedures section for the requirement to notify the ERA of any changes to the asset management system within 10 business days; and
- The Shire should modify the "Document Status" table to include a brief description of changes to the document from the previous version.

### Licence Compliance

Tables 8 & 9 of the ERA's: "*Audit and Review Guidelines: Water Licences – July 2014*" provided the basis for assessment of the effectiveness rating levels associated with "Asset Management Process and Policy Definition" and "Asset Management Performance" during the Review.



The Reviewer’s assessment (based on the above tables) of the effectiveness of the Shire’s Asset Management System is summarised in Table 2 below:

Asset Management System	Asset Management Process and Policy Definition Adequacy Ratings				Asset Management Performance Ratings			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
Asset Planning		✓				✓		
Asset Creation and Acquisition		✓				✓		
Asset Disposal		✓				✓		
Environmental Analysis		✓				✓		
Asset Operations		✓				✓		
Asset Maintenance		✓				✓		
Asset Management Information System	✓				✓			
Risk Management			✓				✓	
Contingency Planning		✓				✓		
Financial Planning			✓				✓	
Capital Expenditure Planning		✓				✓		
Review of Asset Management System		✓					✓	

Table 2: Summary of Review Findings

## 2 Scope of Work

### 2.1 Objectives

#### 2.1.1 Operational Audit

The objective of the Audit was to assess the effectiveness of measures taken by the Shire to meet the conditions referred to in the Licence including the legislative obligations called up by the Licence.

This Audit Report identifies areas where improvement is required and recommends corrective action (see Table 11 entitled: “*Current Audit: Non-Compliances and Recommendations*” as in section 4 of this Report).

#### 2.1.2 Asset Management System Effectiveness Review

The Act requires that the Shire provides for and maintains an asset management system. The system should set out the processes to be taken by the Shire to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires the Shire to provide the ERA with a report by an independent expert on the effectiveness of the system.

This review will provide the ERA with an independent opinion on whether or not the Shire has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

This Review Report identifies areas where improvement is required and recommends corrective action (see Table 15 entitled: “*Review Observations and Recommendations*” as in section 5 of this Report).

### 2.2 Scope

#### 2.2.1 Operational Audit

The Audit focused 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 included the adequacy and effectiveness of performance against the requirements of the Licence and considered:

- **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 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 ERA during the Audit Period; and

- **Compliance with any individual licence conditions** – the requirements imposed on the specific licensee during the Audit Period by the ERA or specific issues advised by the ERA.

Further references to the Audit scope are covered in detail in this section of the Report.

### **2.2.2 Asset Management System Effectiveness Review**

The Review focused on the asset management system, including asset management plans, which set out the measures that are to be taken by the Shire for the proper operation and maintenance of assets. The plans must convey the Shire's business strategies to ensure the effective management of assets over at least a five-year period.

The scope of the Review included an assessment of the adequacy and effectiveness of the asset management system by evaluation of the 12 key asset management processes mandated, being:

- 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; and
- Asset management system.

Further references to the Review scope are covered in detail in this section of the Report.

## **2.3 Audit/Review Methodology**

### **2.3.1 Audit Plan**

A risk-based approach was used to develop an Audit and Review Plan. This approach assessed the appropriate risk factors and consequently the Audit and Review were focused on higher risk areas, with less intensive coverage of medium and lower risk areas.

### **2.3.2 Fieldwork**

The Audit fieldwork consisted of the following steps:

- Conducted an initial meeting with relevant staff at the Shire and reviewed processes to obtain an understanding of procedures, systems and controls which were in place to ensure compliance with license conditions;
- Evaluated the adequacy of the controls to cover the identified risks and performed

more extensive audit/review testing of higher risk areas to provide sufficient assurance and confirmed lower risk areas by discussion and observation;

- Assessed compliance with License conditions over the Audit Period as well as at the time of the Audit;
- Followed up and confirmed action taken on any previous Audit issues and recommendations;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes; and
- Developed appropriate recommendations for improvement for discussion with management.

The Review fieldwork consisted of the following steps:

- In company with the Shire's Manager Works and Services, inspected the water services facilities, including the wastewater collection system, pumping station and treatment plant. General operation practises, strategies, process implications and quality monitoring procedures were discussed during the inspection;
- The adequacy or otherwise of the outputs of the system - including documentation of performance standards and statutory requirements, system opportunities and threats, preparation of operations manuals, maintenance schedules and action records, registers of the location, condition, age etc. of assets;
- The extent to which the risks associated with the system environment and/or unexpected system failures have been assessed, quantified, documented as contingency plans and reduced by specific practices - such as stocking selected spare parts or, equipment items subject to extended delivery or repair periods, additional storage etc.;
- The existence and effectiveness of systems implemented for the assessment, planning, financing and construction of new, replacement and major maintenance works and disposal of redundant assets;
- Whether or not the system has been subject to regular internal review; with systems in place to ensure that plans are regularly updated to current status, provide for prior identification of new or replacement assets, their implementation; and initiatives to improve the overall effectiveness of the asset management system; and
- The Shire's response to the recommendations made in previous reviews.

### 2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

- Prior to the conclusion of the Audit/Review visit, discussed any observations and recommendations with the representatives of the Shire to confirm understanding of the issues and to agree upon the action to be taken;
- Provided a draft Audit and Review Report to the ERA for review. The ERA provided comments on the Draft Audit and Review Report to Paxon. Paxon considered the ERA's comments and made amendments to the Draft Audit and Review Report, as appropriate; and
- Provided the final Audit and Review Report to the ERA.

The ERA forwarded the draft Audit and Review Report, with the ERA's comments to the Shire for their comment. The ERA will procure the post-audit implementation plan from the Shire.

## 2.4 Time Interval Covered in Audit/Review

The Audit/Review covered the period from 1 December 2014 to 30 November 2017. The previous Audit and Review covered the period from 1 December 2011 to 30 November 2014.

## 2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during December 2017.

## 2.6 Licensee's Representatives

Shire employees who participated in the Audit are as follows:

Staff Member	Position
Matthew Gilfellon	Chief Executive Officer

**Table 3: Shire Employees Who Participated in the Audit**

Shire employees who participated in the Review are as follows:

Staff Member	Position
Matthew Gilfellon	Chief Executive Officer
Calvin Shotter	Manager, Works and Services

**Table 4: Shire Employees Who Participated in the Review**

## 2.7 Key Documents and Other Information Sources

### 2.7.1 Operational Audit

Details of key documents and other information sources examined during the Audit are as follows:

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2013;
- Water Services Regulations 2013;
- Audit and Review Guidelines: Water Licences – July 2014;
- Water Compliance Reporting Manual – Water Services Act 2012 – April 2014;
- Water Compliance Reporting Manual – Water Services Act 2012 - July 2016;
- Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- Water Services Operating Licence – Shire of Dumbleyung – WL16, Version 3, 18

November 2013;

- Water Services Licence – Shire of Dumbleyung – WL16, Version 4, 1 July 2016;
- Shire of Dumbleyung - Audit and Review Plan – Operational Audit and Asset Management System Effectiveness Review of the Water Services (Operating) Licence for 2014 - 2017;
- Quantum Assurance – Shire of Dumbleyung – Operational Audit and Asset Management System Review – Water Licence WL16 (Non-potable and sewerage) - Report – Economic Regulation Authority – 13 May 2015;
- Water Services Act 2012 – Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2015;
- Water Services Act 2012 – Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2017;
- Shire of Dumbleyung – Annual Report – For the Year Ending 30 June 2015;
- Shire of Dumbleyung – Annual Report – For the Year Ending 30 June 2016;
- Shire of Dumbleyung – Annual Report – For the Year Ending 30 June 2017;
- Compliance Report – 01/07/2014 to 30/06/2015;
- Compliance Report – 01/07/2015 to 30/06/2016;
- Compliance Report – 01/07/2016 to 30/06/2017;
- Performance Reporting Data Sheets – 2014-2015;
- Performance Reporting Data Sheets – 2015-2016;
- Performance Reporting Data Sheets – 2016-2017;
- Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town Sewerage Scheme - Reviewed December 2015;
- Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town Sewerage Scheme- System - Reviewed July 2016;
- Customer Service Charter for Wastewater Services – Shire of Dumbleyung – Revised December 2015;
- Communication with the ERA over the period 1 December 2014 to 30 November 2017;
- Shire of Dumbleyung - Financial Hardship Policy for Water Services – February 2014;
- 2017/2018 Annual Compliance Calendar;
- Shire of Dumbleyung – Water Services Act 2012 – Compliance Breach Register; and
- Shire of Dumbleyung – Council Policy Manual – 20 April 2017.

### 2.7.2 Asset Management System Effectiveness Review

Details of key documents and other information sources examined during the Review are as follows:

- Water Services Operating Licence – Shire of Dumbleyung – WL16, Version 3, 18 November 2013;
- Quantum Assurance – Shire of Dumbleyung – Operational Audit and Asset Management System Review – Water Licence WL16 (Non-potable and sewerage) - Report – Economic Regulation Authority – 13 May 2015;

- Audit and Review Guidelines: Water Licences – July 2014;
- Shire of Dumbleyung – Licence Performance Reports - from 2014/15 to 2016/17;
- Shire of Dumbleyung – Performance Reporting Data Sheets - from 2014/15 to 2016/17;
- Shire of Dumbleyung Asset Management Plans - 2016 and 2015;
- Shire of Dumbleyung - ERA Compliance Reports for 2014/15, 2015/16 and 2016/17;
- Shire of Dumbleyung - Annual Reports for 2015/16 and 2016/17;
- Shire of Dumbleyung - Sewerage System Budgets for 2014/15 to 2017/18;
- Shire of Dumbleyung – Sewerage Management Plan – Plant Procedures;
- Shire of Dumbleyung – Customer Service Charter 2015; and
- Shire of Dumbleyung - 2017 Financial Report to Local Government Department.

## 2.8 Audit/Review Team Members and Hours Utilised

The Audit and Review team for this appointment was as follows:

Team Member	Hours
Cameron Palassis – Executive Director	4
Anton Prinsloo – Senior Consultant	33
Barry Robbins - Barry Robbins Engineering and Project Management	33
<b>TOTAL</b>	<b>70</b>

Table 5: Audit/Review Team Members and Hours Utilised

### 3 Licensee’s Response to Previous Recommendations

#### 3.1 Previous Audit: Non-Compliances and Recommendations

Previous Audit: Non-Compliances and Recommendations						
A. Resolved Before End of Previous Audit Period						
Reference (no./year)	Compliance and Control Rating	Auditor’s Recommendation and Action Taken	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)		
	Legislative Obligation and Details of the Issue			Details of Further Action Required (Including Current Recommendation Reference if Applicable)		
There is no content in Part A.						

Table 6: Previous Audit: Non-Compliances and Recommendations (Part A)



Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
01/2014	<ul style="list-style-type: none"> <li>Rating: D NR;</li> <li>Obligation: Act - section 24(1)(b) and Water Services Operating Licence ("WSOL") – clause 20.2; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change; and</li> <li>The requirement to notify the Authority of any significant changes to the asset management system, within 10 business days, is not documented in the Shire's Asset Management Plan nor in any other Shire's internal document e.g. Compliance Schedule.</li> </ul> </li> </ul>	<p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>The Shire should ensure that the Authority is notified about any future significant changes to the asset management system within 10 business day; and</li> <li>The Shire should update the Asset Management Plan – Monitoring and Review Procedures section for the requirement to notify the Authority of any significant changes to the asset management system within 10 business days.</li> </ul> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>Paxon examined the Shire's "2017/2018 Annual Compliance Calendar" which specifically places an obligation on the CEO to inform the ERA of any changes to the asset management system within 10 days.</li> </ul>	<ul style="list-style-type: none"> <li>Zero.</li> </ul>
03/2014	<ul style="list-style-type: none"> <li>Rating: C 2;</li> <li>Obligation: Act - section 27, Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") - clause 35(4) and WSOL – clause 5.3; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The Shire's complaints handling procedure as outlined in the Shire's Customer Service Charter does not inform the customer that they</li> </ul> </li> </ul>	<p><u>Recommendation:</u></p> <ul style="list-style-type: none"> <li>The Shire should update its complaints handling procedure in the Customer Service Charter to:                             <ul style="list-style-type: none"> <li>State that a customer may, but does not have to, use the complaints procedure before or instead of the procedures under the Act i.e. applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision to the State Administrative Tribunal;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Zero.</li> </ul>

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
03/2014 (continued)	do not have to use the licensee's complaints procedure, provide details of procedures under the Act, nor does it set out the costs and benefits to the customer if they use the complaint resolution procedure or instead of the procedures under the Act.	<ul style="list-style-type: none"> <li>o In addition to an option of applying to the Water Services Ombudsman, list the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint to the State Administrative Tribunal; and</li> <li>o Set out the benefits to the customer, in relation to time and costs, if the customer chooses to use the complaints procedure before or instead of the procedures under the Act i.e. Water Services Ombudsman or State Administrative Tribunal.</li> </ul> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>• Paxon examined the Shire's Customer Charter which addresses all the above-mentioned recommendations in:                             <ul style="list-style-type: none"> <li>o Section 2.7 entitled: "Review of Bill"; and</li> <li>o Section 2.11 entitled: "Enquiries, Suggestions, Complaints and Disputes".</li> </ul> </li> </ul>	
04/2014	<ul style="list-style-type: none"> <li>• Rating: C 3;</li> <li>• Obligation: Act - section 27, Code of Conduct - clause 37(1) and WSOL – clause 5.3; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>o The licensee must make the "prescribed information" publicly available. The definition</li> </ul> </li> </ul>	<p><u>Recommendation:</u></p> <ul style="list-style-type: none"> <li>• The Shire should provide a brochure at the Shire office and on the website with the "prescribed information" for sewerage services as set out in Section 37 of the Code. This includes the fees and charges, bill payment options,</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
04/2014 (continued)	<p>of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy;</p> <ul style="list-style-type: none"> <li>The "prescribed information" is set out in Section 37 of the Code and includes the fees and charges, bill payment options, concessions, enquiry/translator services, powers of access to premises, interruptions to supply, etc.; and</li> <li>The auditor noted that this information is not currently available to customers. This information could be partially provided by obtaining a copy of the Department of Water's Easy Reference Guide to the Water Services Code of Conduct and making this available on the Shire's website and in hardcopy at the Shire's office. However, there also needs to be specific information in respect of the Shire's fees and charges, payment options, etc.</li> </ul>	<p>discounts/concessions, enquiry/ translator services, powers of access to premises, interruptions to supply, etc.</p> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>Paxon found the Customer Charter was available on the Shire's website at the time the Audit was conducted. Paxon examined the Customer Charter and found it specifically included section 2.12 entitled: "Information required under section 37 of the Water Services Code of Conduct (Customer Service Standards) 2013". This section does include the information referred to in clause 37(1) of the Code of Conduct.</li> </ul>	
05/2014	<ul style="list-style-type: none"> <li>Rating: C 2;</li> <li>Obligation: WSOL – clause 16(1); and</li> <li>Details: <ul style="list-style-type: none"> <li>In accordance with the Water Compliance Reporting Manual April 2014, the Shire is</li> </ul> </li> </ul>	<p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>The Shire should ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required; and</li> </ul>	<ul style="list-style-type: none"> <li>Zero.</li> </ul>

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
05/2014 (continued)	<p>required to submit to the Authority:</p> <ul style="list-style-type: none"> <li>Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> <p>The auditor reviewed the Shire's correspondence with the Authority and the Compliance and Performance Reports for 2011/12, 2012/13, 2013/14 and noted the following exceptions:</p> <ul style="list-style-type: none"> <li>The 2011/12 Compliance Report was submitted after the due date and this was reported as a non-compliance in the 2012/13 Compliance Report; and</li> <li>No evidence was available within the Shire's records to confirm that the Performance reports for 2012/13 and 2013/14 were submitted to the Authority by the due date. Therefore, the auditor was unable to confirm the timely submission of these reports.</li> </ul>	<ul style="list-style-type: none"> <li>The Shire should keep a record of the submission of the Performance and Compliance reports to the Authority.</li> </ul> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>Paxon has determined the Shire's Compliance Report for: <ul style="list-style-type: none"> <li>2014-2015 was dated 31 August 2015;</li> <li>2015-2016 was dated 31 August 2016; and</li> <li>2016-2017 was sent to the ERA on 23 August 2017.</li> </ul> </li> <li>Paxon has noted the Shire's Performance Report for: <ul style="list-style-type: none"> <li>2014-2015 was acknowledged by the ERA on 31 July 2015;</li> <li>2015-2016 was acknowledged by the ERA on 26 August 2016; and</li> <li>2016-2017 was sent to the ERA on 23 August 2017.</li> </ul> </li> </ul>	
06/2014	<ul style="list-style-type: none"> <li>Rating: C 2;</li> <li>Obligation: WSOL – clause 16.2; and</li> <li>Details:</li> </ul>	<p><u>Recommendation:</u></p> <ul style="list-style-type: none"> <li>The Shire should maintain a Compliance Breach register in respect of their licence conditions to ensure that all contraventions of the licence</li> </ul>	<ul style="list-style-type: none"> <li>Zero.</li> </ul>

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
06/2014 (continued)	<ul style="list-style-type: none"> <li>○ As per item 165, the auditor reviewed the licensee's correspondence with the Authority and licensee's Compliance and Performance Reports for the years ending 30 June 2012, 2013 and 2014 and noted exceptions as to the time with the information reporting requirements prescribed by the Water Compliance Reporting Manual;</li> <li>○ Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that Authority expects licensees to maintain a compliance (or breach) register in respect of their licence conditions; and</li> <li>○ The Shire's EHO advised that they don't keep a compliance register. Therefore, the auditor was unable to determine whether the compliance reports sent to the Authority during the audit period are consistent with the compliance register.</li> </ul>	<p>conditions for each financial year are reported to the Authority in the annual compliance report.</p> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>• Paxon has examined the Shire's document entitled: "Shire of Dumbleyung – Water Services Act 2012 – Compliance Breach Register." This document discloses no breaches for the 2016-2017 year. The Shire's Compliance Report for 2016-2017 stated there were no non-compliances to report.</li> </ul>	
08/2014	<ul style="list-style-type: none"> <li>• Rating: D NR;</li> <li>• Obligation: Act - section 24(1)(b), Code of Conduct - clause 26(6), and WSOL – clauses 16(1) and 20(2); and</li> <li>• Details: <ul style="list-style-type: none"> <li>○ The Shire's staff were unable to locate the Shire's Compliance Deadlines Schedule that</li> </ul> </li> </ul>	<p><u>Recommendation:</u></p> <ul style="list-style-type: none"> <li>• The Shire should develop and implement a Compliance Schedule documenting the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
08/2014 (continued)	<p>was in place during the previous audit period; and</p> <ul style="list-style-type: none"> <li>Therefore, the Shire has no hardcopy record of compliance activities and due dates to comply with the licence.</li> </ul>	<p>next policy review due date; and the requirements to notify the Authority of any significant changes to the asset management system or building works within 10 business days, to ensure that regulatory timeframes are met; and</p> <ul style="list-style-type: none"> <li>The Shire should place the hardcopy Compliance Schedule on the front of the hardcopy Licence file.</li> </ul> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>Paxon examined the Shire's "2017/2018 Annual Compliance Calendar" which records due dates for the submission of annual compliance reports and annual performance reports; and</li> <li>Paxon examined a "Compliance Schedule" compiled by the Shire which records the following obligations:                             <ul style="list-style-type: none"> <li>Notifying within 10 days of any material changes in the asset management system; and</li> <li>Five yearly review of financial hardship policy.</li> </ul> </li> </ul>	

Table 6: Previous Audit: Non-Compliances and Recommendations (Part B)

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
02/2014	<ul style="list-style-type: none"> <li>Rating: D 2;</li> <li>Obligation: Act - section 27, Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") - clause 18(2) – 18(5) and Water Services Operating Licence ("WSOL") - clause 5.3; and</li> <li>Details:               <ul style="list-style-type: none"> <li>The licensee must have a written procedure for the review of a bill on the customer's request;</li> <li>The Shire does not have a written procedure for review of a bill on the customer's request; and</li> <li>The Shire's staff advised that no request for review of the rates notices relating to sewerage charges had been received during the audit period.</li> </ul> </li> </ul>	<p><u>Recommendations:</u></p> <ul style="list-style-type: none"> <li>The Shire should develop a written procedure for review of bills (rates notices with sewerage charges);</li> <li>The procedure should be made publicly available on the Shire's website and in hardcopy;</li> <li>The procedure should include:               <ul style="list-style-type: none"> <li>What happens if the customer has been undercharged or overcharged;</li> <li>What the customer can do if dissatisfied with the outcome of the review;</li> <li>That the customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal; and</li> <li>That the licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Shire's Customer Charter should explicitly state the licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received. A recommendation (4/2017) was made in this regard (see compliance obligation number 117 in: "Table 10: Audit Observations and Recommendations").</li> </ul>

