



## **Shire of Gnowangerup**

### **2020 Operational Audit and Asset Management System Review Response Plan**

**Water Services Licence WL11**

**Prepared by [REDACTED]  
Asset and Waste Management Coordinator**

**15 February 2021**



## 1. Contacts and Responsibilities

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Bob Jarvis	Chief Executive Officer	CEO	
Geoff Carberry	Asset and Waste Management Co Ordinator	AWMC	Asset management Plan and Procedures
Carol Shaddick	Senior Finance Officer	SFO	Rates and Notices
Llew Withers	Environmental Health Officer	EHO	Discharge standards, Environment. DoH MOU
Kirsty Buchanan	Community Development officer	CDO	Website

Staff are allocated tasks in accordance with their position functions.

## 2. Response Actions and Timetable

Reference (no./year) Compliance rating	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	PAIP	Action	Status
1/2020	<p><b>B2</b></p> <p><b>Obligations 102 and 102A</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(6)</i></p> <p><b>Rates Notices</b></p> <p>Each bill must inform the customer of the specified information and where further details can be obtained and include the prescribed information.</p> <p>From review of a sample of Rates Notices issued in 2018/19, 2019/20 and 2020/21, the audit found the Rates Notice did not include a statement that the Rates Notices can be reviewed in accordance with the Shire's review procedure.</p> <p>This information is included in the Customer Service Charter and Bill Review Procedure for the Scheme available on the Shire's website. It is also listed in the Compliance Register for the Scheme.</p>	<p>As recommended in the previous audit, the Rates Notices should be updated to include a statement that the Rates Notices can be reviewed in accordance with the Shire's review procedure (and include the link to the detailed information on the website).</p> <p>The Senior Finance Officer has prepared a draft of the update of Rates Notices for 2021/22 that includes the required information (the updated Rates Notice has not been approved yet).</p> <p>The Shire should ensure that this obligation as listed in the Compliance Register for the Scheme, is maintained.</p>	SFO to have Rates notice approved and printed for use in the 2021/2022 financial year		Due July 2021
2/2020	<p><b>B3</b></p> <p><b>Obligations 144C and 144D</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 44(1) and (2)</i></p> <p><b>Incident Response</b></p> <p>The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.</p> <p>The Assets and Waste Management Coordinator provided a copy of the Incident and Emergency Response Plan from the 2013 Asset Management Plan. This provides allocation of roles in an emergency, provides some listing of external</p>	<p>The Shire should develop and implement an incident response procedure to deal with and minimise the impact of a burst, leak or blockage in the sewerage works. The procedure must deal with the following matters:</p> <p>a) prompt attendance at a site after becoming aware of the existence of a burst, leak or blockage;</p> <p>b) the action or actions that must be taken to rectify a burst, leak or</p>	AWMC to review and update current Incident Response Plan in accordance with audit recommendations a) - d)		Due July 2021

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	<p>resources to assist and a general framework for incident management.</p> <p>However, further development of a more specific procedure and contingency plan is required to manage an overflow event or blockage.</p> <p>The matters to be included are stated in the Code of Conduct Clause 44(2).</p>	<p>blockage, taking into account the potential or actual impact on —</p> <ul style="list-style-type: none"> <li>i. customers; and</li> <li>ii. other persons or entities affected by the burst, leak or blockage; and</li> <li>iii. property; and</li> <li>iv. the environment;</li> </ul> <p>c) the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee onto a customer's property, damage and inconvenience to the customer and other persons or entities are minimised;</p> <p>d) the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee, the spill is promptly cleaned and the affected area is disinfected.</p>			
3/2020	<p><b>B2</b></p> <p><b>Obligation 154A</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(3)</i></p> <p><b>Website Link to Code of Conduct</b></p> <p>The licensee must ensure that its website contains a link to the current version of this code appearing on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.</p>	<p>The Shire should include a link on the website to the current version of the Water Services Code of Conduct on the WA Government legislation website at:</p> <p><a href="#">Western Australian Legislation - Water Services Code of Conduct (Customer Service Standards) 2018</a></p> <p>The Shire should ensure that this obligation as listed in the Compliance</p>	CDO to place required link on Shire website		Due February 2021