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
02/2014 (continued)		<p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>Paxon examined the Shire's: "Customer Service Charter for Wastewater Services – Shire of Dumbleyung – REVISED December 2015" ("Customer Charter") which addresses the review of bills in section 2.7 entitled: "Review of Bill". Paxon found the Charter addresses 3 of the 4 recommendations made under bullet point 3 above; and</li> <li>Paxon found the Customer Charter was available on the Shire's website at the time the Audit was conducted.</li> </ul>	
07/2014	<ul style="list-style-type: none"> <li>Obligation: Act - sections 82(4) &amp; (5), 84(2), 87(2), 90(7), 119(2), 122(2), 128(4), 129(5), 139(3), 142, 143(2) &amp; (3), 144(3), 145(2), 147(3) &amp; (4), 151(1) - (3), 153(3), 165(5) &amp; (6), 170, 173(4), 174(1) &amp; (3), 175(2) &amp; (5), 176(1),(3) &amp; (4), 181, 186, 187(1)-(3), 190(4)-(5), 218(2);</li> <li>Water Services Regulations 2013 – regulation 85;</li> <li>Code of Conduct - clauses 8, 16(2) - (5), 17(1)-(2);</li> <li>WSOL – clause 15.1(d); and</li> <li>Details:</li> </ul>	<p><u>Recommendation:</u></p> <ul style="list-style-type: none"> <li>The Shire should develop and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, timeliness of connections, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and</li> </ul>	<p><u>Action Required:</u></p> <ul style="list-style-type: none"> <li>As per Recommendation 1/2017: The Shire should expand its "Compliance Schedule" to record all its obligations in terms of the Water Legislation. This schedule should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – October 2017" may help the Shire to develop its own compliance register.</li> </ul> <p>(see section 4.4 entitled: "Current Audit: Non-Compliances and Recommendations" – Table</p>



Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
07/2014 (continued)	<ul style="list-style-type: none"> <li>○ The licence includes compliance obligations in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, lodgement of memorial, acquiring interest in land, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works; and</li> <li>○ Although the audit confirmed these activities had not occurred in the audit period, there are no documented internal procedures that would ensure compliance with these conditions of the licence in future.</li> </ul>	<p>informing the Authority within 10 days of major and general works.</p> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> <li>• Paxon examined a "Compliance Schedule" compiled by the Shire which records the following obligations:               <ul style="list-style-type: none"> <li>○ Operational audit;</li> <li>○ Reporting changes in corporate, financial or technical circumstances;</li> <li>○ Reporting any major or general works within 10 business days;</li> <li>○ Providing information in the manner and form specified by the Authority;</li> <li>○ Complying with information reporting under the Water Compliance Reporting Manual;</li> <li>○ Notifying within 10 days of any material changes in the asset management system;</li> <li>○ Asset management system review; and</li> <li>○ Five yearly review of financial hardship policy.</li> </ul> </li> </ul>	11: Part B)

Table 6: Previous Audit: Non-Compliances and Recommendations (Part C)

### 3.2 Previous Review: Deficiencies and Recommendations

Previous Review: Deficiencies and Recommendations						
A. Resolved Before End of Previous Review Period						
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)		
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)		
	Criteria/Details of Asset Management System Deficiency					

There is no content in Part A.

**Table 7: Previous Review: Deficiencies and Recommendations (Part A)**

Previous Review: Deficiencies and Recommendations			
B. Resolved During Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
12/2014	<ul style="list-style-type: none"> <li>• Rating: C 3;</li> <li>• Component: Asset Maintenance; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ Completion of Maintenance - Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule:                                     <ul style="list-style-type: none"> <li>• An Annual Maintenance Management Plan for 2013/14 was sighted. The comprehensive Annual Maintenance Management Plan is part of the AMP and specifies maintenance tasks to be carried out for all assets and the intervals at which they need to be done. The documentation available for review provided evidence to substantiate that routine maintenance is carried out as planned, although some maintenance issues were noted as outlined below;</li> <li>• At the WWTP, the concrete structure of the Imhoff tank appears to be in reasonable condition, as is the pipework entering and leaving the tank. The storage ponds were observed to be enclosed by earth banks that are stabilised by grass growing on the inner bank face. The grass on the pond banks</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should prioritise the recommendations set out in the Department of Health Water Recycling Assessment Report and determine a plan for their implementation commensurate with urgency, risk and practicability.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>

Previous Review: Deficiencies and Recommendations		
B. Resolved During Current Review Period		
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken
	Asset Management System Component	Further Action Required (FAR) (Yes/No/Not Applicable)
	Criteria/Details of Asset Management System Deficiency	Details of Further Action Required (Including Current Recommendation Reference if Applicable)
12/2014 (continued)	<p>should be left intact to stabilise the banks. Erosion from wave action is occurring on the internal bank faces at some locations at the primary stabilisation pond. The secondary stabilisation pond was not fenced, however \$10,000 was already allocated for sewerage pond fence in the Shire's Budget for 2014/15;</p> <ul style="list-style-type: none"> <li>• The Department of Health (DOH) performed an assessment of the scheme against the <i>Guidelines for the Non-Potable Uses of Recycled Water in WA (dated August 2011)</i> in April 2014. The Assessment Report noted identified a number of issues in regard to the maintenance of Wastewater Treatment Plant (WWTP) as follows: <ul style="list-style-type: none"> <li>○ Erosion on banks at the primary stabilisation pond needs to be fixed;</li> <li>○ Secondary stabilisation pond shall be fenced with a +1.8m mesh fence;</li> <li>○ Material stored close to Imhoff tank need to be removed;</li> <li>○ Inflow effluent meter should be installed to determine effluent volumes to the WWTP; and</li> <li>○ Warning signs at the entrance of the WWTP need to be installed.</li> </ul> </li> </ul>	

Previous Review: Deficiencies and Recommendations		
B. Resolved During Current Review Period		
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken
	Asset Management System Component	Further Action Required (FAR) (Yes/No/Not Applicable)
	Criteria/Details of Asset Management System Deficiency	Details of Further Action Required (Including Current Recommendation Reference if Applicable)
12/2014 (continued)	<ul style="list-style-type: none"> <li>The reviewer was advised by the Shire's EHO that works to implement the recommendations from the DOH's Assessment Report will be done in 2015 and installation of the inflow meter will be considered in the Shire's Budget for 2015/16; and</li> <li>The DOH's Assessment Report also advises that the Dumbleyung recycled water scheme approval has been rescinded. The reviewer was advised that the Shire's Effluent Reuse Scheme in Dumbleyung has not been used since 2009 due to advice from the Shire's EHO that the scheme was no longer to be used until the disinfection system was replaced. Council considered the cost of such replacement at the time to be prohibitive and in the meantime gained access to stormwater stored in the Water Corporation's dam in Dumbleyung. As such the Dumbleyung Effluent Reuse Scheme will not be used again in the future unless the disinfection system is replaced. Should Council aims to reuse treated effluent from Dumbleyung Wastewater Treatment Plant in future, an application in accordance with the requirements of the <i>Guidelines for the</i></li> </ul>	

Previous Review: Deficiencies and Recommendations					
B. Resolved During Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
12/2014 (continued)	<i>Non-Potable Uses of Recycled Water in Western Australia (2011)</i> needs to be submitted to the Executive Director Public Health (EDPH) for approval.				
13/2014	<ul style="list-style-type: none"> <li>• Rating: C 3;</li> <li>• Component: Asset Management Information System; and</li> <li>• Details:               <ul style="list-style-type: none"> <li>◦ Adequate system documentation for users and IT operators:                   <ul style="list-style-type: none"> <li>• The asset management information system is a simple system based on the Excel spreadsheets available from the Authority. The system is documented in the Asset Management Plan (latest available version March 2011) which refers to each spreadsheet included in the Appendices;</li> <li>• As noted in the Asset Management Practices section of the AMP, the EHO is a custodian of the AMP as well as all accompanying spreadsheets. Apart from the drawing information system, the EHO is responsible for the entire Asset Management System documentation, update, management, storage and back-up; and</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should ensure that all Asset Management System documentation, including all future updates of the AMP and the accompanying Excel spreadsheets, is saved on the Shire's server and regularly backed up as part of the standard IT maintenance procedures. The backups should be tested each quarter; and</li> <li>• The Shire should update the Asset Management Practices section of the AMP to stipulate the responsibilities for management, storage and backup that would ensure that all Asset Management System records are provided to and retained by the Shire.</li> </ul>		<ul style="list-style-type: none"> <li>• Zero.</li> </ul>	

Previous Review: Deficiencies and Recommendations					
B. Resolved During Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken			Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component				Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency				
13/2014 (continued)	<ul style="list-style-type: none"> <li>In order to ensure that the data is being passed on to the Shire for record keeping and backup, the Shire should improve their Asset Management System documentation record-keeping practices and policy.</li> </ul>				

**Table 7: Previous Review: Deficiencies and Recommendations (Part B)**

Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
09/2014	<ul style="list-style-type: none"> <li>• Rating: B 3;</li> <li>• Component: Asset Creation and Acquisition; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ Legislative Requirements - Ongoing legal/environmental /safety obligations of the asset owner are assigned and understood:                                     <ul style="list-style-type: none"> <li>• Section 2.3 of the AMP outlines the legislative requirements. The Health Act, Environmental Protection and Occupational Health, Safety and Welfare are briefly considered; and</li> <li>• However, the Legislative Requirements Section of the AMP still refers to the Water Services Act 1995 and the operating licence issued in 2009 and do not reflect the most recent changes to the legislation including Water Services Act 2012, Water Services Regulations 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as changes to the operating licence (new version of the operating licence was issued on 18 November 2013).</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Legislative Requirements Section of the AMP should be updated to reflect the recent changes to the legislative requirements including Water Services Act 2012, Water Services Regulations 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as for the new version of the operating licence issued on 18 November 2013.</li> </ul>		<ul style="list-style-type: none"> <li>• FAR: Yes; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ The recommendation should be implemented as per Recommendation 1/2017 of this Report (see: "Table 16: Current Review: Deficiencies and Recommendations").</li> </ul> </li> </ul>



Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
10/2014	<ul style="list-style-type: none"> <li>Rating: C 3;</li> <li>Component: Asset Operations; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Asset Register - 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:                                     <ul style="list-style-type: none"> <li>There are no drawing register or "As Constructed" drawings stored on site. The information within the asset register was extracted from the original construction drawings. Drawings are not available electronically. The AMP provides a summary description of each installation within the scheme. A detailed listing of assets is documented in the Asset Register for the scheme (Excel worksheet);</li> <li>The latest version of the Asset Register worksheet that was available for review seems to be dated March 2011, corresponding with the AMP update in March 2011. No further updates of the worksheet were available beyond this date. Therefore, the new alarm monitoring system</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Shire should review and update the Asset Register to ensure that all assets are documented in the Asset Register accurately and completely (including the new subdivision assets and alarm monitoring system) and that all required information, including the GPS co-ordinates, is recorded for all asset groups.</li> </ul>	<ul style="list-style-type: none"> <li>FAR: Yes; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The recommendation should be implemented as per Recommendation 2/2017 of this Report (see: "Table 16: Current Review: Deficiencies and Recommendations").</li> </ul> </li> </ul>	

Previous Review: Deficiencies and Recommendations		
C. Unresolved at End of Current Review Period		
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken
	Asset Management System Component	Further Action Required (FAR) (Yes/No/Not Applicable)
	Criteria/Details of Asset Management System Deficiency	Details of Further Action Required (Including Current Recommendation Reference if Applicable)
10/2014 (continued)	<p>installed few years ago, 50 new connections completed in 2013 and a pump that was replaced in 2014 are not included in the Asset Register;</p> <ul style="list-style-type: none"> <li>The assets in the Asset Register are discretely numbered with an alpha-numeric asset number and include the relevant construction material, asset type and descriptions, construction dates and replacement values for all main asset groups including chambers, pipes and pumping stations, with the exception of waste water treatment plant. The part of the Asset Register related to waste water treatment plant has not been populated, apart from the asset numbers. The reviewer also noted that some of the relevant fields in the Asset Register related to pumping stations are still marked with question marks. The water re-use is not in operation; and</li> <li>Also, the AMP states that the Shire has collected GPS coordinates for all accessible access chambers, however no GPS coordinates for any asset are recorded in the Asset Register.</li> </ul>	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
11/2014	<ul style="list-style-type: none"> <li>• Rating: C 3;</li> <li>• Component: Asset Maintenance; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ Inspections - Regular inspections are undertaken of asset performance and condition:                                     <ul style="list-style-type: none"> <li>• The AMP states that the asset condition appraisal inspections were conducted in October 2010 for the AMP, however the Asset Condition and Performance Excel spreadsheet sighted was not populated with the assets condition data and performance information; and</li> <li>• The documentation available for review provided no evidence to substantiate that regular inspections of asset performance and condition are being undertaken.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should undertake a condition appraisal of all assets as soon as practicable and record the results of the appraisal in the Asset Condition and Performance Excel spreadsheet;</li> <li>• The Shire should priorities the maintenance tasks resulting from the asset condition appraisal and implement a plan for asset condition improvement commensurate with urgency, risk and practicability; and</li> <li>• The Shire should resume the annual condition appraisal program of all assets.</li> </ul>	<ul style="list-style-type: none"> <li>• FAR: Yes; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ The spread sheet has not been updated;</li> <li>○ The maintenance tasks have been undertaken;</li> <li>○ An annual appraisal of the sewer collection system is not necessary or practical. The Shire is implementing a three-year program; and</li> <li>○ The recommendation should be implemented as per Recommendation 3/2017 of this Report (see: "Table 16: Current Review: Deficiencies and Recommendations").</li> </ul> </li> </ul>
14/2014	<ul style="list-style-type: none"> <li>• Rating: B 3;</li> <li>• Component: Risk management; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ The probability and consequences of asset failure are regularly assessed:                                     <ul style="list-style-type: none"> <li>• The Risk Assessment worksheet has been sighted. It includes the probability and</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should review and, where required, update the Risk Assessment worksheet to ensure that all current internal and external risks associated with the asset management system have been captured and considered, including the recent changes to the legislative requirements (Water Services Act 2012, Water Services Regulations 2013 and Water Services</li> </ul>	<ul style="list-style-type: none"> <li>• FAR: Yes; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ The Risk Analysis remains incomplete – see Recommendation 4/2017 of this report ("Table 16: Current Review: Deficiencies and Recommendations").</li> </ul> </li> </ul>

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
14/2014 (continued)	<p>consequences of asset failure for all scheme components and non-compliance with licence obligations;</p> <ul style="list-style-type: none"> <li>• However, the latest version of the Risk Assessment worksheet that was available for review seems to be dated March 2011, corresponding with the AMP update in March 2011. No further updates of the worksheet were available beyond this date. Therefore, the reviewer concluded that the documentation available for review provided no evidence to substantiate that the probability and consequences of asset failure are being regularly assessed; and</li> <li>• Moreover, the Risk Assessment worksheet still refers to the operating licence issued in 2009 and do not reflect the most recent changes to the legislation including Water Services Act 2012, Water Services Regulations 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as changes to the operating licence (new version of the operating licence was issued on 18 November 2013).</li> </ul>	<p>Code of Conduct (Customer Service Standards) 2013) as well as the new version of the operating licence issued on 18 November 2013;</p> <ul style="list-style-type: none"> <li>• The Shire should ensure that treatment plans are actioned and monitored; and</li> <li>• The Shire should ensure that the probability and consequences of asset failure are assessed regularly i.e. annually as part of the annual review process of the AMP.</li> </ul>	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
15/2014	<ul style="list-style-type: none"> <li>• Rating: D 4;</li> <li>• Component: Contingency Planning; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks:                                     <ul style="list-style-type: none"> <li>• 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;</li> <li>• The AMP states that unforeseen maintenance tasking is instigated by a telephone call-out system to the Manager or Supervisor, who attends the site, assesses the requirements and arranges the immediate and follow-up actions and activities. However, the AMP does not specify who was available to do the actual work; that is an electrician, plumber or other technical personnel. It is recommended that for an unexpected failure of the system, more detailed contingency plans documenting the steps to be taken to resolve the failure, and the personnel responsible for the actions, be prepared; and</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Based on the revised risk assessment in the AMP, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example, bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.;</li> <li>• The contingency plans should include:                             <ul style="list-style-type: none"> <li>○ Detailed procedures;</li> <li>○ Key local contact details – name, number and location;</li> <li>○ Communication protocols;</li> <li>○ Specifications, location and availability of emergency equipment; and</li> <li>○ Authorities that need to be contacted and when.</li> </ul> </li> <li>• Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency.</li> </ul>	<ul style="list-style-type: none"> <li>• FAR: Yes; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ The contingency plans have been revised, but additional input is required. See Recommendation 5/2017 of this report (<i>“Table 16: Current Review: Deficiencies and Recommendations”</i>).</li> </ul> </li> </ul>

Previous Review: Deficiencies and Recommendations					
C. Unresolved at End of Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
15/2014 (continued)	<ul style="list-style-type: none"> <li>The Asset Management Plan had an action item to develop a contingency plan for sewerage overflows by October 2011. This is still outstanding.</li> </ul>				
16/2014	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Financial Planning; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Update - The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets). The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the service:                                     <ul style="list-style-type: none"> <li>The Financial Planning Excel spreadsheet includes the lifecycle costs of owning the assets, including projection of income until 2020 and projections on operations and maintenance, administration and capital expenditure requirements of the scheme until 2060 based on the adopted 50 years life of the scheme;</li> <li>However, as the Financial Planning spreadsheet does not seem to have been updated since 2011, the costs of maintaining and operating the scheme and replacement</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Shire should review and update the Asset Management Plan – Financial Summary section as well as accompanying Financial Planning spreadsheet including projections of income, operations and maintenance, administration and capital expenditure requirements of the scheme as well as Dumbleyung Sewerage Scheme Reserve based on an assessment of the condition of assets, revised replacement values of assets and updates to the planned operating and maintenance programs and costs;</li> <li>Further consideration should be given to recovering the full cost of the sewerage scheme from rates if operations and maintenance levels are to be maintained;</li> <li>The adequacy of the sewerage reserve should be reviewed annually by comparison with the projected costs in the Financial Planning spreadsheet; and</li> <li>As noted in the Shire's Strategic Community Plan Our 2012-20 Vision, an asset replacement strategy should be developed for the</li> </ul>		<ul style="list-style-type: none"> <li>FAR: Yes; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The Recommendation should be implemented – i.e. The Shire should review and update the Asset Management Plan – Financial Summary section as well as accompanying Financial Planning spreadsheet including projections of income, operations and maintenance, administration and capital expenditure requirements of the scheme as well as Dumbleyung Sewerage Scheme Reserve based on an assessment of the condition of assets, revised replacement values of assets and updates to the planned operating and maintenance programs and costs;</li> <li>As noted in the Shire's Strategic Community Plan Our 2012-20 Vision, an asset replacement strategy should be developed for the replacement of the sewerage scheme assets at the end of their economic life;</li> <li>The Shire has been increasing the sewerage</li> </ul> </li> </ul>	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
16/2014 (continued)	<p>cost of the assets may have changed. Also, the condition of assets has not been re-assessed since 2010 and this may result in changes to the projected expenditure, annuity provision and the balance of the sewerage reserve;</p> <ul style="list-style-type: none"> <li>The AMP (March 2011) notes that the Shire does not have enough rates income for the sewerage scheme to cover the operational, maintenance and capital costs of replacement over the life of the scheme. The Plant notes that the Shire needs an annuity of \$103,328 for capital replacement and the average operations and the average maintenance cost over the next 5 years is projected to be \$30,542 (as per the Financial Planning Excel spreadsheet);</li> <li>The Shire have addressed the issue of inadequate sewerage rates by increasing the sewerage rate by 17% in 2012/13, by 14% in 2013/14 and by 12.6% in 2014/15 (as per the Shire's Budget for 2014/15). The current revenues from sewerage rates were \$67,730 in 2013/14 and are projected to \$77,163 (2014/15 rates) which is still insufficient to cover the operational, maintenance and</li> </ul>	<p>replacement of the sewerage scheme assets at the end of their economic life.</p>	<p>rate to ensure adequate funding;</p> <ul style="list-style-type: none"> <li>The current reserve appears adequate compared with the Financial spreadsheet;</li> <li>Assets are being replaced according to life and performance; and</li> <li>See also Recommendation 6/2017 of this Report (<i>"Table 16: Current Review: Deficiencies and Recommendations"</i>).</li> </ul>

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
16/2014 (continued)	<p>capital costs of replacement over the life of the scheme;</p> <ul style="list-style-type: none"> <li>The surplus on operations is to be transferred to the sewerage reserve. However, the reviewer noted that only \$2,155 was transferred to the sewerage reserve in 2014/13 and \$7,498 is budgeted to be transferred to the sewerage reserve in 2014/15. The Dumbleyung Sewerage Scheme Reserve is budgeted to have a balance of \$124,278 at the end of 2014/15 financial year, which is inadequate to cover the estimated capital expenditure annuity and higher transfers to the reserve will be needed in future years; and</li> <li>As noted in the Shire's Strategic Community Plan Our 2012-20 Vision, the Shire plans to develop a separate Dumbleyung Sewerage Scheme Asset Replacement &amp; upgrade replacement strategy that would determine an optimum replacement strategy based around the likely life of the system.</li> </ul>		
17/2014	<ul style="list-style-type: none"> <li>Rating: B 3;</li> <li>Component: Capital Expenditure Plan; and</li> <li>Details:</li> </ul>	<ul style="list-style-type: none"> <li>The Shire should review and update the capital expenditure plan in the Asset Management Plan on an annual basis, as stated in the Plan. For example, the condition of assets may have changed and this may result in changes to the</li> </ul>	<ul style="list-style-type: none"> <li>FAR: Yes; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>See Recommendation 7/2017 of this Report (<i>Table 16: Current Review: Deficiencies and</i></li> </ul> </li> </ul>



Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
17/2014 (continued)	<ul style="list-style-type: none"> <li>o Update - here is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned:                             <ul style="list-style-type: none"> <li>• The Asset Management Plan – Plant Improvement and Monitoring section notes that AMP should be revised at least every five years and when any significant changes occur. The capital investment plans shall be revised annually; and</li> <li>• However, the Financial Planning Excel spreadsheet does not seem to have been updated since 2011. The latest version of the Financial Planning Excel worksheet that was available for review seems to be dated March 2011, corresponding with the AMP update in March 2011. No further updates of the worksheet were available beyond this date.</li> </ul> </li> </ul>	<p>projected expenditure and affect the capital replacement annuity that needs to be set aside in the sewerage reserve.</p>	<p><i>Recommendations”</i>).</p>
18/2014	<ul style="list-style-type: none"> <li>• Rating: B 3;</li> <li>• Component: Review of the Asset Management System; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>o A review process is in place to ensure that the asset management plan and the asset</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should review and update the AMP and accompanying Excel spreadsheets to bring it up to date;</li> <li>• The Shire should ensure that the AMP is revised at least every five years and when any significant changes occur and accompanying Excel spreadsheets reviewed and updated annually;</li> </ul>	<ul style="list-style-type: none"> <li>• FAR: Yes; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>o See Recommendation 8/2017 of this Report (“Table 16: Current Review: Deficiencies and Recommendations”).</li> </ul> </li> </ul>

Previous Review: Deficiencies and Recommendations		
C. Unresolved at End of Current Review Period		
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken
	Asset Management System Component	Further Action Required (FAR) (Yes/No/Not Applicable)
	Criteria/Details of Asset Management System Deficiency	Details of Further Action Required (Including Current Recommendation Reference if Applicable)
18/2014 (continued)	<p>management system described therein are kept current:</p> <ul style="list-style-type: none"> <li>The AMP was issued in March 2011. The Monitoring and Review Procedures section of the AMP notes that AMP should be revised at least every five years and when any significant changes occur. The maintenance and capital investment plans shall be revised annually, however the Financial Planning Excel spreadsheet does not seem to have been updated since 2011. The back page of the AMP contains a Document /Report Control Form that outlines the revision number, the author, the reviewer, and who approved the AMP for issue and when. The table notes that the AMP was approved for issue on 28/3/11. There were no further revisions carried out. The users of the AMP could benefit from a brief description of changes to the document from the previous version. The Plan has document control (version details); and</li> <li>Also, the Monitoring and Review Procedures section of the AMP has not been updated for the requirement to notify the Authority of any changes to the asset</li> </ul>	<ul style="list-style-type: none"> <li>The Shire should update the Asset Management Plan - Monitoring and Review Procedures section for the requirement to notify the Authority of any changes to the asset management system within 10 business days; and</li> <li>The Shire should modify the "Document Status" table to include a brief description of changes to the document from the previous version.</li> </ul>

Previous Review: Deficiencies and Recommendations					
C. Unresolved at End of Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Asset Management System Component	Criteria/Details of Asset Management System Deficiency	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
					Details of Further Action Required (Including Current Recommendation Reference if Applicable)
18/2014 (continued)			management system within the required timeframe.		

**Table 7: Previous Review: Deficiencies and Recommendations (Part C)**

## 4 Operational Audit: Comprehensive Report

### 4.1 Audit Controls and Compliance Rating Scales

The controls and compliance ratings allocated to each obligation are set out in the following table - taken from the ERA’s document entitled: “*Audit and Review Guidelines: Water Licences – July 2014*” (“ERA’s Guidelines”).

#### Audit Compliance and Controls Rating Scales ERA’s Guidelines: Table No. 6 (as amended)

Operational Audit Compliance and Controls Rating Scales					
Adequacy of Controls Rating			Compliance Rating		
Rating	Description		Rating	Description	
A	Adequate controls	- no improvement needed	1	Compliant	
B	Generally adequate controls	- improvement needed	2	Non-compliant – minor impact on customers or third parties	
C	Inadequate controls	- significant improvement required	3	Non-compliant – moderate impact on customers or third parties	
D	No controls evident		4	Non-compliant – major impact on customers or third parties	
NP	Not performed		NR	Obligation was not rated as no activity took place to exercise the obligation during the Audit Period	
NA	Obligations identified as not applicable during the Audit period		NA	Obligations identified as not applicable during the Audit Period	

**Table 8: Audit Controls and Compliance Rating Scales**

The Audit Controls and Compliance Rating Scales, as contained in the ERA’s Guidelines: Table number 6 were amended to include the following ratings:

- Adequacy of controls rating: “NP”;
- Adequacy of controls rating: “NA”;
- Compliance rating: “NR”; and
- Compliance rating: “NA”.

## 4.2 Audit: Obligation Ratings Summary

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
1	21(1)(a)	27.1/3.3.1 (a)		2	✓							✓				
2	21(1)(b)	27.1/3.3.1 (b)	Duty to provide services and do works	2	✓							✓				
3	21(1)(c)	27.1/3.1.1 & 3.5		2	✓							✓				
4	22	28.1/3.4.1	Provision of water services outside operating areas	2				✓				✓				
5	23	29.1/3.5	Works holding arrangements	2				✓				✓				
6	24(1)(a) & 24 (2)	20.1/4.1.1		4	✓							✓				
7	24(1)(b)	20.2/4.1.1 4.1.2	& Asset management system	3	✓									✓		
8	24(1)(c)	20.3/4.1.3		5	✓							✓				
9	25	14.1/4.3.1	Operational audit	5	✓							✓				
11	27	5.3/3.1.1	Compliance with code of conduct made by Authority	4				✓					✓			
12	29	26.1/3.1.1	Licensee must comply with duties under Act	4				✓				✓				

<sup>1</sup> The 'No.' refers to the compliance obligation reference number, as per the ERA's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016".

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
13	36	5.1/3.1.1	Provision of a water service ceasing – duty to leave system in safe condition	2					✓					✓		
14	60	25.1/5.6.1	Duty to perform functions of supplier of last resort	4					✓					✓		
15	66	21.1/5.5.1	Water Services Ombudsman Scheme	4			✓			✓						
16	77(3)	5.1/3.1.1	Interruption of water services generally	5			✓							✓		
17	82(4) & (5)	5.1/3.1.1	Notification of and requirements as to building work	5						✓				✓		
18	84(2)	5.1/3.1.1	Ensuring water service works are done	1			✓							✓		
19	87(2)	5.1/3.1.1	Review of certain decisions under or relating to this division	1				✓						✓		
20	90(7)	5.1/3.1.1	Construction over or in vicinity of water service works of licensee	1			✓							✓		
21	95(3)	5.1/3.1.1	Disconnection or reduction in rate of flow	2						✓				✓		
22	96(1)	5.1/3.1.1	Fire hydrants	2						✓				✓		
23	96(5)	5.1/3.1.1		2						✓				✓		
24	98(3)	5.1/3.1.1	Minister may require connection to sewerage works	5				✓						✓		
25	106(2)	5.1/3.1.1	Compliance notices (discharge or wastewater inlet)	5			✓							✓		

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
28	119(2)	5.1/3.1.1	Compliance notices (non-compliance with specific sections of Act)	5				✓						✓		
29	122(2)	5.1/3.1.1	Review of decisions relating to giving compliance notices	5					✓					✓		
30	125(2)	5.1/3.1.1	Supplying groups of dwellings	5				✓			✓					
31	128(4)	5.1/3.1.1	Prohibition on dealings in land	5				✓						✓		
32	129(5)	5.1/3.1.1	Reading meters, routine inspection and maintenance	5					✓					✓		
33	139(3)	5.1/3.1.1	Ancillary works powers	5				✓						✓		
34	141(1)	5.1/3.1.1	Special provisions applicable to road works	5				✓						✓		
35	142	5.1/3.1.1	Prerequisites to provision of major works	5				✓						✓		
36	143 (2)	5.1/3.1.1	Licensee to prepare plans and publish and give notice of major works	5				✓						✓		
37	143 (3)	5.1/3.1.1		5				✓						✓		
38	144(3)	5.1/3.1.1	Objections and submissions	5				✓						✓		
39	145(2)	5.1/3.1.1	Licensee may amend proposal	5				✓						✓		
40	147(3)	5.1/3.1.1	Powers of Minister in respect of proposal	5				✓						✓		
41	147(4)	5.1/3.1.1		5				✓						✓		

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
42	151(1)	5.1/3.1.1	Licensee to prepare plans and give notice of general works	5			✓							✓		
43	151(2)	5.1/3.1.1		5			✓							✓		
44	152(3)	5.1/3.1.1	Objections and submissions	5			✓							✓		
45	153(3)	5.1/3.1.1	Licensee may amend proposal	5			✓							✓		
46	166(5)	5.1/3.1.1	Taking an interest in land for purposes of licensee	5				✓						✓		
47	166(6)	5.1/3.1.1		5				✓						✓		
48	170	5.1/3.1.1	Sale of land	5				✓						✓		
49	173(4)	5.1/3.1.1	Entry with consent or under notice or warrant	5			✓							✓		
50	174(1)	5.1/3.1.1	Notice of entry	5			✓							✓		
51	174(3)	5.1/3.1.1		5			✓							✓		
52	175(2)	5.1/3.1.1	Rights of occupier of dwelling	5			✓							✓		
53	175(5)	5.1/3.1.1		5			✓							✓		
54	176(1)	5.1/3.1.1	When authorised person must leave	5			✓							✓		
55	176(3)	5.1/3.1.1		5			✓							✓		



No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
56	176(4)	5.1/3.1.1	When authorised person must leave	5				✓						✓		
57	181	5.1/3.1.1	Actions of authorised persons and others	5				✓						✓		
58	186	5.1/3.1.1	Contents of application (warrant to enter)	5					✓					✓		
59	187(1) – (3)	5.1/3.1.1	How application to be made (warrant to enter)	5					✓					✓		
60	190(4)	5.1/3.1.1	Execution of warrant	5					✓					✓		
61	190(5)	5.1/3.1.1		5						✓					✓	
62	210(5)	5.1/3.1.1	Designation of inspectors and compliance officers	5					✓					✓		
63	218(2)	5.1/3.1.1	Liability of certain persons for damage caused in exercise of powers	5				✓			✓					
64	218(3)	5.1/3.1.1		5	✓										✓	

**Table 9: Audit: Obligation Ratings Summary**

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 1 to 64)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Regulation Number	Clause Number														
65	23(2)	5.1/3.1.1	Installation of certain meters	4										✓	✓	
66	24(4)	5.1/3.1.1	Access to meters	4										✓	✓	
67	26(3)	5.1/3.1.1	Testing water meters	4										✓	✓	
68	26(5)	5.1/3.1.1		4										✓	✓	
69	29(2)	5.1/3.1.1	Subdivision: deferring infrastructure contributions	5			✓								✓	
70	42(2)	5.1/3.1.1	Backflow prevention devices: installation	5										✓	✓	
71	43(3)	5.1/3.1.1	Backflow prevention devices: testing and maintenance	5										✓	✓	
72	43(6)	5.1/3.1.1		5										✓	✓	
73	53(3)	5.1/3.1.1	Diagrams of drainage plumbing	2			✓								✓	
74	60(2)	5.1/3.1.1	Altering position of service infrastructure in roads	5			✓								✓	
75	63	5.1/3.1.1	Roads broken up to be reinstated	5			✓						✓			
76	65(1)	5.1/3.1.1	Records	5	✓									✓		
77	65(2)	5.1/3.1.1		5			✓							✓		
78	65(4)	5.1/3.1.1	Records to be basis for water service charges	5	✓										✓	
79	67	5.1/3.1.1		5	✓									✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating						Compliance Rating					
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 & 4			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
80	68(5)	5.1/3.1.1	Objections to entries in records	5			✓							✓		
81	68(6)	5.1/3.1.1		5			✓							✓		
82	68(7)	5.1/3.1.1		5			✓							✓		
83	68(8)	5.1/3.1.1	State Administrative Tribunal review of licensee’s decision on objection	5			✓							✓		
84	69(3)	5.1/3.1.1		5			✓							✓		
85	70(2)	5.1/3.1.1		SAT review: licensee’s decision not to extend time for objection/review	5			✓							✓	
86	74(1)	5.1/3.1.1	Amending records after objection or review	5			✓							✓		
87	74(2)	5.1/3.1.1		5			✓							✓		
88	75(1)	5.1/3.1.1	Certain information to be available to tenants and others	5						✓				✓		
89	85	5.1/3.1.1	Compliance notices	5			✓							✓		

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 65 to 89)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)						
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4	NR
92	7	5.3/3.1.1	Information about connections	4	✓						✓						
93	8	5.3/3.1.1	Minimum performance standards: standard water supply connections	3	✓										✓		
94	9	5.3/3.1.1	Bills other than for quantities supplied, discharged	4	✓						✓						
95	10(2)	5.3/3.1.1	Bills for quantities supplied, discharged	4						✓						✓	
96	10(3)	5.3/3.1.1		4						✓							✓
97	10(4)	5.3/3.1.1		4						✓							✓
98	10(5)	5.3/3.1.1		4						✓							✓
99	11	5.3/3.1.1		Sending bills	4	✓						✓					
100	12(1)	5.3/3.1.1	Information on bills	4			✓					✓					
101	12(2)	5.3/3.1.1		4						✓							✓
102	12(3)	5.3/3.1.1		4			✓					✓					
103	13(1)	5.3/3.1.1	Estimates: Licensees' obligations	4						✓						✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)						
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4	NR
104	13(2)	5.3/3.1.1	Estimates: Licensees' obligations	4						✓						✓	
105	14(1)	5.3/3.1.1	Requested meter readings, revised bills: Licensee's obligations	4						✓						✓	
106	15	5.3/3.1.1	Leaks	4						✓						✓	
107	16(2)	5.3/3.1.1	Undercharging in bills	3	✓											✓	
108	16(3)	5.3/3.1.1		3	✓												✓
109	16(4)	5.3/3.1.1		3	✓												✓
110	16(5)	5.3/3.1.1		3	✓												✓
111	17(1)	5.3/3.1.1		Overcharging in bills	3	✓											✓
112	17(2)	5.3/3.1.1	3		✓												✓
113	18(1)	5.3/3.1.1	3		✓												✓
114	18(2)	5.3/3.1.1	Review of bills	3	✓						✓						
115	18(3) & (6)	5.3/3.1.1		3	✓							✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
116	18(4)	5.3/3.1.1	Review of bills	3	✓						✓					
117	18(5)	5.3/3.1.1		3			✓								✓	
118	20	5.3/3.1.1	When payment due if not set under regulations	4	✓						✓					
119	21(1)	5.3/3.1.1	Payment methods	4		✓						✓				
120	21(2)	5.3/3.1.1		4	✓						✓					
121	22	5.3/3.1.1	Consent for direct debits	4				✓						✓		
122	23(1)	5.3/3.1.1	Payment in advance	4	✓						✓					
123	24	5.3/3.1.1	Free redirection in absence, illness	4			✓				✓					
124	25	5.3/3.1.1	Assistance for customers experiencing payment difficulties	4	✓						✓					
125	26(1) & (2)	5.3/3.1.1 & 5.4.1	Financial hardship policy	4				✓			✓					
126	26(3)	5.3/3.1.1		4				✓			✓					
127	26(4)	5.3/3.1.1		4						✓						✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
128	26(5)	5.3/3.1.1	Financial hardship policy	4			✓			✓						
129	26(6)	5.3/3.1.1		3	✓											✓
130	27(2)	5.3/3.1.1	Assistance for customers experiencing financial hardship	4	✓					✓						
131	27(3)	5.3/3.1.1		4		✓						✓				
132	28(1)	5.3/3.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	4	✓										✓	
133	28(4) & (5)	5.3/3.1.1		4				✓			✓					
134	29	5.3/3.1.1	No debt collection in certain cases	4	✓					✓						
139	33	5.3/3.1.1	Water flow not to be reduced below minimum rate	4						✓						✓
142	34(4)	5.3/3.1.1	Minimum performance standards for restoration of water supply	4						✓						✓
144	34(6)	5.3/3.1.1	Minimum performance standards for restoration of water supply	4						✓						✓
145	35(1)	5.3/3.1.1	Procedure for dealing with complaints about water services	4			✓			✓						
146	35(2)	5.3/3.1.1		4			✓						✓			

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
147	35(3)	5.3/3.1.1		4			✓				✓					
148	35(4)	5.3/3.1.1		3			✓				✓					
149	35(6)	5.3/3.1.1	Procedure for dealing with complaints about water services	4			✓				✓					
150 - 1	36(1)	5.3/3.1.1	Services to be provided without charge	4	✓										✓	
152	36(2)	5.3/3.1.1	Services to be provided without charge	4			✓				✓					
153	37(1)	5.3/3.1.1	Information to be publicly available - bills	3			✓				✓					
154	12 [37(2)]	5.3/3.1.1		3			✓					✓				

**Table 9: Audit: Obligation Ratings Summary**

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 92 to 154)]



No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	4/3.2.1	Fees	5				✓			✓					
156	12	5.1/3.1.1	Compliance with applicable legislation	2				✓				✓				
159	12	5.4/3.1.2	Compliance with applicable legislation	5					✓		✓					
160	12	12/3.6.1	Accounting records	5				✓			✓					
162	12	14.4/4.3.4	Operational audit	5	✓						✓					
163	12	15.1(a), (b), (c)/3.7.1 (a), (b), (c)	Reporting a change in circumstances	5	✓										✓	
165	12	16.1/3.8.1	Provision of information	3	✓						✓					
166	12	16.2/3.8.2		3	✓							✓				
167	12	16.3/3.8.3		3	✓							✓				
168	12	17.2/2.8.1 & 2.8.2	Publishing information	5				✓							✓	
169	12	18.1/2.7.1	Notices	5				✓			✓					
171	12	20.2/4.1.2	Asset management system	5	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating						Compliance Rating						
	Water Services Act 2012 Section Number	Water Services (Operating) Licence – Versions 3 & 4 Clause Number			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)						
					A	B	C	D	NP	NA	1	2	3	4	NR	NA	
172	12	20.6/4.1.6	Asset management system	5	✓						✓						
173	12	21.1/5.5.1	Water Services Ombudsman Scheme	5				✓			✓						
175	12	23.1/5.1.1	Customer contract	5				✓							✓		
176	12	23.2/5.1.2		5				✓								✓	
177	12	23.3/5.1.3		5				✓								✓	
178	12	23.6/5.1.5		5				✓								✓	
179	12	24.1 & 24.2/ 5.3.1 & 5.3.2		Non-standard terms and conditions of service	5				✓								✓
180	12	24.4/5.3.4		5				✓								✓	
181	12	25.1/5.6.1	Supplier of last resort	2					✓							✓	
182	12	28.1(b)/3.4.1 (b)	Provision of water services outside operating area	2				✓								✓	
183	12	30.3/5.4.3	Hardship policy	5				✓			✓						