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	The auditor noted that the Shire of Gnowangerup Water Services Manual available on the Shire's website includes a list of the compliance obligations for the Code of Conduct but there is no direct link on the Shire's website to the current code on the Western Australian legislation website.	Obligations for the scheme, is maintained.			
4/2020	<p><b>C2</b> <b>Obligation 165 and 167</b> <i>Water Services Act 2012 Section 12</i></p> <p><b>Annual Performance Report to ERA</b> The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.</p> <p>The auditor confirmed by review of the performance data on the ERA's website that the Performance Reports to the ERA for 2017/18, 2018/19 and 2019/20 had been submitted. The Shire was unable to provide a copy of the Performance Reports and the underlying data due to a staffing change.</p>	The recordkeeping system needs to be improved to record the submission of the annual Performance Reports, the source of the underlying data and the acknowledgment of receipt from the ERA. A separate digital folder should be set up for all correspondence with the ERA.	AWMC to ensure all records, correspondence and reports are filed in Synergy in line with the Shires recording keeping procedures.		Ongoing

Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	PAIP	Action	Status
5/2020	<p><b>Asset Planning</b> <i>Asset management plan covers key requirements.</i></p>	The Shire should prepare a replacement AMP specifically for the Ongerup sewerage scheme which includes	AWMC to review and rewrite the AMP in line with		Due December 2021

Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	PAIP	Action	Status
C3	<p><i>Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.</i></p> <p><i>Plans are regularly reviewed and updated.</i></p> <p>The 2013 AMP covers the key requirements but as noted in the previous review, is overly complex for the small scale of the scheme and is outdated. The Assets and Waste Management Coordinator (AWMC) who commenced with the Shire in July 2019 was unable to locate any update of the AMP.</p> <p>The 2013 AMP refers to the outdated <i>Water Services Licencing Act 1995</i>. As noted in the 2017 Review, this should refer to the updated requirements as listed in the <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019</i>.</p> <p>The <i>Shire of Gnowangerup's Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40 (LTFP)</i> has been developed as part of the Shire's strategic long term planning. This LTFP has the overall objective to fund the operations of the effluent system, including the replacement and renewal of associated infrastructure assets.</p> <p>The updated AMP should be linked with this process.</p>	<p>documentation relevant to other recommendations of this Report. This includes:</p> <ul style="list-style-type: none"> <li>Update references to the current legislation (<i>Water Services Act 2012</i>) and the obligations stated in the <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019</i>.</li> <li>Linking the AMP to the Shire of Gnowangerup's <i>Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40</i>.</li> <li>Further details of the lifecycle costing approach, including the costs and their justification.</li> <li>Review and update of the risk assessment of asset failure.</li> </ul>	audit recommendations		
6/2020  C3	<p><b>Environmental Analysis</b></p> <p><i>Compliance with statutory and regulatory requirements.</i></p> <p><i>Achievement of customer service levels.</i></p> <p>There is no Memorandum of Understanding (MOU) with Department of Health (DoH) for the scheme. The discharge from the wastewater ponds to the environment has a potential for health and safety risks if public access to this area occurs. It is also a potential mosquito breeding area that the Shire has</p>	<p>The replacement AMP should include:</p> <ul style="list-style-type: none"> <li>References to the <i>Water Services Act 2012</i>, the current ERA licence, <i>Water Services Regulations 2013</i> and the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> (now 2018) as listed in the <i>Shire of Gnowangerup Water Services Manual – Ongerup</i></li> </ul>	AWMC to review and rewrite the AMP in line with audit recommendations.  EHO to provide requirements of		Due December 2021