**Table 9: Audit: Obligation Ratings Summary**

[Obligations as per ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 155 to 183)]

### 4.3 Audit Observations and Recommendations

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Section Number	Clause Number				Including Recommendations	Controls
1	21(1)(a)	27.1 / 3.3.1 (a)	The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	2	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire provided sewerage services to persons entitled to the service under the Act;</li> <li>• Paxon confirmed by interview of the Shire’s CEO that the Shire ceased the provision on the non-potable water supply services to the oval (Shire property) prior to the commencement of the current Audit Period (due to the fact the chlorinator did not work);</li> <li>• Paxon examined a sample of “Rate Notices” issued during the Audit Period and confirmed these notices did include sewerage charges; and</li> <li>• The Shire’s: “Customer Service Charter for Wastewater Services – Shire of Dumbleyung – REVISED December 2015” (“Customer Charter”) states in section 2.1 entitled: “Your Rights to Wastewater Services”:</li> </ul>	A	1
2	The ‘No.’ refers to the compliance obligation reference number, as per the ERA’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”						

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
1 (cont.)					<i>“Subject to the applicable water legislation, the Shire shall provide a service for the removal, treatment and disposal of wastewater under the terms set out in this Charter and the Licence.”</i>	A	1
2	21(1)(b)	27.1 / 3.3.1 (b)	The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did offer to provide a water service on reasonable terms to persons within the operating area who were not entitled to the service under the Act; and</li> <li>• As stated above, section 2.1 of the Customer Charter states: <i>“Subject to the applicable water legislation, the Shire shall provide a service for the removal, treatment and disposal of wastewater under the terms set out in this Charter and the Licence.”</i></li> </ul>	A	1
3	21(1)(c)	27.1 / 3.1.1 & 3.5	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	2	<ul style="list-style-type: none"> <li>• The provision, operation and maintenance of water service works during the Audit Period are covered in comprehensive detail in the Review section of this report. The reviewer rated the asset management system across all 12-key asset management system processes. The Reviewer has stated: <i>“This review concludes that Shire of Dumbleyung has significantly improved its approach to the</i></li> </ul>	A	1

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Section Number	Clause Number					
3 (cont.)					<p><i>management of its sewerage system, which is now operating in a competent manner. Its asset management system is, practical and uses up to date computer software in its application"</i></p> <p>A summary of his findings is included in Table 2 above; and</p> <ul style="list-style-type: none"> <li>• Paxon examined the "Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town Sewerage Scheme – Revised July 2016" ("Asset Management Plan") which addresses the: <ul style="list-style-type: none"> <li>○ Provision of water service works in section 6 entitled: "Operational Funding" and section 8 entitled: "Capital Expenditure Requirements – CAPEX Plan";</li> <li>○ Operation of water service works in section 6.2 entitled: "Operating Rules" and section 6.3 entitled: "Operating Procedures"; and</li> <li>○ Maintenance of water service works in section 7 entitled: "Maintenance Program".</li> </ul> </li> </ul>	A	1
4	22	28.1/ 3.4.1	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the license.	2	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not provide the water service outside of the operating area of the license;</li> </ul>	D	1

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Section Number	Clause Number				Controls	Compliance
4 (cont.)	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4			<ul style="list-style-type: none"> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 22 of the Act. The Shire did provide Paxon with a document entitled: <i>“2017/2018 Annual Compliance Calendar”</i> which records an insignificant number of the Shire’s compliance obligations in terms of the: <ul style="list-style-type: none"> <li>Water Services Act 2012;</li> <li>Water Services Code of Conduct (Customer Service Standards) 2013;</li> <li>Water Services Regulations 2013; and</li> <li>Water Services Licence, WL16, Version 4, 1 July 2016.</li> </ul>                     (hereinafter collectively referred to as the <i>“Water Legislation”</i>);                 </li> <li>Paxon examined a <i>“Compliance Schedule”</i> compiled by the Shire which records an insignificant number of the Shire’s compliance obligations in terms of the Water Legislation;</li> <li>Paxon examined the document entitled: <i>“Shire of Dumbleyung – Council Policy Manual – 20 April 2017”</i> (<i>“Policy Manual”</i>) which records an insignificant number of the Shire’s compliance obligations in terms of the Water Legislation;</li> </ul>	D	1

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
4 (cont.)					<ul style="list-style-type: none"> <li>• Paxon examined the Shire’s Asset Management Plan which records an insignificant number of the Shire’s compliance obligations in terms of the Water Legislation; and</li> <li>• Paxon examined the Shire’s Customer Charter and found it does record a few of the Shire’s compliance obligations in terms of the Water Legislation.</li> </ul> <p><b>Recommendation 1/2017:</b></p> <ul style="list-style-type: none"> <li>• The Shire should expand its “<i>Compliance Schedule</i>” to record all its obligations in terms of the Water Legislation. This schedule should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA’s document entitled: “<i>Water Compliance Reporting Manual - Water Services Act 2012 – October 2017</i>” may help the Shire to develop its own compliance register.</li> </ul>	D	1
5	23	29.1 / 3.5	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by a works holding arrangement.	2	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did own all water service works used by it for the provision of water services; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with</li> </ul>	D	1

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
5 (cont.)					section 23 of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).		D	1
6	24(1)(a) & 24(2)	20.1 / 4.1.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 3 above.</li> </ul>		A	1
7	24(1)(b)	20.2 / 4.1.1 & 4.1.2	The licensee must give details of the asset management system and any changes to it to the ERA.	3	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no changes in its asset management system took place; and</li> <li>Paxon examined the Shire’s “2017/2018 Annual Compliance Calendar” which records this obligation. Paxon has noted this obligation is also disclosed in the Shire’s “Compliance Schedule”.</li> </ul>		A	NR
8	24(1)(c)	20.3 / 4.1.3	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	5	<ul style="list-style-type: none"> <li>Quantum Assurance performed an asset management system effectiveness review of the Shire for the period 1 December 2011 to 30 November 2014;</li> <li>Paxon has been appointed to conduct an operational audit and asset management system effectiveness review of the Shire for the period 1 December 2014 to 30 November 2017; and</li> <li>Paxon examined the Shire’s AMP which records this obligation in section 5.1 entitled: “Water</li> </ul>		A	1



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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Section Number	Clause Number					
8 (cont.)					<i>Services Act 2012</i> ". Paxon has noted this obligation is also disclosed in the Shire's "Compliance Schedule".	A	1
9	25	14.1 / 4.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	5	<ul style="list-style-type: none"> <li>Quantum Assurance performed an operational audit of the Shire for the period 1 December 2011 to 30 November 2014;</li> <li>Paxon has been appointed to conduct an operational audit and asset management system effectiveness review of the Shire for the period 1 December 2014 to 30 November 2017; and</li> <li>Paxon examined the Shire's AMP which records this obligation in section 5.1 entitled: "Water Services Act 2012". Paxon has noted this obligation is also disclosed in the Shire's "Compliance Schedule".</li> </ul>	A	1
11	27	5.3 / 3.1.1	The licensee must comply with the code of conduct that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	<ul style="list-style-type: none"> <li>Compliance with the Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") is specifically addressed in this Report - see Reference Numbers 92 to 154 below in which both controls and compliance are rated.</li> </ul>	D	2

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
12	29	26.1 / 3.1.1	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	4	<ul style="list-style-type: none"> <li>Compliance with the Water Services Act 2012 (“Act”) is specifically addressed in this Report - see Reference Numbers 1 to 64 and 155 to 190 below in which both controls and compliance are rated.</li> </ul>	D	1
13	36	5.1 / 3.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	2	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not cease to provide a water service in an area; and</li> <li>Paxon regards application of section 36 of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
14	60	25.1 / 5.6.1	If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire was not a supplier of last resort; and</li> <li>Paxon regards application of section 60 of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
15	66	21.1 / 5.5.1	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, it did agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 66 of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1
16	77(3)	5.1 / 3.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no interruption of the sewerage services it provided took place;</li> <li>Paxon examined the Shire’s Customer Charter which addresses the interruption of water services in section 3.3 entitled: “<i>Service Interruptions</i>”. However, this section contains no reference to taking reasonable steps to minimise the extent or duration of the interruption of water services; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 77(3) of the Act. A recommendation</li> </ul>	D	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Section Number	Clause Number					
16 (cont.)					(1/2017) was made in this regard (see compliance obligation number 4 above).	D	NR
17	82(4) & (5)	5.1 / 3.1.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, this licence condition was not applicable to its operations as all the Shire’s infrastructure was located outside private land holdings. Thus, any such building works would not have affected the safety and efficacy of the water services the Shire provided during the Audit Period; and</li> <li>As this compliance obligation was not applicable to the Shire’s operations, no systems, process and controls were required to be put in place therefore.</li> </ul>	NA	NA
18	84(2)	5.1 / 3.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days’ notice of its intention to commence the works.	1	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no instances took place where it was required to give a person 21 days’ notice of its intention to commence works; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 84(2) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
19	87(2)	5.1 / 3.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	1	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, it has no knowledge of any application made to the State Administrative Tribunal during the Audit Period; and</li> <li>Paxon regards application of section 87(2) of the Act to the Shire's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
20	90(7)	5.1 / 3.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	1	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no compliance notices were given; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 90(7) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR
21	95(3)	5.1 / 3.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; and</li> <li>As this compliance obligation was not applicable to the Shire's operations during the Audit Period,</li> </ul>	NA	NA

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012  Section Number	Water Services (Operating) Licence – Versions 3 and 4  Clause Number				Controls	Compliance
21 (cont.)					no systems, processes and controls were required to have existed therefore.	NA	NA
22	96(1)	5.1 / 3.1.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	2	<ul style="list-style-type: none"> <li>See the findings for reference number 21 above.</li> </ul>	NA	NA
23	96(5)	5.1 / 3.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	2	<ul style="list-style-type: none"> <li>See the findings for reference number 21 above.</li> </ul>	NA	NA
24	98(3)	5.1 / 3.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Minister did not require it to connect a wastewater inlet on land to the sewerage works of the licensee; and</li> <li>Paxon regards application of section 98(3) of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR

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	Section Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4						
25	106(2)	5.1 / 3.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no compliance notices were given; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with section 106(2) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR	
28	119(2)	5.1 / 3.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no compliance notices were given; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with section 119(2) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR	
29	122(2)	5.1 / 3.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no compliance notices were given; and</li> <li>• Paxon regards application of section 122(2) of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are</li> </ul>	NP	NR	

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
29 (cont.)					only expected to be put in place when the stipulations of this clause are applicable.	NP	NR
30	125(2)	5.1 / 3.1.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, it did apportion fees. The CEO confirmed such apportionments were consistent with agreements related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i>; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 125(2) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1
31	128(4)	5.1 / 3.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no circumstances necessitated the withdrawal of a memorial; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with section 128(4) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR



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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
32	129(5)	5.1 / 3.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not enter a place;</li> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services and that:                             <ul style="list-style-type: none"> <li>All its sewerage works were located on council property; and</li> <li>Property owners were responsible to maintain the sewerage works on their properties (for example: by using an independent plumber).</li> </ul>                             Thus, the Shire would only have required entering a place in exceptional circumstances; and                         </li> <li>Paxon regards application of section 129(5) of the Act to the Shire's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of these clauses are applicable.</li> </ul>	NP	NR
33	139(3)	5.1 / 3.1.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not remove or erected a fence or gate; and</li> <li>Paxon found the Shire has no systems and</li> </ul>	D	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
33 (cont.)					controls in place to manage compliance with section 139(3) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).		D	NR
34	141(1)	5.1 / 3.1.1	In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours' notice to the public authority managing the road.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, all road works were limited to Shire roads; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with section 141(1) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>		D	NR
35	142	5.1 / 3.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no major works were undertaken;</li> <li>• Paxon confirmed this lack of major works during the Audit Period by an examination of the: <ul style="list-style-type: none"> <li>○ "Shire of Dumbleyung - Annual Report - for the year ending 30 June 2015";</li> <li>○ "Shire of Dumbleyung - Annual Report - for the year ending 30 June 2016"; and</li> <li>○ "Shire of Dumbleyung – Financial Report - for the year ended 30<sup>th</sup> June 2017".</li> </ul> </li> </ul>		D	NR

No. <sup>2</sup>	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4		Including Recommendations	Controls	Compliance
35 (cont.)				<ul style="list-style-type: none"> <li>• Paxon confirmed this lack of major works during the Audit Period by an examination of the:               <ul style="list-style-type: none"> <li>○ “Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town – Sewerage System – Reviewed December 2015”; and</li> <li>○ “Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town Sewerage System – Reviewed July 2016.”</li> </ul> </li> <li>• Paxon has examined the Shire’s “Compliance Schedule” which states:                “Report any major or general works within 10 business days”.                Paxon does not believe this statement covers the Shire’s obligations as stipulated in sections 143 of the Act; and</li> <li>• Paxon found the Shire has no internal procedure in place to manage its compliance obligations in respect of major works. A recommendation (1/2017) was made in this regard (see reference number 4 above).</li> </ul>	D	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services (Operating) Licence – Versions 3 and 4 Clause Number				Controls	Compliance
36	143 (2)	5.1 / 3.1.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	5	• See the findings for reference number 35 above.	D	NR
37	143 (3)	5.1 / 3.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee’s website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	5	• See the findings for reference number 35 above.	D	NR
38	144(3)	5.1 / 3.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	5	• See the findings for reference number 35 above.	D	NR
39	145(2)	5.1 / 3.1.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	5	• See the findings for reference number 35 above.	D	NR
40	147(3)	5.1 / 3.1.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	5	• See the findings for reference number 35 above.	D	NR
41	147(4)	5.1 / 3.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	5	• See the findings for reference number 35 above.	D	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Section Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4						
42	151(1)	5.1 / 3.1.1	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no general works were undertaken;</li> <li>• Paxon confirmed this lack of general works during the Audit Period by an examination of the:               <ul style="list-style-type: none"> <li>○ “Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town – Sewerage System – Reviewed December 2015”; and</li> <li>○ “Shire of Dumbleyung – Asset Management Plan – Dumbleyung Town Sewerage System – Reviewed July 2016.”</li> </ul> </li> <li>• Paxon has examined the Shire’s “Compliance Schedule” which states:               <ul style="list-style-type: none"> <li>“Report any major or general works within 10 business days”; and</li> </ul> </li> <li>• Paxon found the Shire has no internal procedure in place to manage its compliance obligations in respect of general works. A recommendation (1/2017) was made in this regard (see reference number 4 above).</li> </ul>	D	NR	

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012  Section Number	Water Services (Operating) Licence – Versions 3 and 4  Clause Number				Controls	Compliance
43	151(2)	5.1 / 3.1.1	The licensee must give a notice of general works setting out the matters referred to in section 151(3) to the persons and agencies specified.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 42 above.</li> </ul>	D	NR
44	152(3)	5.1 / 3.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	5	<ul style="list-style-type: none"> <li>See the findings for reference number 42 above.</li> </ul>	D	NR
45	153(3)	5.1 / 3.1.1	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 42 above.</li> </ul>	D	NR
46	166(5)	5.1 / 3.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Minister did not advise it to acquire an interest in land; and</li> <li>Paxon regards application of section 166(5) of the Act to the Shire's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
47	166(6)	5.1 / 3.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 46 above.</li> </ul>	NP	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
48	170	5.1 / 3.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the Planning and Development Act 2005, unless the Minister permits the licensee to do so.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, it did not sell an interest in land; and</li> <li>• Paxon regards application of section 170 of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
49	173(4)	5.1 / 3.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours’ notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not enter a place;</li> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire only provided sewerages services and that: <ul style="list-style-type: none"> <li>○ All its sewerage works were located on council property; and</li> <li>○ Property owners were responsible to maintain the sewerage works on their properties (for example: by using an independent plumber).</li> </ul>                     Thus, the Shire would only have required entering a place in exceptional circumstances; and</li> <li>• Paxon regards application of sections 173(4),</li> </ul>	D	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
49 (cont.)					174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4), and 181 of the Act to the Shire’s operations will be rare events. However, the Shire’s Customer Charter specifically addresses this matter in section 3.1 entitled: “Entry to Your Property”. But, the information provided in this section is limited and does not address the Shire’s responsibilities in terms of the above-mentioned sections of the Act in sufficient detail.  <b>Recommendation 2/2017:</b> <ul style="list-style-type: none"> <li>The Shire should update its Customer Charter to appropriately address the above-mentioned sections of the Act.</li> </ul>	D	NR	
50	174(1)	5.1 / 3.1.1	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 49 above.</li> </ul>	D	NR	
51	174(3)	5.1 / 3.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 49 above.</li> </ul>	D	NR	



No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012  Section Number	Water Services (Operating) Licence – Versions 3 and 4  Clause Number				Controls	Compliance
52	175(2)	5.1 / 3.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	5	• See the findings for reference number 49 above.	D	NR
53	175(5)	5.1 / 3.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	5	• See the findings for reference number 49 above.	D	NR
54	176(1)	5.1 / 3.1.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	5	• See the findings for reference number 49 above.	D	NR
55	176(3)	5.1 / 3.1.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act if they are not able to do so.	5	• See the findings for reference number 49 above.	D	NR
56	176(4)	5.1 / 3.1.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	5	• See the findings for reference number 49 above.	D	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number					
57	181	5.1 / 3.1.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 49 above.</li> </ul>	D	NR
58	186	5.1 / 3.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no applications for warrants were made; and</li> <li>Paxon regards application of section 186 of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
59	187(1) – (3)	5.1 / 3.1.1	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 58 above.</li> </ul>	NP	NR
60	190(4)	5.1 / 3.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 58 above.</li> </ul>	NP	NR

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Section Number	Clause Number					
61	190(5)	5.1 / 3.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 58 above.</li> </ul>	NP	NR
62	210(5)	5.1 / 3.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not designate a person as an inspector or compliance officer; and</li> <li>Paxon regards application of section 210(5) of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
63	218(2)	5.1 / 3.1.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not obstruct the free use of any place, and it caused as little damage, harm or inconvenience as was possible; and</li> <li>Paxon found the Shire has no internal procedure in place to manage its compliance obligations in respect of section 218(2) of the Act. A recommendation (1/2017) was made in this regard (see reference number 4 above).</li> </ul>	D	1

No. <sup>2</sup>	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Section Number	Clause Number				Including Recommendations	Controls	Compliance
63 (cont.)							D	1
64	218(3)	5.1 / 3.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not cause any physical damage in the exercise of a works power or a power of entry; and</li> <li>Paxon examined the Shire’s: <i>“Customer Service Charter for Wastewater Services - Shire of Dumbleyung – REVISED December 2015”</i> which records this obligation in section 2.5 entitled: <i>“Your Rights to Assistance, Redress and Compensation”</i>.</li> </ul>		A	NR

**Table 10: Audit Observations and Recommendations**

[Obligations as per the ERA’s: *“Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”* (Numbers 1 to 64)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
65	23(2)	5.1 / 3.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee, on the owner's request, is to assess whether a meter is satisfactory for measuring the quantity or flow of water through a pipe supplying water to the unit.	4	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services and as such did not use meters. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; and</li> <li>• As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore.</li> </ul>	NA	NA
66	24(4)	5.1 / 3.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	<ul style="list-style-type: none"> <li>• See the findings for reference number 65 above.</li> </ul>	NA	NA
67	26(3)	5.1 / 3.1.1	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with the approved procedure.	4	<ul style="list-style-type: none"> <li>• See the findings for reference number 65 above.</li> </ul>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
68	26(5)	5.1 / 3.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	4	<ul style="list-style-type: none"> <li>See the findings for reference number 65 above.</li> </ul>	NA	NA
69	29(2)	5.1 / 3.1.1	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to regulations 29(3) and 29(4), allow the payment to be deferred.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, property developments were limited to Shire property; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with regulation 29(2). A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR
70	42(2)	5.1 / 3.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire only provided sewerages services which did not require the use of backflow prevention devices. Thus, this obligation was not applicable to the Shire’s operations during the Audit Period; and</li> <li>As this compliance obligation was not applicable to the Shire’s operations during the Audit Period, no systems, processes and</li> </ul>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
70 (cont.)					controls were required to have existed therefore.	NA	NA
71	43(3)	5.1 / 3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	5	<ul style="list-style-type: none"> <li>See the findings for reference number 70 above.</li> </ul>	NA	NA
72	43(6)	5.1 / 3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	5	<ul style="list-style-type: none"> <li>See the findings for reference number 70 above.</li> </ul>	NA	NA
73	53(3)	5.1 / 3.1.1	The licensee must provide a person with a plan of the existing drainage plumbing for a building on request and on receipt of payment from the person.	2	<ul style="list-style-type: none"> <li>Paxon notes the ERA document entitled: <i>“Water Compliance Reporting Manual – Water Services Act 2012 – October 2017”</i> states this obligation is not in use any longer;</li> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no request</li> </ul>	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
73 (cont.)					<p>was received for a plan of the existing drainage plumbing for a building; and</p> <ul style="list-style-type: none"> <li>Paxon found the Shire has no systems and controls in place to manage compliance with regulation 53(3). However, as this compliance obligation is no longer in use, no recommendation is made.</li> </ul>	D	NR
74	60(2)	5.1 / 3.1.1	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no works power was exercised in a road which necessitated altering the position of infrastructure; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with regulation 60(2). A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR
75	63	5.1 / 3.1.1	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, in instances where it opened or broke up the surface of a road, it did complete the relevant work and did reinstate and make good the road, and took all reasonable measures to prevent that part of the road from being hazardous; and</li> </ul>	D	1



No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls	Compliance
	Regulation Number	Clause Number						
75 (cont.)					<ul style="list-style-type: none"> <li>Paxon found the Shire has no systems and controls in place to manage compliance with regulation 63. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>		D	1
76	65(1)	5.1 / 3.1.1	The licensee must maintain records for all land in respect of which water service charges apply.	5	<ul style="list-style-type: none"> <li>Paxon notes the ERA document entitled: <i>“Water Compliance Reporting Manual – Water Services Act 2012 – October 2017”</i> states obligations 76 to 88A are not applicable to the Shire any longer;</li> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did maintain records for all land in respect of which water service charges applied in Synergy; and</li> <li>The Shire does have a policy 1.37 entitled: <i>“Record Keeping”</i> to help it to manage compliance with regulation 65(1).</li> </ul>		A	1
77	65(2)	5.1 / 3.1.1	The records for all land in respect of which water service charges apply must contain prescribed information.	5	<ul style="list-style-type: none"> <li>Paxon examined a sample of Synergy records and found it disclosed the following information in respect of individual land records: <ul style="list-style-type: none"> <li>The description and situation of the land;</li> </ul> </li> </ul>		D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
77 (cont.)					<ul style="list-style-type: none"> <li>○ The name and address of the owner of the land;</li> <li>○ the account number (assessment number);</li> <li>○ the gross rental value;</li> <li>○ the classification of the land; and</li> <li>○ the amount of any charge that is unpaid.</li> <li>● Paxon found the Shire has no systems and controls in place to manage compliance with regulation 65(1). However, as this compliance obligation is no longer applicable to the Shire, no recommendation is made.</li> </ul>	D	1
78	65(4)	5.1 / 3.1.1	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	5	<ul style="list-style-type: none"> <li>● Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no request for an inspection of land records was made; and</li> <li>● The Shire’s Customer Charter states in section 2.4 entitled: “Your Rights to Consultation and Information”: <i>“The Shire will publish and make available at its premises information on matters relating to its wastewater services and on other aspects such as charging and complaints handling. Information</i></li> </ul>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
78 (cont.)					<i>regarding these matters can be obtained from the Shire Administration Office."</i>	A	NR
79	67	5.1 / 3.1.1	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, its land records were the basis upon which it determined its water service charges; and</li> <li>• The Shire’s Customer Charter states, in Appendix D entitled: “Fees and Charges (Sewerage Rates)”: <i>“The Shire of Dumbleyung imposes a non-quantity based on the Gross Rental Value of the property.”</i></li> </ul>	A	1
80	68(5)	5.1 / 3.1.1	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no objection was lodged to the records maintained by the Shire under regulation 65; and</li> <li>• Paxon examined the Shire’s Customer Charter which refers to such objections in section 2.8 entitled: “Review of Service Charges”. But, section 2.8 does not address compliance with regulations 68(5), 68(6), 68(7), 68(8), 69(3), 70(2), 74(1) and 74(2) in sufficient detail. However, as these compliance obligations are no longer</li> </ul>	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
80 (cont.)					applicable to the Shire, no recommendation is made.	<b>D</b>	<b>NR</b>
81	68(6)	5.1 / 3.1.1	The licensee must give the person by whom the objection was made written notice of the licensee’s decision on the objection together with a brief statement of the licensee’s reasons for the decision.	5	• See the findings for reference number 80 above.	<b>D</b>	<b>NR</b>
82	68(7)	5.1 / 3.1.1	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.	5	• See the findings for reference number 80 above.	<b>D</b>	<b>NR</b>
83	68(8)	5.1 / 3.1.1	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.	5	• See the findings for reference number 80 above.	<b>D</b>	<b>NR</b>
84	69(3)	5.1 / 3.1.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must promptly refer the relevant records to the State Administrative Tribunal for a review.	5	• See the findings for reference number 80 above.	<b>D</b>	<b>NR</b>

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
85	70(2)	5.1 / 3.1.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 80 above.</li> </ul>	D	NR
86	74(1)	5.1 / 3.1.1	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 80 above.</li> </ul>	D	NR
87	74(2)	5.1 / 3.1.1	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1) re-determine and if necessary provide a rebate or refund.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 80 above.</li> </ul>	D	NR
88	75(1)	5.1 / 3.1.1	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, all water service charges information was distributed to land owners. The CEO stated charges for sewerage services is an annual charge which in terms of the Tenancies Act 1992 cannot be passed on by land owners to tenants. Thus, this</li> </ul>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Regulation Number	Clause Number					
88 (cont.)					obligation was not applicable to the Shire’s operations during the Audit Period; <ul style="list-style-type: none"> <li>• Paxon confirmed against a sample of rate notices that sewerage charges were an annual charge during the Audit Period; and</li> <li>• As this compliance obligation was not applicable to the Shire’s operations during the Audit Period, no systems, process and controls were required to have existed therefore.</li> </ul>	NA	NA
89	85	5.1 / 3.1.1	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no compliance notices were issued; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with regulation 85. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR

**Table 10: Audit Observations and Recommendations**

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 65 to 89)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
92	7	5.3 / 3.1.1	The licensee must have written information for customers about the prescribed matters.	4	<ul style="list-style-type: none"> <li>• Paxon examined the Shire’s Customer Charter which provides the following information in section 2.1 entitled: <i>“Your Rights to Wastewater Services”</i>: <i>“Subject to the applicable water legislation, the Shire shall provide a service for the removal, treatment and disposal of wastewater under the terms set out in this Charter and the Licence.”</i>;</li> <li>• Paxon examined the Shire’s Customer Charter which in section 3.6 entitled: <i>“Limitation or Withdrawal of Services”</i> addresses the discontinuance of wastewater services; and</li> <li>• Paxon examined the Shire’s Customer Charter which in section 2.9 entitled: <i>“Connecting to our Services”</i> discloses: <ul style="list-style-type: none"> <li>○ How to apply for a connection;</li> <li>○ The things that a customer must do, and the things that must be complied with, before a connection is made;</li> <li>○ No fee is applicable if a service availability charge has been applied to a property</li> </ul> </li> </ul>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
92 (cont.)					(except for those subject to redevelopment); and <ul style="list-style-type: none"> <li>“Single applications for approval shall be processed within 24 hours of receipt, while multiple applications shall be processed within 72 hours.”</li> </ul>		A	1
93	8	5.3 / 3.1.1	The licensee must ensure that, in any 12-month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.	3	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, connections made were limited to Shire owned properties only; and</li> <li>Paxon examined the Shire’s Customer Charter which in section 2.9 entitled: “Connecting to our Services” states:  “Single applications for approval shall be processed within 24 hours of receipt, while multiple applications shall be processed within 72 hours.”</li> </ul>		A	NR
94	9	5.3 / 3.1.1	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12-month period.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, bills for sewerage charges were issued on an annual basis;</li> <li>Paxon examined a sample of “Rate Notices” issued during the Audit Period and confirmed</li> </ul>		A	1



No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
94 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			the sewerage charges were an annual charge; and <ul style="list-style-type: none"> <li>Paxon examined the Shire’s Customer Charter which in Appendix D entitled: “Fees and Charges (Sewerage Rates)” provides for the annual issue of “Rate Notices” which includes sewerage charges.</li> </ul>		A	1
95	10(2)	5.3 / 3.1.1	The licensee must issue a bill for usage to each customer at least once in every 6-month period.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which an annual charge only was levied. Thus, this obligation was not applicable to the Shire’s operations during the Audit Period;</li> <li>Paxon examined a sample of “Rate Notices” issued during the Audit Period and confirmed these notices did not contain any charges for water services other than sewerage charges; and</li> <li>As this compliance obligation was not applicable to the Shire’s operations during the Audit Period, no systems, processes and controls were required to have existed therefore.</li> </ul>		NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
96	10(3)	5.3 / 3.1.1	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 95 above.</li> </ul>	NA	NA
97	10(4)	5.3 / 3.1.1	If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 95 above.</li> </ul>	NA	NA
98	10(5)	5.3 / 3.1.1	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 95 above.</li> </ul>	NA	NA
99	11	5.3 / 3.1.1	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did send bills to the water service delivery address, or a nominated address;</li> <li>Paxon examined a sample of “Rate Notices” issued during the Audit Period and is satisfied it discloses appropriate address details; and</li> <li>Paxon examined the Shire’s Customer Charter which in section 2.6 entitled:” Charges and</li> </ul>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
99 (cont.)					<i>Accounts</i> includes an appropriate reference to the billing address.		A 1
100	12(1)	5.3 / 3.1.1	Each bill must contain the prescribed information.	4	<ul style="list-style-type: none"> <li>This clause came into operation on 18 November 2015;</li> <li>Paxon examined a sample of <i>Rate Notices</i> issued after this date and found these notices, with some exceptions, complied with the stipulations of clause 12(1) in the Water Services Code of Conduct (Customer Service Standards) 2013 (<i>Code of Conduct</i>). The examined <i>Rate Notices</i> did not disclose:               <ul style="list-style-type: none"> <li>The nature and amount of any applicable concession, discount or rebate;</li> <li>The licensee’s website address;</li> <li>Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; and</li> <li>A statement that the website contains information about complaints and review.</li> </ul> </li> <li>Paxon examined the Shire’s Customer Charter which in section 2.6 entitled: <i>Charges and Accounts</i> states:</li> </ul>		D 2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
100 (cont.)					<p><i>“Charges for services to customers shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995.”; and</i></p> <ul style="list-style-type: none"> <li>• Paxon found the Shire has no internal procedure in place to manage its compliance obligations in respect of clause 12(1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see reference number 4 above).</li> </ul> <p><b>Recommendation 3/2017:</b></p> <ul style="list-style-type: none"> <li>• Rate Notices should comply with all the stipulations of clause 12(1) of the Code of Conduct.</li> </ul>	D	2
101	12(2)	5.3 / 3.1.1	Each bill for usage for a metered water service must, in addition to the requirements of clause 12(1), contain the specified information.	4	<ul style="list-style-type: none"> <li>• See the findings for reference number 95 above.</li> </ul>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
102	12(3)	5.3 / 3.1.1	Each bill must inform the customer of the specified information and where further details can be obtained.	4	<ul style="list-style-type: none"> <li>• This clause came into operation on 18 November 2015;</li> <li>• Paxon examined a sample of “Rate Notices” issued after this date and found these notices, did not disclose:                             <ul style="list-style-type: none"> <li>○ Bills can be reviewed in accordance with the licensee’s review procedure mentioned in clause 18; and</li> <li>○ Complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure mentioned in clause 35.</li> </ul> </li> <li>• Paxon found the Shire has no internal procedure in place to manage its compliance obligations in respect of clause 12(1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see reference number 4 above).</li> </ul>	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
102 (cont.)					<b>Recommendation 4/2017:</b> <ul style="list-style-type: none"> <li>Rate Notices should comply with the stipulations of clauses 12(3)(e) and (f) of the Code of Conduct.</li> </ul>		D	2
103	13(1)	5.3 / 3.1.1	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which an annual charge only was levied. Thus, no estimates were made during the Audit Period. Thus, this obligation was not applicable to the Shire’s operations during the Audit Period; and</li> <li>As this compliance obligation was not applicable to the Shire’s operations during the Audit Period, no systems, processes and controls were required to have existed therefore.</li> </ul>		NA	NA
104	13(2)	5.3 / 3.1.1	The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 103 above.</li> </ul>		NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4						
105	14(1)	5.3 / 3.1.1	The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	4	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which an annual charge only was levied. Thus, charges were not dependent on meter readings during the Audit Period. Thus, this obligation was not applicable to the Shire’s operations during the Audit Period; and</li> <li>• As this compliance obligation was not applicable to the Shire’s operations during the Audit Period, no systems, processes and controls were required to have existed therefore.</li> </ul>	NA	NA	
106	15	5.3 / 3.1.1	The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	4	<ul style="list-style-type: none"> <li>• See the findings for reference number 105 above.</li> </ul>	NA	NA	
107	16(2)	5.3 / 3.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending	3	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no undercharging of customers took place; and</li> </ul>	A	NR	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
107 (cont.)			on the day on which the licensee informed the customer of the undercharging.		<ul style="list-style-type: none"> <li>Paxon examined the Shire’s Customer Charter which does refer to undercharging in section 2.7 entitled: “Review of Bill”. This section includes an appropriate reference to the 12-month recovery limitation period.</li> </ul>		A	NR
108	16(3)	5.3 / 3.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.	3	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no undercharging of customers took place; and</li> <li>Paxon examined the Shire’s Customer Charter which does refer to undercharging in section 2.7 entitled: “Review of Bill”. This section specifically states the Shire will:               <ul style="list-style-type: none"> <li>“Not charge a late payment fee or bill interest on any undercharged amount”; and</li> <li>“Offer you the opportunity to pay this amount in instalments, interest free, over the same period that you were undercharged.”</li> </ul> </li> </ul>		A	NR
109	16(4)	5.3 / 3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	<ul style="list-style-type: none"> <li>See the findings for reference number 108 above.</li> </ul>		A	NR



No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4						
110	16(5)	5.3 / 3.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	3	<ul style="list-style-type: none"> <li>See the findings for reference number 108 above.</li> </ul>	A	NR	
111	17(1)	5.3 / 3.1.1	If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.	3	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no overcharging of customers took place; and</li> <li>Paxon examined the Shire's Customer Charter which does refer to overcharging in section 2.7 entitled: "Review of Bill". This section states: <i>"If an error occurs resulting in the customer paying more than the correct amount, the excess amount shall be held in credit for a future charge, or refunded at the discretion of the customer."</i></li> </ul>	A	NR	
112	17(2)	5.3 / 3.1.1	The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	3	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no overcharging of customers took place; and</li> <li>Paxon examined the Shire's Customer Charter which does refer to overcharging in section 2.7 entitled: "Review of Bill". This section states:</li> </ul>	A	NR	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4				Including Recommendations	Controls
	Clause Number	Clause Number					
112 (cont.)					<i>"We will: ...Provide the refunds of any overcharged amount within 15 business days of your lodged request."</i>	A	NR
113	18(1)	5.3 / 3.1.1	The licensee must review a bill on the customer's request.	3	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no customer requested the review of a bill; and</li> <li>• Paxon examined the Shire's Customer Charter which addresses the review of bills in section 2.7 entitled: "Review of Bill".</li> </ul>	A	NR
114	18(2)	5.3 / 3.1.1	The license must have a written procedure for the review of a bill on the customer's request.	3	<ul style="list-style-type: none"> <li>• Paxon examined the Shire's Customer Charter which addresses the review of bills in section 2.7 entitled: "Review of Bill".</li> </ul>	A	1
115	18(3) & (6)	5.3 / 3.1.1	The review procedure in clause 18(2) must include the specified information and be publicly available.	3	<ul style="list-style-type: none"> <li>• Paxon examined the Shire's Customer Charter which addresses the review of bills in section 2.7 entitled: "Review of Bill";</li> <li>• Section 2.7 specifically addresses: <ul style="list-style-type: none"> <li>○ Both undercharging and overcharging of customers; and</li> <li>○ What the customer can do if unsatisfied with the outcome of the review.</li> </ul> </li> </ul>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
115 (cont.)					<ul style="list-style-type: none"> <li>Paxon found the Customer Charter was available on the Shire’s website at the time the Audit was conducted.</li> </ul>		A	1
116	18(4)	5.3 / 3.1.1	The review procedure must state that the customer may, but does not have to, use the licensee’s complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	3	<ul style="list-style-type: none"> <li>Paxon examined the Shire’s Customer Charter which addresses the review of bills in section 2.7 entitled: “Review of Bill”; and</li> <li>Section 2.7 specifically addresses alternative complaints procedures as stipulated in clause 18.4.</li> </ul>		A	1
117	18(5)	5.3 / 3.1.1	The licensee must inform the customer of the outcome of a review of the customer’s bill as soon as practicable or otherwise less than 15 business days from the day the customer’s request for review was received.	3	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no customer requested the review of a bill;</li> <li>Paxon examined the Shire’s Customer Charter which addresses the review of bills in section 2.7 entitled: “Review of Bill”. The section states: “We will review your bill at your request in accordance with the requirements of the Water Services Code of Conduct (Customer Service Standards) 2013.”; and</li> <li>However, the Shire’s Customer Charter does not explicitly state the licensee must inform the</li> </ul>		D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
117 (cont.)					customer of the outcome of a review of the customer’s bill as soon as practicable or otherwise less than 15 business days from the day the customer’s request for review was received.  <b>Recommendation 5/2017:</b>  • The Shire should amend its Customer Charter to inform customers appropriately of the stipulations of clause 18(5) of the Code of Conduct.	D	NR
118	20	5.3 / 3.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the due date for the payment of a bill was 35 days after the bill was issued; and</li> <li>• Paxon examined a sample of “Rate Notices” issued during the Audit Period and found the due date for the payment thereof was 35 days after the bill was issued. Paxon is satisfied this time interval is representative of an appropriate control.</li> </ul>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
119	21(1)	5.3 / 3.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did allow customers to pay bills using any of the prescribed methods, excluding direct debit;</li> <li>• Paxon examined a sample of “Rate Notices” issued during the Audit Period and found it provided for payment by:               <ul style="list-style-type: none"> <li>○ Direct credit/EFT;</li> <li>○ By mail;</li> <li>○ By phone; and</li> <li>○ In person.</li> </ul>               Thus, the Centrepay option was also not available to customers during the Audit Period; and             </li> <li>• Paxon also examined the Shire’s Customer Charter which in section 2.12(b) entitled: “Bill Payment Options” refer to the prescribed methods excluding Centrepay.</li> </ul> <p><b>Recommendation 6/2017:</b></p> <ul style="list-style-type: none"> <li>• The Shire should allow customers to pay bills using all the prescribed methods listed in Regulation 21(1). The Customer Charter and</li> </ul>	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
119 (cont.)					“Rate Notices” should refer to all these prescribed methods.	B	2
120	21(2)	5.3 / 3.1.1	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not levy fees or charges for the different bill payment methods offered to customers; and</li> <li>Paxon examined the Shire’s Customer Charter which in section 2.12(b) entitled: “Bill Payment Options” states: “No charges are associated with any of the rate notice payment options”</li> </ul>	A	1
121	22	5.3 / 3.1.1	Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not allow payment by direct debit; and</li> <li>Specific systems, processes and controls are only expected to be put in place when the Shire starts to offer direct debit as a payment method.</li> </ul>	NP	NR
122	23(1)	5.3 / 3.1.1	The licensee must accept payment in advance from a customer on a customer’s request.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did accept payment in advance from a customer on a customer’s request; and</li> </ul>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
122 (cont.)					<ul style="list-style-type: none"> <li>Paxon examined the Shire’s Customer Charter which in section 2.12(b) entitled: “Bill Payment Options” states: <i>“You may make a payment in advance towards a future bill however no credit interest will be applied to the amount paid in advance.”</i></li> </ul>		A	1
123	24	5.3 / 3.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer’s absence or illness.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did on request and at no charge redirect a customer's bills because of the customer’s absence or illness; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 24 of the Code of Conduct. A recommendation (01/2017) was made in this regard (see compliance obligation number 113 above).</li> </ul>		D	1
124	25	5.3 / 3.1.1	The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did allow customers more time to pay bills or to pay arrears, in cases where it assessed the customer as experiencing payment difficulties; and</li> </ul>		A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
124 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			<ul style="list-style-type: none"> <li>Paxon examined the Shire’s Customer Charter which in section 2.12(b) entitled: “<i>Bill Payment Options</i>” states:                             <p><i>“If you cannot pay due to payment difficulties, that is you are experiencing short-term financial disadvantage such as an unexpected event or crisis, please get in touch with the Shire of Dumbleyung to organise an payment plan or other arrangement under which you are given more time to pay the bill.”</i></p> </li> </ul>	A	1
125	26(1) & (2)	5.3 / 3.1.1 & 5.4.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	<ul style="list-style-type: none"> <li>The Shire does have a financial hardship policy entitled: “<i>Shire of Dumbleyung - Financial Hardship Policy for Water Services – February 2014</i>” (“Financial Hardship Policy”);</li> <li>The ERA approved the Shire’s Financial Hardship Policy on 4 July 2014; and</li> <li>This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis.</li> </ul>	NP	1
126	26(3)	5.3 / 3.1.1	If the licensee’s licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of	4	<ul style="list-style-type: none"> <li>The Shire’s Water Services Licence commenced on 29 April 1996. As such, it was in place before the commencement of the Act;</li> </ul>	NP	1