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	<p>recognised as a potential hot spot. There is likely no need for formal licensing of the WWTP discharge due to the low scheme capacity but the requirements of the Department of Water and Environmental Regulation (DWER) for this discharge were not known by the staff interviewed.</p> <p>The 2013 AMP refers to the outdated <i>Water Services Licencing Act 1995</i>. As noted in the 2017 Review, this should refer to the updated requirements as listed in the <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019</i>.</p>	<p><i>Sewerage and Effluent Reuse Scheme – January 2019</i>.</p> <ul style="list-style-type: none"> <li>Any requirements of the DoH or the DWER in respect of discharge from the scheme.</li> <li>A statement to the effect that due to health issues, disposal of assets previously in contact with sewage should be left in the ground or be disposed of to land fill.</li> <li>The customer service levels for the sewerage assets should be clearly documented.</li> <li>The latest dates of all reporting obligations should be listed and issued to responsible officers.</li> </ul>	<p>discharge after consultation with DoH and DWER</p> <p>As per above</p> <p>AWMC to establish customer service levels and add to AMP.</p> <p>AWMC to include in AMP</p>		<p>Due September 2021</p> <p>Due September 2021</p> <p>Due September 2021</p> <p>Due September 2021</p>
7/2020  C2	<p><b>Asset Operations</b></p> <p><i>Operational policies and procedures are documented and linked to service levels required.</i></p> <p><i>Risk management is applied to prioritise operations tasks.</i></p> <p><i>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.</i></p> <p><i>Accounting data is documented for assets.</i></p> <p><i>Operational costs are measured and monitored.</i></p> <p><i>Staff resources are adequate and staff receive training commensurate with their responsibilities.</i></p> <p>A basic checklist is in place for the local operator at Ongerup to perform daily checks. The operator marks the tasks complete every day. This should be</p>	<p>a) The daily checklist for the Ongerup system should be supported with a more detailed procedure(s) to be used as a guide to what is being checked, and also provide a training resource for anyone temporarily undertaking the duties.</p> <p>b) The daily checklist should also be expanded to capture water sampling requirements and visual assessment noting the state of each pond, overgrowth and the discharge to the environment.</p> <p>c) There should be some brief documentation to formalise the process of condition assessments and decision making.</p>	<p>AWMC to write required procedures.</p> <p>AWMC consult EHO to establish water sampling requirements and include on check list</p> <p>AWMC to include in procedures.</p>		<p>Due July 2021</p> <p>Due July 2021</p> <p>Due July 2021</p>



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	<p>supported with a more detailed procedure to be used as a guide to what is being checked, and also provide a resource to anyone temporarily undertaking the duties. On review of the treatment performance the checklist should also be expanded to capture water sampling requirements and visual assessment noting the state of each pond and the discharge to the environment.</p> <p>The 2013 AMP section 5.2.3 provides a risk assessment for the sewerage scheme. Inspections and maintenance are listed as controls for many of the identified risks. In a number of cases the controls were assessed as having no impact on the level of risk which does not appear to be correct as these should reduce the event likelihood. This is recommended for review. <i>Refer criteria 8.1 below.</i></p> <p>The Shire provided a plan of the sewers and access chambers and advised that an asset register was in development using the Synergy software. An asset register in a spreadsheet was located from the previous review undertaken by Quantum Assurance in 2015. This Asset Register dated December 2014 includes sewers and access chambers and provides asset ID, location, materials, date of construction and replacement value. Asset condition information is not included. Provision is made in the register for the wastewater treatment ponds but no information has been included. Given the simplicity of the scheme the spreadsheet based asset register would be adequate if updated and the condition assessment added.</p> <p>The Asset Register should also be agreed monthly with the financial asset register in the Synergy system.</p> <p>A local Shire officer based in Ongerup has limited duties associated with daily checks of the system according to a checklist. He has trained a backup</p>	<p>d) The Asset Register dated December 2014 (Excel) should be updated to include the asset condition information and the wastewater treatment ponds. The financial data should be agreed monthly with the financial asset register in the Synergy system.</p> <p>e) An update of the external resources able to be called upon to assist in responding to any incidents should be incorporated into the AMP / Operating Procedures.</p>	<p>AWMC / SFO to review the Asset Register and include additional assets and condition report.</p> <p>To be included by AWMC in updated AMP and Incident Response Plan</p>		<p>Due July 2021</p> <p>Due July 2021</p>