No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
126 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4	the 6-month period starting on the day on which section 27 of the Act comes into effect.		<ul style="list-style-type: none"> <li>Section 27 of the Act took effect on 18 November 2013. As such, the Shire’s Financial Hardship Policy must have been finalised by 17 May 2014;</li> <li>The Shire’s Financial Hardship Policy is dated February 2014. Thus, the Shire complied with clause 26(3) in the Code of Conduct; and</li> <li>This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis.</li> </ul>	NP	1
127	26(4)	5.3 / 3.1.1	If the licensee’s licence was granted after the day on which the Act came into effect, the licensee must have a financial hardship policy within 6 months of the day of the grant of the license.	4	<ul style="list-style-type: none"> <li>The Shire’s Water Services Licence commenced on 29 April 1996. The Act, with some exceptions, came into effect on 18 November 2013. As such, the Licence was in place before the commencement of the Act; and</li> <li>Thus, this clause is not applicable to the Shire.</li> </ul>	NA	NA
128	26(5)	5.3 / 3.1.1	The licensee's financial hardship policy must be publicly available.	4	<ul style="list-style-type: none"> <li>Paxon found the Customer Charter was available on the Shire’s website at the time the Audit was conducted. The Shire’s Financial Hardship Policy is attached as Appendix F to the Customer Charter; and</li> </ul>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
128 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			<ul style="list-style-type: none"> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 26(5) of the Code of Conduct. A recommendation (01/2017) was made in this regard (see compliance obligation number 113 above).</li> </ul>	D	1
129	26(6)	5.3 / 3.1.1	The licensee must review its financial hardship policy at least once in every 5-year period and, as part of the review process, consult with relevant consumer organisations.	3	<ul style="list-style-type: none"> <li>The Shire’s Financial Hardship Policy is dated February 2014. Thus, a review of the document is only required by February 2019, which date follows the Audit Period; and</li> <li>The Shire’s Financial Hardship Policy states under the heading: <i>“Approval and review”</i>: <i>“We will review our policy at least every five years to ensure it remains up-to-date and relevant.”</i></li> </ul>	A	NR
130	27(2)	5.3 / 3.1.1	A licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire allowed customers experiencing financial hardship more time to pay bills or pay arrears without charging interest or a fee; and</li> <li>Paxon examined the Shire’s Financial Hardship Policy which states under the heading: <i>“Payment plans”</i>:</li> </ul>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
130 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4						
131	27(3)	5.3 / 3.1.1	The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	4	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did consider reducing the amount owed, where the customer was experiencing financial hardship;</li> <li>• The Shire’s Financial Hardship Policy states: <ul style="list-style-type: none"> <li>• <i>“Redirection of rate notice: If you are in financial hardship, we will consider reducing the amount you owe us.”;</i></li> <li>○ <i>“Payment options: You may pay your rate notice by direct debit, Centrepay, internet, telephone or post.”;</i> and</li> <li>○ <i>“Financial counselling: We will advise you of any financial counselling services or other organisations that may be available to you.”</i></li> </ul> </li> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not allow customers to pay bills using</li> </ul>	B	2	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
131 (cont.)					<p>direct debit. A recommendation (5/2017) was made in this regard (see compliance obligation number 119 above); and</p> <ul style="list-style-type: none"> <li>• Paxon found the Shire’s Financial Hardship Policy does not provide specified written information to customers about applying for: <ul style="list-style-type: none"> <li>○ Concessions or other financial relief to which the customer may be entitled under the Act; and</li> <li>○ Any other financial assistance to which the customer may be entitled including from Government-funded grant schemes.</li> </ul> </li> </ul> <p><b>Recommendation 7/2017:</b></p> <ul style="list-style-type: none"> <li>• The Shire should inform its customers appropriately of the stipulations of clause 27(3)(c)(iii) and (v) of the Code of Conduct.</li> </ul>	B	2
132	28(1)	5.3 / 3.1.1	Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	4	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire only entered into payment plan or other similar arrangements with property owners. (in compliance with the Residential Tenancies Act 1987); and</li> </ul>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
132 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			<ul style="list-style-type: none"> <li>Paxon examined the Shire’s Financial Hardship Policy which states under the heading: “Payment plans”: <i>“If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the land owner of the proposed extension or payment plan (and provide us with evidence that you have done so), or you can give us permission to notify the land owner.”</i></li> </ul>	A	NR
133	28(4) & (5)	5.3 / 3.1.1	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	4	<ul style="list-style-type: none"> <li>Paxon found the Customer Charter was available on the Shire’s website at the time the Audit was conducted. The Shire’s Financial Hardship Policy is attached as Appendix F to the Customer Charter; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clauses 28(4) and (5) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4						
134	29	5.3 / 3.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not commence or continue proceedings to recover a debt from a customer who was complying with a payment plan or other arrangement; and</li> <li>Paxon examined the Shire’s Financial Hardship Policy which states under the heading: <i>“Debt reduction and collection”</i>:  <i>“If you do not comply with your payment plan or other payment arrangement, we may commence debt recovery proceedings.”</i></li> </ul>	A	1	
139	33	5.3 / 3.1.1	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire only provided sewerages services. Thus, this obligation was not applicable to the Shire’s operations during the Audit Period; and</li> <li>As this compliance obligation was not applicable to the Shire’s operations during the Audit Period, no systems, processes and controls were required to have existed therefore.</li> </ul>	NA	NA	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
142	34(4)	5.3 / 3.1.1	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 139 above.</li> </ul>	NA	NA
144	34(6)	5.3 / 3.1.1	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 34(4) in any 12-month period ending on 30 June.	4	<ul style="list-style-type: none"> <li>See the findings for reference number 139 above.</li> </ul>	NA	NA
145	35(1)	5.3 / 3.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	<ul style="list-style-type: none"> <li>Paxon examined the Shire’s Customer Charter which in section 2.11 entitled: “<i>Enquiries, Suggestions, Complaints and Disputes</i>” comprehensively addresses complaints; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 35(1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 113 above).</li> </ul>	<b>D</b>	<b>1</b>
146	35(2)	5.3 / 3.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the ERA’s guidelines (if any).	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that the Shire did not develop its complaints procedure using as a minimum</li> </ul>	<b>D</b>	<b>3</b>

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
146 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			standard the relevant provisions of the AS ISO 10002-2006 and the ERA's guidelines; and  <ul style="list-style-type: none"> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 35(2) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul> <b>Recommendation 8/2017:</b> <ul style="list-style-type: none"> <li>The Shire should review its complaints procedure to ensure it meets the relevant provisions of AS ISO 10002-2006 and the ERA document entitled: <i>“Customer Complaints Guidelines: distinguishing customer queries from complaints.”</i></li> </ul>	D	3
147	35(3)	5.3 / 3.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	<ul style="list-style-type: none"> <li>Paxon examined the Shire's Customer Charter which in section 2.11 entitled: <i>“Enquiries, Suggestions, Complaints and Disputes”</i> comprehensively addresses complaints. Paxon notes this section of the Customer Charter addresses: <ul style="list-style-type: none"> <li>How complaints are to be lodged;</li> </ul> </li> </ul>	D	1



No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
147 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			<ul style="list-style-type: none"> <li>○ Time limits and methods for responding to complaints;</li> <li>○ Dispute resolution arrangements; and</li> <li>○ Resolving a complaint before the end of the period of 15 business days.</li> <li>● Paxon examined the Shire’s Policy Manual which includes policy 1.6 entitled: “<i>Complaint Handling</i>”. This policy, in section 3 entitled: “<i>Record of Complaint</i>” provides for the recording of complaints.</li> </ul>	D	1
148	35(4)	5.3 / 3.1.1	The licensee's complaints procedure must inform the customer that they do not have to use the licensee’s complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if they use the complaint resolution procedure or instead of the procedures under the Act.	3	<ul style="list-style-type: none"> <li>● Paxon examined the Shire’s Customer Charter which in section 2.11 entitled: “<i>Enquiries, Suggestions, Complaints and Disputes</i>” comprehensively addresses complaints. Paxon notes this section of the Customer Charter informs customers that: <ul style="list-style-type: none"> <li>○ They do not have to use the licensee’s complaints procedure;</li> <li>○ Provide details of procedures under the Act; and</li> <li>○ Set out the costs and benefits to the customer of using the Shire’s complaints resolution</li> </ul> </li> </ul>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
148 (cont.)					<p>procedure.</p> <ul style="list-style-type: none"> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 35(4) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>		D	1
149	35(6)	5.3 / 3.1.1	The licensee's complaints procedure must be publicly available.	4	<ul style="list-style-type: none"> <li>Paxon found the Customer Charter was available on the Shire's website at the time the Audit was conducted; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 35(6) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 113 above).</li> </ul>		D	1
150	36(1)	5.3 / 3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no requests were received for the specified services; and</li> <li>Paxon examined the Shire's Customer Charter which in section 2.12(d) entitled: "Services Provided" provides numbers for the:</li> </ul>		A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
150 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			<ul style="list-style-type: none"> <li>o Hearing or speech impaired (National Relay Service); and</li> <li>o Translating and interpreting service national number.</li> </ul>	A	NR
151	36(1)	5.3 / 3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<ul style="list-style-type: none"> <li>• This reporting obligation is a duplication of Reference Number 150 above.</li> </ul>	A	NR
152	36(2)	5.3 / 3.1.1	The licensee must make available to each customer the customer’s personal account information.	4	<ul style="list-style-type: none"> <li>• Paxon examined a sample of “Rate Notices” issued during the Audit Period and found customers’ personal account information was disclosed thereon; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with clause 36(2) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1
153	37(1)	5.3 / 3.1.1	The licensee must make the prescribed information publicly available.	3	<ul style="list-style-type: none"> <li>• Paxon found the Customer Charter was available on the Shire’s website at the time the Audit was conducted. Paxon examined the Customer Charter and found it specifically included section 2.12 entitled: “Information required under section 37 of the Water Services</li> </ul>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Controls	Compliance
153 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			<p><i>Code of Conduct (Customer Service Standards) 2013</i>". This section refers to:</p> <ul style="list-style-type: none"> <li>o Fees and charges that will be imposed and collected by the licensee;</li> <li>o Licensee's bill payment method options (including stating there are no associated charges);</li> <li>o Discounts, rebates and concessions that are available to customers;</li> <li>o Services provided by the licensee under clause 36 (see reference number 150 above);</li> <li>o Power of an authorised person to enter a place without consent, notice or warrant to read a water meter (stated as not applicable);</li> <li>o Obligations of customers under the regulations to ensure that access to a meter is available (stated as not applicable);</li> <li>o Cut off or reduction of a water supply due to unpaid service charges; and the licensee's powers in this regard (stated as not applicable);</li> <li>o Cut of water supply to an occupied dwelling (stated as not applicable);</li> </ul>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
153 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4						
					<ul style="list-style-type: none"> <li>o Quality of water and its management (stated as not applicable);</li> <li>o Sustainable use of water (stated as not applicable); and</li> <li>o Planned and unplanned interruptions of water supply ((stated as not applicable).</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with clause 37(1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>		D	1
154	Notes – Clause 12 [clause 37(2)]	5.3 / 3.1.1	The licensee must ensure that the specified information about bill may be obtained from its website.	3	<ul style="list-style-type: none"> <li>• Paxon found the Customer Charter was available on the Shire’s website at the time the Audit was conducted. The Customer Charter addresses: <ul style="list-style-type: none"> <li>o Bill reviews in section 2.7 entitled: “Review of Bill”; and</li> <li>o Complaints in section 2.11 entitled: “Enquiries, Suggestions, Complaints and Disputes”.</li> </ul> </li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with</li> </ul>		D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
154 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			clause 37(1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).		D	1

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 92 to 154)]

No.	Obligation Under: Water Services Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)  Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
155	4 / 3.2.1	The licensee must pay the applicable fees and charges in accordance with the applicable Regulations.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during 2015, the Shire did pay an annual fee to the ERA;</li> <li>• Paxon examined a letter the Shire received from the Minister for Water, Sport and Recreation and Forestry, received on 22 July 2015, which granted an exemption to the Shire from the payment of annual fees to the ERA. The letter stated the State Government would fund these fees; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with clause 3.2.1 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1
156	5.1 / 3.1.1	Subject to any modifications or exemptions granted pursuant to the Act and this licence, the licensee must comply with any applicable legislation.	2	<ul style="list-style-type: none"> <li>• The Shire’s compliance during the Audit Period, with the following legislative instruments is specifically addressed within this Report: <ul style="list-style-type: none"> <li>○ Water Services Act 2012 (see reference numbers 1 to 64 and 155 to 190);</li> <li>○ Water Services Regulations 2013 (see reference numbers 65 to 91);</li> </ul> </li> </ul>	D	2

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
156 (cont.)				<ul style="list-style-type: none"> <li>o Water Services Code of Conduct (Customer Service Standards) 2013 (see reference numbers 92 to 154); and</li> <li>• Water Services (Operating) Licences, versions 3 and 4 (see reference numbers 155 to 190).</li> </ul>	D	2	
159	5.4 / 3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no breaches of applicable legislation took place;</li> <li>• Paxon notes the ERA served a notice on the Shire in terms of section 31(1) of the Act (rectification notice). The rectification notice required the Shire to rectify the asset management system deficiencies set out in Schedule A to the notice by 30 June 2016;</li> <li>• Paxon reviewed the Shire’s asset management system. Comprehensive detail as to the review is included in section 5 of this Report. The reviewer rated the asset management system across all 12-key asset management system processes. The Reviewer has stated: <i>“This review concludes that Shire of Dumbleyung has significantly improved its approach to the management of</i></li> </ul>	NP	1	



No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)  Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)	Controls	Compliance
159 (cont.)				<p><i>its sewerage system, which is now operating in a competent manner. Its asset management system is, practical and uses up to date computer software in its application"</i></p> <p>A summary of his findings is included in Table 2 above; and</p> <ul style="list-style-type: none"> <li>• Paxon regards application of clause 3.1.2 of the WSL to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	1	
160	12 / 3.6.1	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	5	<ul style="list-style-type: none"> <li>• Paxon examined financial reports for the years 2014-2015 to 2016-2017. The independent auditor’s report across all three these financial years stated the financial report complied with Australian Accounting Standards; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with clause 3.6.1 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1	

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Including Recommendations	Controls
162	14.4 / 4.3.4	The licensee must cooperate with the independent expert and comply with the ERA' standard audit guidelines dealing with the operational audit.	5	<ul style="list-style-type: none"> <li>The Shire did cooperate with Paxon during the performance of the operational audit and specifically complied with section 10.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: "Audit and Review Guidelines: Water Licences – July 2014"; and</li> <li>Paxon examined the Shire's AMP which records this obligation in section 5.1 entitled: "Water Services Act 2012".</li> </ul>	A	1
163	15.1(a), (b), (c) / 3.7.1 (a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, it was not under external administration, nor did a material change take place in the circumstances upon which the licence was granted which affected its ability to meet its obligations during the Audit Period; and</li> <li>Paxon has examined the Shire's "Compliance Schedule" which states: "Report any changes in corporate, financial or technical circumstances".</li> </ul>	A	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Including Recommendations	Controls
165	16.1/3.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's functions under the Act in the manner and form specified by the ERA.	3	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did provide specified information to the ERA in the manner and form specified by the ERA; and</li> <li>• Paxon has examined the Shire's "Compliance Schedule" which states: <i>"Provide information in the manner and form specified by the Authority"</i>.</li> </ul>	A	1
166	16.2/3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	3	<ul style="list-style-type: none"> <li>• The Shire's Compliance Report for 2014-2015 identified the following breaches: <ul style="list-style-type: none"> <li>○ Non-compliance with the Code of Conduct;</li> <li>○ Late submission of compliance reports;</li> <li>○ No written procedure for the review of a bill;</li> <li>○ Late development of financial hardship policy;</li> <li>○ Incomplete complaints handling procedure;</li> <li>○ Prescribed information not made publicly available; and</li> <li>○ Not maintaining a compliance register.</li> </ul> This report is dated 31 August 2015;</li> <li>• The Shire's Compliance Report for 2015-2016</li> </ul>	A	1

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
166 (cont.)				<p>identified the following breaches:</p> <ul style="list-style-type: none"> <li>o Provision, operation and maintenance of water service works did not meet ERA standards; and</li> <li>o Asset management system did not meet ERA standards.</li> </ul> <p>This report is dated 31 August 2016;</p> <ul style="list-style-type: none"> <li>• The Shire’s Compliance Report for 2016-2017 stated there were no non-compliances to report. This report was sent to the ERA on 23 August 2017;</li> <li>• Paxon examined all three the above-mentioned reports and is satisfied the information provided was in the manner and form specified by the ERA;</li> <li>• Paxon examined the Shire’s “2017/2018 Annual Compliance Calendar” which records this obligation;</li> <li>• Paxon has examined the Shire’s “Compliance Schedule” which states: “Comply with information reporting under the Water Compliance Reporting Manual”.</li> </ul>	A	1
167	16.3 / 3.8.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence	3	<ul style="list-style-type: none"> <li>• Paxon has noted the Shire’s Performance Report for 2014-2015 indicates: <ul style="list-style-type: none"> <li>o Total sewage collected: 29.0 ML;</li> </ul> </li> </ul>	A	1

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)  Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)  Controls	Compliance
167 (cont.)		Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.		<ul style="list-style-type: none"> <li>o Sewage collected per property: 183.5 kl;</li> <li>o Length of sewerage mains and channels: 5.50 km;</li> <li>o Properties served per km of sewer main: 28.7;</li> <li>o Total connected properties – sewerage: 158;</li> <li>o Total number of customer complaints received: zero; and</li> <li>o Percentage of sewage treated to a secondary level: 100%.</li> </ul> <p>This report was acknowledged by the ERA on 31 July 2015;</p> <ul style="list-style-type: none"> <li>• Paxon has noted the Shire’s Performance Report for 2015-2016 indicates:               <ul style="list-style-type: none"> <li>o Total sewage collected: 29.0 ML;</li> <li>o Sewage collected per property: 183.5 kl;</li> <li>o Length of sewerage mains and channels: 5.50 km;</li> <li>o Properties served per km of sewer main: 28.7;</li> <li>o Total connected properties – sewerage: 158;</li> <li>o Total number of customer complaints received: zero; and</li> <li>o Percentage of sewage treated to a secondary level:</li> </ul> </li> </ul>	A	1

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)  Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations  Including Recommendations	Ratings (as per Table 8)  Controls	Compliance
167 (cont.)				<p>100%.</p> <p>This report was acknowledged by the ERA on 26 August 2016; and</p> <ul style="list-style-type: none"> <li>• Paxon has noted the Shire’s Performance Report for 2016-2017 indicates: <ul style="list-style-type: none"> <li>○ Total sewage collected: 28.9 ML;</li> <li>○ Sewage collected per property: 182.9 kl;</li> <li>○ Length of sewerage mains and channels: 5.50 km;</li> <li>○ Properties served per km of sewer main: 28.7;</li> <li>○ Number of sewer breaks and chokes: 2;</li> <li>○ Sewer breaks and chokes (per 100km of sewer main): 36.4;</li> <li>○ Total connected properties – sewerage: 158;</li> <li>○ Total number of customer complaints received: zero; and</li> <li>○ Percentage of sewage treated to a primary level: 100%.</li> </ul> </li> </ul> <p>This report was send to the ERA on 23 August 2017; and</p>	A	1

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
167 (cont.)				<ul style="list-style-type: none"> <li>Paxon examined the Shire’s “2017/2018 Annual Compliance Calendar” which records this obligation.</li> </ul>	A	1	
168	17.2 / 2.8.1 & 2.8.2	Subject to clause 2.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 2.8.1.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the ERA did not direct it to publish any information; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 2.8 of its WSL. A recommendation (01/2017) was made in this regard (see compliance obligation number 113 above).</li> </ul>	D	NR	
169	18.1 / 2.7.1	Unless otherwise specified, all notices must be in writing.	5	<ul style="list-style-type: none"> <li>Paxon has observed notices were given in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 2.7.1 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 4).</li> </ul>	D	1	
171	20.2 / 4.1.2	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no changes in its asset management system took place; and</li> </ul>	A	NR	

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
171 (cont.)				<ul style="list-style-type: none"> <li>Paxon examined the Shire’s “2017/2018 Annual Compliance Calendar” which records this obligation.</li> </ul>	A		NR
172	20.6 / 4.1.6	The licensee must cooperate with the independent expert and comply with the ERA’s standard guidelines dealing with the asset management system review.	5	<ul style="list-style-type: none"> <li>The Shire did cooperate with Paxon during the performance of the asset management system effectiveness review and specifically complied with section 10.1 “Assistance provided by the Licensee” as included in the ERA’s document entitled: “Audit and Review Guidelines: Water Licences – July 2014”; and</li> <li>Paxon examined the Shire’s AMP which records this obligation in section 5.1 entitled: “Water Services Act 2012”.</li> </ul>	A		1
173	21.1 / 5.5.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	5	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, it did agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 5.5.1 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D		1



No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
175	23.1 / 5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no customer contracts existed; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with clause 5.1. of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	NR
176	23.2 / 5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	5	<ul style="list-style-type: none"> <li>• See the findings for reference number 175 above.</li> </ul>	D	NR
177	23.3 / 5.1.3	The licensee may only amend the customer contract with the ERA’s approval.	5	<ul style="list-style-type: none"> <li>• See the findings for reference number 175 above.</li> </ul>	D	NR
178	23.6 / 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	5	<ul style="list-style-type: none"> <li>• See the findings for reference number 175 above.</li> </ul>	D	NR
179	24.1 and 24.2 / 5.3.1 & 5.3.2	Unless clause 5.3.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> without the prior approval of the ERA.	5	<ul style="list-style-type: none"> <li>• See the findings for reference number 175 above.</li> </ul>	D	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)  Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
180	24.4 / 5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	5	<ul style="list-style-type: none"> <li>See the findings for reference number 175 above.</li> </ul>	D	NR
181	25.1 / 5.6.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	2	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire was not a supplier of last resort; and</li> <li>Paxon regards application of clause 5.6.1 of its WSL to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.</li> </ul>	NP	NR
182	28.1(b) / 3.4.1 (b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	2	<ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not provide the sewerage service outside of the operating area of the licence; and</li> <li>Paxon found the Shire has no systems and controls in place to manage compliance with clause 3.4.1 (b) of its WSL. A recommendation (1/2017) was made in</li> </ul>	D	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)  Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
182 (cont.)				this regard (see compliance obligation number 4 above).	D	NR
183	30.3 / 5.4.3	The licensee must comply with the ERA’s Financial Hardship Policy Guidelines as they apply to the licensee.	5	<ul style="list-style-type: none"> <li>• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did comply with the ERA’s Financial Hardship Policy Guidelines as it applied to the Shire; and</li> <li>• Paxon found the Shire has no systems and controls in place to manage compliance with clause 3.4.1 (b) of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 4 above).</li> </ul>	D	1

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 155 to 183)]

#### 4.4 Current Audit: Non-Compliances and Recommendations

Current Audit: Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
No. <sup>3</sup>	Control and Compliance Rating	Date Resolved	Auditor's Comments
	Legislative Obligation	Management Action Taken	
	Details for Control and/or Compliance Rating		

- There is no content in Part A.

<sup>3</sup> The 'No.' refers to the compliance obligation reference number, as per the ERA's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016"

**Table 11: Current Audit: Non-Compliances and Recommendations (Part A)**

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
4, 5, 15, 16, 18, 20, 25, 28, 30, 33, 34, 35-41, 42-45, 63, 69, 74, 75, 89, 100, 102, 123, 128, 133, 145-146, 148-149, 152, 153, 154, 155, 160, 168, 169, 173, 175-180, 182 and 183 1/2017	<ul style="list-style-type: none"> <li>• Rating: D 1;</li> <li>• Obligation: Act – section 22 and Water Services Licence (“WSL”) – clause 3.4.1; and</li> <li>• Details:               <ul style="list-style-type: none"> <li>○ Paxon found the Shire has no systems and controls in place to manage compliance with section 22 of the Act. The Shire did provide Paxon with a document entitled: “2017/2018 Annual Compliance Calendar” which records an insignificant number of the Shire’s compliance obligations in terms of the:                   <ul style="list-style-type: none"> <li>• Water Services Act 2012;</li> <li>• Water Services Code of Conduct (Customer Service Standards) 2013;</li> <li>• Water Services Regulations 2013; and</li> <li>• Water Services Licence, WL16, Version 4, 1 July 2016.</li> </ul>                   (hereinafter collectively referred to as the “Water Legislation”);                 </li> <li>○ Paxon examined a “Compliance Schedule” compiled by the Shire which records an</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should expand its “Compliance Schedule” to record all its obligations in terms of the Water Legislation. This schedule should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – October 2017” may help the Shire to develop its own compliance register.</li> </ul>	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	<p><b>Legislative Obligation</b></p> <hr/> <p><b>Details for Control and/or Compliance Rating</b></p>		
4, 5, 15, 16, 18, 20, 25, 28, 30, 33, 34, 35-41, 42-45, 63, 69, 74, 75, 89, 100, 102, 123, 128, 133, 145-146, 148-149, 152, 153, 154, 155, 160, 168, 169, 173, 175-180, 182 and 183 1/2017	<p>insignificant number of the Shire's compliance obligations in terms of the Water Legislation;</p> <ul style="list-style-type: none"> <li>o Paxon examined the document entitled: "Shire of Dumbleyung – Council Policy Manual – 20 April 2017" ("Policy Manual") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation;</li> <li>o Paxon examined the Shire's Asset Management Plan which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation; and</li> <li>o Paxon examined the Shire's Customer Charter and found it does record a few of the Shire's compliance obligations in terms of the Water Legislation.</li> </ul>		
49 - 57 (2/2017)	<ul style="list-style-type: none"> <li>• Rating: D NR;</li> <li>• Obligation: Act – section 173(4) and WSL – clause 3.1.1; and</li> <li>• Details: <ul style="list-style-type: none"> <li>o Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Shire should update its Customer Charter to appropriately address the above-mentioned sections of the Act.</li> </ul>	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
49 - 57 (2/2017)	<p>did not enter a place;</p> <ul style="list-style-type: none"> <li>o Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services and that:               <ul style="list-style-type: none"> <li>• All its sewerage works were located on council property; and</li> <li>• Property owners were responsible to maintain the sewerage works on their properties (for example: by using an independent plumber).</li> </ul> </li> </ul> <p>Thus, the Shire would only have required entering a place in exceptional circumstances; and</p> <ul style="list-style-type: none"> <li>o Paxon regards application of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4), and 181 of the Act to the Shire's operations will be rare events. However, the Shire's Customer Charter specifically addresses this matter in section 3.1 entitled: "Entry to Your Property". But, the information provided in this section is limited and does not address the Shire's responsibilities in terms of the above-mentioned sections of the Act in sufficient detail.</li> </ul>		

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
100 (3/2017)	<ul style="list-style-type: none"> <li>• Rating: D 2;</li> <li>• Obligation: Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") – clause 12 (1) and WSL – clause 3.1.1; and</li> <li>• Details:               <ul style="list-style-type: none"> <li>• Paxon examined a sample of "Rate Notices" issued after this date and found these notices, with some exceptions, complied with the stipulations of clause 12(1) in the Code of Conduct. The examined "Rate Notices" did not disclose:                   <ul style="list-style-type: none"> <li>• the nature and amount of any applicable concession, discount or rebate;</li> <li>• The licensee's website address;</li> <li>• Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; and</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Rate Notices should comply with all the stipulations of clause 12(1) of the Code of Conduct.</li> </ul>	



Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
100 (3/2017) (continued)	<ul style="list-style-type: none"> <li>Paxon examined the Shire's Customer Charter which in section 2.6 entitled: "Charges and Accounts" states: <i>"Charges for services to customers shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995."</i>; and</li> <li>Paxon found the Shire has no internal procedure in place to manage its compliance obligations in respect of clause 12(1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see reference number 4 above).</li> </ul>		
102 (4/2017)	<ul style="list-style-type: none"> <li>Rating: D 2;</li> <li>Obligation: Code of Conduct – clause 12(3) and WSL – clause 3.1.1; and</li> <li>Details:               <ul style="list-style-type: none"> <li>Paxon examined a sample of "Rate Notices" issued after this date and found these notices, did not disclose:                   <ul style="list-style-type: none"> <li>Bills can be reviewed in accordance with the licensee's review procedure mentioned in</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Rate Notices should comply with the stipulations of clauses 12(3)(e) and (f) of the Code of Conduct.</li> </ul>	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
102 (4/2017) (continued)	<ul style="list-style-type: none"> <li>clause 18; and</li> <li>Complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure mentioned in clause 35.</li> </ul>		
117 (5/2017)	<ul style="list-style-type: none"> <li>Rating: D NR;</li> <li>Obligation: Code of Conduct - clause 18(5) and WSL – clause 3.1.1; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon examined the Shire's Customer Charter which addresses the review of bills in section 2.7 entitled: "Review of Bill". The section states: "We will review your bill at your request in accordance with the requirements of the Water Services Code of Conduct (Customer Service Standards) 2013."; and</li> <li>However, the Shire's Customer Charter does not explicitly state the licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Shire should amend its Customer Charter to inform customers appropriately of the stipulations of clause 18(5) of the Code of Conduct.</li> </ul>	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
117 (5/2017) (continued)	day the customer's request for review was received		
119 (6/2017)	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Obligation: Code of Conduct – 21(1) and WSL – clause 3.1.1; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did allow customers to pay bills using any of the prescribed methods, excluding direct debit;</li> <li>Paxon examined a sample of "Rate Notices" issued during the Audit Period and found it provided for payment by:                                     <ul style="list-style-type: none"> <li>Direct credit/EFT;</li> <li>By mail;</li> <li>By phone; and</li> <li>In person.</li> </ul> </li> </ul> </li> </ul> <p>Thus, the Centrepay option was also not available to customers during the Audit Period; and</p>	<ul style="list-style-type: none"> <li>The Shire should allow customers to pay bills using all the prescribed methods listed in Regulation 21(1). The Customer Charter and "Rate Notices" should refer to all these prescribed methods.</li> </ul>	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
119 (6/2017) (continued)	<ul style="list-style-type: none"> <li>Paxon also examined the Shire's Customer Charter which in section 2.12(b) entitled: "Bill Payment Options" refer to the prescribed methods excluding Centrepay.</li> </ul>		
131 (7/2017)	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Obligation: Code of Conduct – clause 27(3) and WSL – clause 3.1.1; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon found the Shire's Financial Hardship Policy does not provide specified written information to customers about applying for:                                     <ul style="list-style-type: none"> <li>Concessions or other financial relief to which the customer may be entitled under the Act; and</li> <li>Any other financial assistance to which the customer may be entitled including from Government-funded grant schemes.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Shire should inform its customers appropriately of the stipulations of clause 27(3)(c)(iii) and (v) of the Code of Conduct.</li> </ul>	
146 (8/2017)	<ul style="list-style-type: none"> <li>Rating: D 3;</li> <li>Obligation: Code of Conduct – clause 35(2) and WSL – clause 3.1.1; and</li> <li>Details:</li> </ul>	<ul style="list-style-type: none"> <li>The Shire should review its complaints procedure to ensure it meets the relevant provisions of AS ISO 10002-2006 and the ERA document entitled: "Customer Complaints"</li> </ul>	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
146 (8/2017) (continued)	<ul style="list-style-type: none"> <li>o Paxon confirmed by interview of the Shire's CEO that the Shire did not develop its complaints procedure using as a minimum standard the relevant provisions of the AS ISO 10002-2006 and the ERA's guidelines.</li> </ul>	<i>Guidelines: distinguishing customer queries from complaints."</i>	

**Table 11: Current Audit: Non-Compliances and Recommendations (Part B)**

## 5 Asset Management System Effectiveness Review: Comprehensive Report

### 5.1 Asset Management System Rating Scales

The effectiveness ratings assigned to each asset management system component because of the Review, are set out in the following two Tables - taken from the ERA’s document entitled: “*Audit and Review Guidelines: Water Licences – July 2014*” (“ERA’s Guidelines”).

#### Asset Management Process and Policy Definition Adequacy Ratings ERA’s Guidelines: Table No. 8

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

Table 12: Asset Management Process and Policy Definition Adequacy Ratings

**Asset Management Performance Ratings**  
**ERA’s Guidelines: Table No. 9**

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

**Table 13: Asset Management Performance Ratings**

## 5.2 Asset Management System: Effectiveness Ratings Summary

The effectiveness ratings for prime components, together with the ratings of their relevant effectiveness criteria, are indicated in Table 14 below:

Asset Management System  Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<b>Asset Planning</b>		✓				✓		
• Asset Management Plan covers key requirements;		✓				✓		
• Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning;		✓				✓		
• Service levels are defined;	✓				✓			
• Non-asset options are considered;		✓				✓		
• Life cycle costs of owning and operating the assets are assessed;		✓				✓		
• Funding options are evaluated;		✓				✓		
• Costs are justified, and cost drivers identified;		✓				✓		
• Likelihood and consequences of asset failure are predicted; and		✓				✓		
• Plans are regularly reviewed and updated.			✓				✓	



Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<b>Asset Creation and Acquisition</b>		✓				✓		
• Full project evaluations are undertaken for new assets including comparative estimates of non-asset solutions;		✓				✓		
• Evaluations include all lifecycle costs;		✓				✓		
• Projects reflect sound engineering and business decisions;		✓				✓		
• Commissioning tests are documented and completed; and		n/a				n/a		
• On-going legal/environmental/safety obligations of the asset owner are assigned and understood.		✓				✓		
<b>Asset Disposal</b>		✓				✓		
• Under performing and underutilised assets are identified as part of a regular systematic review process;			✓				✓	
• The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken;		n/a				n/a		
• Disposal alternatives are evaluated; and		✓					✓	

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> <li>• There is a replacement strategy for assets.</li> </ul>		✓				✓		
<b>Environmental Analysis</b>		✓				✓		
<ul style="list-style-type: none"> <li>• Opportunities and threats in the system are assessed;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Compliance with statutory and regulatory requirements; and</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Achievement of customer service levels.</li> </ul>		✓				✓		
<b>Asset Operations</b>		✓				✓		
<ul style="list-style-type: none"> <li>• Operational procedures and policies are documented and linked to service levels required;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Risk management is applied to prioritise operations tasks;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Assets are documented in an asset register including asset type, location, material, plans of components and assessment of assets physical/structural condition and accounting data;</li> </ul>			✓				✓	
<ul style="list-style-type: none"> <li>• Operational costs are measured and monitored; and</li> </ul>		✓				✓		

Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> <li>• Staff resources are adequate, and staff receive training commensurate with their responsibilities.</li> </ul>		✓				✓		
<b>Asset Maintenance</b>		✓				✓		
<ul style="list-style-type: none"> <li>• Maintenance policies and procedures are documented and linked to service levels required;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Regular inspections are undertaken of asset performance and condition;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Failures are analysed, and operation/maintenance plans are adjusted where necessary;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Risk management is applied to prioritise maintenance tasks; and</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• Maintenance costs are measured and monitored.</li> </ul>		✓				✓		
<b>Asset Management Information System</b>	✓				✓			
<ul style="list-style-type: none"> <li>• Adequate system documentation for users and IT operators;</li> </ul>		✓			✓			

Asset Management System  Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
• Input controls include appropriate verification and validation of data entered into the system;	✓				✓			
• Logical access controls appear adequate such as passwords;	✓				✓			
• Physical security access controls appear adequate;	✓				✓			
• Data back-up procedures appear adequate and back-ups are tested;	✓				✓			
• Key computations related to Licensee performance reporting are materially accurate; and	✓				✓			
• Management reports appear adequate for the Licensee to monitor licence obligations.	✓				✓			
<b>Risk Management</b>			✓				✓	
• Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system;		✓				✓		
• Risks are documented in a risk register and treatment plans are actioned and monitored; and			✓				✓	
• The probability and consequences of asset failure are regularly assessed.			✓				✓	

Asset Management System  Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<b>Contingency Planning</b>		✓				✓		
<ul style="list-style-type: none"> <li>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.</li> </ul>		✓				✓		
<b>Financial Planning</b>			✓				✓	
<ul style="list-style-type: none"> <li>The financial plan states the financial objectives and strategies and actions to achieve the objectives;</li> </ul>			✓			✓		
<ul style="list-style-type: none"> <li>The financial plan identifies the source of funds for capital expenditure and recurrent costs;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet);</li> </ul>			✓				✓	
<ul style="list-style-type: none"> <li>The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period;</li> </ul>			✓				✓	
<ul style="list-style-type: none"> <li>The financial plan provides for the operation, maintenance, administration, and capital expenditure requirements of the services; and</li> </ul>			✓				✓	

Asset Management System  Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> <li>• Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.</li> </ul>		✓				✓		
<b>Capital Expenditure Planning</b>		✓				✓		
<ul style="list-style-type: none"> <li>• There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• The plan provides reasons for capital expenditure and timing of expenditure;</li> </ul>			✓			✓		
<ul style="list-style-type: none"> <li>• The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>• There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.</li> </ul>		✓				✓		
<b>Review of Asset Management System</b>		✓					✓	
<ul style="list-style-type: none"> <li>• A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and</li> </ul>		✓					✓	
<ul style="list-style-type: none"> <li>• Independent reviews (e.g., internal audit) are performed of the asset management system.</li> </ul>		✓				✓		

**Table 14: Asset Management System: Effectiveness Ratings Summary**

### 5.3 Review Observations and Recommendations

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<b>Asset Planning</b>	<ul style="list-style-type: none"> <li>• Future planning for the Shire for its sewerage scheme development is limited by stagnant growth of the town’s population and connections to the sewerage scheme over recent years. The population, number of connections and sewage flows are expected to remain constant for the foreseeable future. Capital works will therefore be based on replacement of assets as required by age or condition rather than the necessity to increase the capacity of the existing system or its assets. The AMP states (item 6.1) <i>“There are no plans to increase the existing system at this time as there is minimal development within the town-site”</i>; and</li> <li>• Reviewer was provided with copies of the 2016 Asset Management Plan and its predecessor dated 2015. Given the small nature of the system and population served, the 2016 AMP is considered adequate – subject to improvements and amendments outlined in this report.</li> </ul>	<b>B</b>	<b>2</b>
<b>Asset Creation and Acquisition</b>	<ul style="list-style-type: none"> <li>• The Shire has a policy regarding specific staff responsibility for purchasing, cost limits, quotes, tenders and a regional price preference associated with new or replacement assets. The policy is based on the requirements of the Local Government Act;</li> <li>• Alternative strategies of refurbishment or replacement are the prime considerations. Given the minor nature and cost involved, any alternatives are compared informally and appropriately outlined in reports to the Council requesting approval; and</li> <li>• As the “whole of life financial plan” anticipates no replacement of assets until 2038 - and stagnant population growth renders replacement due to an increased capacity requirement unlikely the Shire’s informal assessment of options and compliance with the Local Government Act is considered adequate.</li> </ul>	<b>B</b>	<b>2</b>
<b>Asset Disposal</b>	<ul style="list-style-type: none"> <li>• The Shire has not been obliged to dispose of assets and there is consequently no specific policy or documented procedure. Reviewer was advised that health issues would preclude the sale of assets previously in contact with sewage. Such assets would therefore be disposed of to landfill in the general case. However, pipes and other buried assets would simply be left “in the ground” and replaced in a nearby location or alignment if still required.</li> </ul>	<b>B</b>	<b>2</b>

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Including Recommendations			
<b>Environmental Analysis</b>	<ul style="list-style-type: none"> <li>The AMP sets out the levels of sewerage service to be provided under the licence. The AMP also provides the contact telephone number of Shire emergency service and the period of not more than one hour in which the customer will be advised of the action to be taken;</li> <li>The Shire’s Customer Service Charter also sets out customers’ overall rights, the Shire’s powers and obligations under the Licence, including the emergency response program together with a basic SWAT analysis and Hardship Policy;</li> <li>However, the AMP incorrectly states that the Licence was originally granted in compliance with the Water Services Act 2012 rather than the Water Services Licensing Act 1995. The current Licence was issued on 18<sup>th</sup> November 2013 under the Water Services Act 2012 – which replaced the 1995 Act. Recommendation of the previous review regarding addition of references to Water Services Code of Conduct (Customer Service Standards) 2013 has not been included;</li> <li>The Shire reported eleven licence compliance breaches in 2014/15, two in 2015/16 and none in 2016/17. Reviewer noted the improvements over the period including improved operating practices and the preparation of an annual compliance calendar. CEO advised the reduction of non-compliances was due to management’s developing appreciation of the Licence requirements and the subsequent preparation and implementation of relevant policies and staff procedures; and</li> <li>The Shire has no current obligation to report to the Department of Health – as it does not re-use or sell its treated wastewater. The Shire does not hold a licence from the Department of Water and Environment but has an obligation to report any overflows to the department. To date there have been no reportable overflows.</li> </ul> <p><b>Recommendation 1/2017:</b></p> <ul style="list-style-type: none"> <li>That the Shire corrects the heading and first paragraph of Item 5.1 of the AMP to read 5.1 – Water Services Act  <i>“On 26<sup>th</sup> April 1996, the Shire of Dumbleyung was granted an operating licence for Sewerage Services under the provisions of the Water Services Licensing Act 1995. The Licence is for a period of twenty-five years duration, with provision for a review to be conducted six months prior to the end of the licence term. The Licence was amended on the eighteenth of November 2013 in response to the Water Services Act 2012, which replaced the 1995 Act”</i>; and</li> <li>Reference to the Water Services Code of Conduct (Customer Service Standards) 2013 should be added.</li> </ul>	<b>B</b>	<b>2</b>





Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Including Recommendations			
<b>Asset Operations (continued)</b>	<ul style="list-style-type: none"> <li>• The level of the second treatment pond was well below the overflow level and is expected to remain so throughout the forthcoming summer. The Shire no longer irrigates its recreation areas with treated effluent, due to:               <ul style="list-style-type: none"> <li>◦ The cost of replacing chlorination facilities formerly used for effluent disinfection; and</li> <li>◦ The amount of effluent available being insufficient to irrigate all recreation areas.</li> </ul> </li> <li>• The Shire should determine the likely winter pattern of outflow from the WWTP (based on the existing pond area, net average monthly rainfall and evaporation and pumped inflows). This information together with pond water quality data, should be submitted to Department of Health and Department of Environmental Regulation with a view to obtaining approval for the continued disposal of wet weather effluent overflows within the WWTP property; and</li> <li>• The Asset Register does not appear to have been upgraded. The condition of assets is not stated for Access Chambers, Pipes, Pumping Station, or Treatment Plant.</li> </ul> <p><b>Recommendation 2/2017:</b></p> <ul style="list-style-type: none"> <li>• It is recommended that:               <ul style="list-style-type: none"> <li>◦ The flow rate of each pump be determined as above;</li> <li>◦ The duty of the pumps be changed weekly, together with recording of the date, duty pump hours, resultant flows and entry on the Shire’s computer system;</li> <li>◦ The Shire should submit details of anticipated effluent overflow periods, quantity and water quality data to Department of Health and Department of Environmental Regulation with a view to obtaining approval for the continued disposal of wet weather effluent overflows within the WWTP property; and</li> <li>◦ The Asset Register be upgraded to indicate the condition of all assets.</li> </ul> </li> </ul>	<b>B</b>	<b>2</b>
<b>Asset Maintenance</b>	<ul style="list-style-type: none"> <li>• Reviewer noted a significant improvement in the standard of maintenance and knowledge of system operations;</li> <li>• Reviewer also noted that the Shire has budgeted a second successive year of a three year program of CCTV inspection of its gravity sewers. The first year of inspection indicated no potential problems. The Shire should also undertake an assessment of the condition of all Access Chambers while assessing the</li> </ul>	<b>B</b>	<b>2</b>

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Including Recommendations			
Asset Maintenance (continued)	<p>condition of collecting sewers. The condition of the pumping station and Treatment Plant should be undertaken annually;</p> <ul style="list-style-type: none"> <li>• There is a series of discrepancies between some of the maintenance procedures scheduled in the AMP and those in the Shire’s “Sewerage Management Plan Plant Procedures” document, prepared (but undated) in 2016. Reviewer considers Item 6.3 – “Operating Rules” of the AMP should be deleted and replaced with a reference to the “Sewerage Management Plan – Plant Procedures” document, which should be corrected as appropriate and attached as an Appendix;</li> <li>• Reviewer has agreed to suggest appropriate corrections to the “Plant Procedures” and forwarded these amendments to the Shire’s CEO for consideration; and</li> <li>• The priority sequence of maintenance is set out in the annual maintenance schedule in the AMP. Replacement of assets is scheduled in accordance with the whole of life financial plan of the Asset Management documentation. The priority of repairs or unplanned replacements is decided on consideration of the risks, consequences and cost involved. As the sewerage system is basic in concept and operation, priority considerations are informal and implemented immediately.</li> </ul> <p><b>Recommendation 3/2017:</b></p> <ul style="list-style-type: none"> <li>• It is recommended that Item 6.3 – “Operating Rules” of the AMP should be deleted and replaced with a corrected version of the “Sewerage Management Plan – Plant Procedures” document and attached as an Appendix to the AMP;</li> <li>• It is also recommended that the Shire should undertake an assessment of the condition of all Access Chambers while assessing the condition of collecting sewers. The condition of the pumping station and Treatment Plant should be undertaken annually; and</li> <li>• The condition of assets should be updated in asset performance and condition spread sheets immediately on completion of the relevant inspections.</li> </ul>	B	2
Asset Management Information System	<ul style="list-style-type: none"> <li>• The Shire’s Asset Management system is manually operated and based on the standard set of interlinked Excel spread sheets commonly used by local authorities. The software is supplemented by the Synergy local authority package for finance, budgeting; and specific Word and Excel documents developed by the Shire for correspondence, data recording, etc. The system is adequate for the Shire’s sewerage system management.</li> </ul>	A	1

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<b>Asset Management Information System (continued)</b>	<p><b>Storage and Backup of Sewerage Scheme Documents:</b></p> <ul style="list-style-type: none"> <li>• The AMP states: <i>“All sewerage scheme documents are stored in a single file on the computer server with folder names to reflect creation/review years to allow ease of access and document version control.”</i>;</li> <li>• A copy of the documents is also stored on a cloud server that provides offsite backups as well as access to documents in an emergency;</li> <li>• A physical copy is also stored in the fireproof safe located in the Shire office;</li> <li>• Server backups are performed in accordance with the Shire’s Record Keeping Plan 2013: <i>“4.3.2 - Back-up Procedures for Electronic Records - Electronic records of the Shire of Dumbleyung are backed up daily, weekly and at the end of financial year. All daily back-ups are stored on-site, with weekly back-ups stored off-site. Once a week, the appropriate weekly back-up drive is brought into the office for update, and then returned off-site.”</i>;</li> <li>• The Shire has obligations under the State Records Act 2000 and has a current Record Keeping Plan that was approved by State Records Office in 2013. All documents are managed in line with the plan;</li> <li>• Access to the Sewerage system correspondence and data is limited to specific Shire staff via password”; and</li> <li>• The CEO has overall responsibility for the on-going upkeep and preservation of the Asset Management System.</li> </ul>	<b>A</b>	<b>1</b>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• The Excel based Risk Management worksheet lacks information regarding the risk being considered and therefore how the assessments are determined. The risk assessment is considered inadequate and has never been reviewed; and</li> <li>• Reviewer noted that: <ul style="list-style-type: none"> <li>○ Seven risks are listed for access chambers, but the nature of the risks is not stated;</li> <li>○ Six risks are listed for gravity, but the nature of the risks is not stated;</li> <li>○ Four risks are listed for the pumping station, but the nature of the risks is not stated;</li> <li>○ Two risks are listed for the Imhoff Tank and Ponds but the nature of the risks is not stated; and</li> <li>○ No risks are assessed for the rising main to the treatment plant. However, a collapse, or blockage could result in serious flooding. Earthquake could affect all areas listed above.</li> </ul> </li> </ul>	<b>C</b>	<b>3</b>

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<b>Risk Management (continued)</b>	<p><b>Recommendation 4/2017:</b></p> <ul style="list-style-type: none"> <li>It is recommended that the assets section of the risk assessment specify the risks being assessed and extension of the range of risks considered.</li> </ul>	<b>C</b>	<b>3</b>
<b>Contingency Planning</b>	<ul style="list-style-type: none"> <li>The Shire’s contingency plan is attached to the AMP as Appendix 11.3;</li> <li>The plan outlines procedures to address emergencies related to pipe collapse, blockage, explosion, earthquake, electrical failure and extreme rainfall. Pump failure is not addressed in the plan – although a spare pump is kept at the pumping station;</li> <li>The plan contains contact details for Shire staff, supply authorities electrical and plumbing trade companies, equipment hire and liquid waste removal. No details are provided for the pump manufacturer’s service agent;</li> <li>The Department of Health Wastewater Overflows Procedure is referred to, but no information is provided regarding its basic procedures or the availability and location of the document in the Shire’s document storage system; and</li> <li>There are no minutes or other evidence that the contingency plans have been desk top tested by the staff group most prominent in the plans.</li> </ul> <p><b>Recommendation 5/2017:</b></p> <ul style="list-style-type: none"> <li>That the: <ul style="list-style-type: none"> <li>Contingency plan be expanded to include procedures to address equipment failure and contact details for the pump manufacturer’s service agent;</li> <li>Availability and location of the Department of Health Wastewater Overflows Procedure be included in the plans; and</li> <li>Shire staff most prominent in the contingency plans participate in an annual desk top review of each procedure; and that any perceived improvements in the procedures are inserted in the plans as amendments.</li> </ul> </li> </ul>	<b>B</b>	<b>2</b>

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Including Recommendations			
<b>Financial Planning</b>	<ul style="list-style-type: none"> <li>• The financial plan outlined in the AMP provides information only from the year 2015/16 budget indicating estimated income of \$87,966 and expenditure of \$43,757;</li> <li>• The budgets for the following years i.e. 2016/17 and 2017/18 indicate estimated incomes of \$96,396 and \$106,890 and expenditures of \$96,496 and \$110,983;</li> <li>• The above-mentioned information is out of date. The financial plan should be updated annually and predict income and expenditure for the forthcoming five to ten years. Broad detail should be provided of the makeup of amounts contributing to the income and expenditure allocated to each year. The Shire’s provision of the budgets prepared for the years 2014/15 to 2017/18 allows the Reviewer to note that the Shire has recognised the need to increase its sewerage rate significantly over the last three years and that the sewerage system has therefore covered its costs. Nevertheless, the information presented in the AMP is out of date, insufficiently detailed and gives no indication of the likely future financial position;</li> <li>• Review of the Excel sheet Financial document indicates that some have no estimates allocated and some capital works are not noted in the years in which replacement expenditure is due. The software determines a net present value of the sewerage asset of \$2,029,169 and an annual contribution to the sewerage reserve of \$78,865 to cover the maintenance and capital expenditure over a fifty years period; and</li> <li>• The calculation fails to deduct the amount of some \$225,000 already held in the reserve. This deduction reduces the net present value to \$1,804,169 and the annual contribution to \$70,128.</li> </ul> <p><b>Recommendation 6/2017:</b></p> <ul style="list-style-type: none"> <li>• It is recommended that: <ul style="list-style-type: none"> <li>○ The financial plan be updated annually and predict income and expenditure for the forthcoming five to ten years;</li> <li>○ Broad detail be provided of the amounts contributing to the income and expenditure allocated to each year; and</li> <li>○ Review and correct as applicable sections of the financial spread sheet where valuation information is missing and capital expenditure for given years is missing.</li> </ul> </li> </ul>	C	3

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Including Recommendations			
<b>Capital Expenditure Planning</b>	<p>The AMP capital works plan covers a period of five years and includes the new and replacement works in the financial spreadsheet. The period covered is five years from 2014/15, whereas the period should commence from the current year 2017/18 and should be updated annually to provide a rolling forecast of capital works. The plan is otherwise adequate. Reasons for capital expenditure are set out in documentation submitted to the Shire Council for approval.</p> <p><b>Recommendation 7/2017:</b></p> <ul style="list-style-type: none"> <li>• It is recommended that the plan be updated annually to provide a rolling forecast of capital works for a period of five years commencing from the financial year in question.</li> </ul>	<b>B</b>	<b>2</b>
<b>Review of Asset Management System</b>	<ul style="list-style-type: none"> <li>• The AMP contains a specific requirement for its review annually and for the ERA to be advised of any significant changes within ten days. Reviewer is aware of changes to the AMP over recent years – resulting from his review of the Shire’s operation and management of its sewerage system – as an ERA appointed Inspector; and</li> <li>• The current AMP, dated 2016, includes minor corrections of the 2015 document and requires a series of amendment as noted in the recommendations of this report. There is no record on the current document setting out the review date, the name of the reviewer or the items included as a result of the review.</li> </ul> <p><b>Recommendation 8/2017:</b></p> <ul style="list-style-type: none"> <li>• It is recommended that: <ul style="list-style-type: none"> <li>○ A review of the AMP be undertaken annually as stated in the existing (2016) AMP; and</li> <li>○ A review status table be included on the front cover of the document indicating the document version number, the name of the reviewer and date of the review, together with a statement of amendments made to the document as a result of the review.</li> </ul> </li> </ul>	<b>B</b>	<b>3</b>

**Table 15: Review Observations and Recommendations**

**5.4 Current Review: Deficiencies and Recommendations**

Current Review: Deficiencies and Recommendations			
A. Resolved During Current Review Period			
Ref.	Asset Management System Effectiveness Rating	Date Resolved	Reviewer's Comments
	Asset Management System Component	Management Action Taken	
	Criteria/Details of Asset Management System Deficiency		

No such instances occurred during the current Review period.

**Table 16: Current Review: Deficiencies and Recommendations (Part A)**



Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Management Action Taken by End of Review Period
	Asset Management System Component Criteria/Details of Asset Management System Deficiency		
1/2017	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Environmental Analysis; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>◦ See the section for Environmental Analysis as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 1/2017</b></p> <ul style="list-style-type: none"> <li>• That the Shire corrects the heading and first paragraph of Item 5.1 of the AMP to read 5.1 – Water Services Act  <i>"On 26<sup>th</sup> April 1996, the Shire of Dumbleyung was granted an operating licence for Sewerage Services under the provisions of the Water Services Licensing Act 1995. The Licence is for a period of twenty-five years duration, with provision for a review to be conducted six months prior to the end of the licence term. The Licence was amended on the eighteenth of November 2013 in response to the Water Services Act 2012, which replaced the 1995 Act"</i>; and</li> <li>• Reference to the Water Services Code of Conduct (Customer Service Standards) 2013 should be added.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>
2/2017	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Asset Operations; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>◦ See the section for Asset Operations as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 2/2017</b></p> <ul style="list-style-type: none"> <li>• It is recommended that:                             <ul style="list-style-type: none"> <li>◦ The flow rate of each pump be determined as above;</li> <li>◦ The duty of the pumps be changed weekly, together with recording of the date, duty pump hours, resultant flows and entry on the Shire's computer system;</li> <li>◦ The Shire should submit details of anticipated effluent overflow periods, quantity and water quality data to Department of Health and Department of Environmental Regulation with a view to obtaining approval for the continued disposal of wet weather effluent overflows within the WWTP property; and</li> <li>◦ The Asset Register be upgraded to indicate the condition of all assets.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating		Management Action Taken by End of Review Period
	Asset Management System Component	Reviewer's Recommendation	
	Criteria/Details of Asset Management System Deficiency		
3/2017	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Asset Maintenance; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>◦ See the section for Asset Maintenance as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 3/2017</b></p> <ul style="list-style-type: none"> <li>• It is recommended that Item 6.3 – "Operating Rules" of the AMP should be deleted and replaced with a corrected version of the "Sewerage Management Plan – Plant Procedures" document and attached as an Appendix to the AMP;</li> <li>• It is also recommended that the Shire should undertake an assessment of the condition of all Access Chambers while assessing the condition of collecting sewers. The condition of the pumping station and Treatment Plant should be undertaken annually; and</li> <li>• The condition of assets should be updated in asset performance and condition spread sheets immediately on completion of the relevant inspections.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>
4/2017	<ul style="list-style-type: none"> <li>• Rating: C 3;</li> <li>• Component: Risk Management; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>◦ See the section for Risk Management as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 4/2017</b></p> <ul style="list-style-type: none"> <li>◦ It is recommended that the assets section of the risk assessment specify the risks being assessed and extension of the range of risks considered.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>
5/2017	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Contingency Planning; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>◦ See the section for Contingency Planning as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 5/2017</b></p> <ul style="list-style-type: none"> <li>• That the:                             <ul style="list-style-type: none"> <li>◦ Contingency plan be expanded to include procedures to address equipment failure and contact details for the pump manufacturer's service agent;</li> <li>◦ Availability and location of the Department of Health Wastewater Overflows Procedure be included in the plans; and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating		Management Action Taken by End of Review Period
	Asset Management System Component	Reviewer's Recommendation	
	Criteria/Details of Asset Management System Deficiency		
5/2017 (continued)		<ul style="list-style-type: none"> <li>○ Shire staff most prominent in the contingency plans participate in an annual desk top review of each procedure; and that any perceived improvements in the procedures are inserted in the plans as amendments.</li> </ul>	
6/2017	<ul style="list-style-type: none"> <li>• Rating: C 3;</li> <li>• Component: Financial Planning; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ See the section for Financial Planning as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 6/2017</b></p> <ul style="list-style-type: none"> <li>• It is recommended that:                             <ul style="list-style-type: none"> <li>○ The financial plan be updated annually and predict income and expenditure for the forthcoming five to ten years;</li> <li>○ Broad detail be provided of the amounts contributing to the income and expenditure allocated to each year; and</li> <li>○ Review and correct as applicable sections of the financial spread sheet where valuation information is missing and capital expenditure for given years is missing.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>
7/2017	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Capital Expenditure Planning; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ See the section for Capital Expenditure Planning as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 7/2017</b></p> <ul style="list-style-type: none"> <li>○ It is recommended that the plan be updated annually to provide a rolling forecast of capital works for a period of five years commencing from the financial year in question.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>
8/2017	<ul style="list-style-type: none"> <li>• Rating: B 3;</li> <li>• Component: Review of Asset Management System; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>○ See the section for Review of Asset Management System as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.</li> </ul> </li> </ul>	<p><b>Recommendation 8/2017</b></p> <ul style="list-style-type: none"> <li>• It is recommended that:                             <ul style="list-style-type: none"> <li>○ A review of the AMP be undertaken annually as stated in the existing (2016) AMP; and</li> <li>○ A review status table be included on the front cover of the document indicating the document version number, the name</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Zero.</li> </ul>

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating Asset Management System Component Criteria/Details of Asset Management System Deficiency	Reviewer's Recommendation	Management Action Taken by End of Review Period
8/2017 (continued)		of the reviewer and date of the review, together with a statement of amendments made to the document as a result of the review.	

Table 16: Current Review: Deficiencies and Recommendations (Part B)

## 6 Audit Opinion

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To the best of my knowledge, this report is based on true representation of the audit findings and opinions.



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Cameron Palassis  
Executive Director – Audit and Assurance

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Date: 22 February 2018

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