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	<p>who undertook the role during a period of leave. The daily checklist should be supported with a more detailed procedure(s) to be used as a guide to what is being checked, and also provide a training resource for anyone temporarily undertaking the duties.</p>				
<p>8/2020</p> <p>C2</p>	<p><b>Asset Maintenance</b></p> <p><i>Maintenance policies and procedures are documented and linked to service levels required.</i></p> <p><i>Regular inspections are undertaken of asset performance and condition.</i></p> <p><i>Maintenance costs are measured and monitored.</i></p> <p>A basic checklist is in place for the local operator at Ongerup to perform daily checks. The operator marks the tasks complete every day. This should be supported with a more detailed procedure to be used as a guide to what is being checked, and how specific maintenance tasks are prioritised if beyond the capability of the local operator (e.g. managing the substantial growth in vegetation outside of the WWTP boundary caused by the plant discharge and the pond erosion issues). In addition to the daily checks, CCTV inspections are budgeted for, but the AMP needs to provide direction for the survey activity - how the survey will be assessed and actioned. Performance monitoring of the scheme should include monitoring of the discharged water quality from the ponds and any change in wet weather flows.</p> <p>At a high level the operational and maintenance costs are budgeted and annual expenditure against budget is reported in the Shire's annual report. A more meaningful assessment of operating and</p>	<p>a) In addition to the daily checks, CCTV inspections are budgeted for, but the replacement AMP needs to provide direction for the survey activity - how the survey will be assessed and actioned. Performance monitoring of the scheme should include monitoring of the discharged water quality from the ponds and any change in wet weather flows.</p> <p>b) A monthly list of the above should be prepared to allow the tasks to be ticked off and filed.</p> <p>c) A procedure for assembling and review of maintenance plans beyond the capability of the daily operator tasks should be developed.</p> <p>d) The replacement AMP should include a brief procedure outlining who and how failure events are analysed and learnings put in place (including adjustment of Operational and Maintenance Plans).</p>	<p>AWMC to include information as per all the recommended points in the replacement AMP.</p>		<p>Due December 2021</p>

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	<p>maintenance costs would be made against a more detailed breakdown that could be reviewed on a monthly basis by the Assets and Waste Management Coordinator.</p>				
9/2020  C2	<p><b>Asset Management Information System</b></p> <p><i>Adequate system documentation for users and IT operators.</i></p> <p>The Shire's Asset Management system is manually operated and based on the Synergy finance system for financial data and budgeting. There is an Asset Register maintained on Excel that requires updating as noted in criteria 5.3 above. The system has generally adequate system documentation.</p> <p>As a general observation, the inability to locate the 2019 Asset Management Plan indicates that the record-keeping for the sewerage scheme requires improvement. The Shire advised that a records management project is currently in progress to improve the recordkeeping generally.</p>	<p>As planned, the Shire should improve their record-keeping for the sewerage scheme including setting up a separate directory for staff to access on the network. This should include copies of the AMP, operating procedures, correspondence and reports provided to the ERA.</p>	<p>AWMC to ensure all correspondence and reports are correctly filed in accordance with the recommendation and the Shires record keeping policy</p>		Ongoing
10/2020  C2	<p><b>Risk Management</b></p> <p><i>Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.</i></p> <p><i>Risks are documented in a risk register and treatment plans are actioned and monitored.</i></p> <p><i>The probability and consequences of asset failure are regularly assessed.</i></p> <p>The Shire has a Risk Management Policy in the Council Manual that was reviewed in 2019.</p>	<p>The risk assessment in the 2013 AMP should be reviewed and updated. Inspections and maintenance are listed as controls for many of the identified risks. In a number of cases the controls were assessed as having no impact on the level of risk which does not appear to be correct as these should reduce the event likelihood.</p>	<p>AWMC to review and update risk register</p>		Due July 2021

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	<p>The 2013 AMP section 5.2.3 provides a risk assessment for the sewerage scheme. This requires review and update.</p> <p>Inspections and maintenance are listed as controls for many of the identified risks. In a number of cases the controls were assessed as having no impact on the level of risk which does not appear to be correct as these should reduce the event likelihood. This is recommended for review.</p> <p>The probability and consequences of asset failure also require review and update.</p>				
11/2020  C2	<p><b>Contingency Planning</b></p> <p><i>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.</i></p> <p>The Asset and Waste Management Coordinator provided a copy of the Incident and Emergency Response Plan from the 2013 AMP. This provides allocation of roles in an emergency, provides some listing of external resources to assist and a general framework for incident management, however further development of a more specific contingency plan is required to manage an overflow event.</p>	<p>a) The Incident and Emergency Response Plan from the 2013 AMP provides allocation of roles in an emergency, listing of external resources to assist and a general framework for incident management. However, further development of a more specific contingency plan is required to manage an overflow event.</p> <p>b) This should also include an annual desktop scenario training session for key participants and that any perceived improvements in the procedures are inserted in the plans as amendments.</p> <p>c) The availability and location of the Department of Health Wastewater Overflows Procedure should be included in the plan.</p>	<p>AWMC to review and update Incident Response Plan in accordance with audit recommendations.</p> <p>AWMC to arrange annual desktop exercise.</p> <p>EHO to assist in provision of plan details for inclusion.</p>		<p>Due July 2021</p> <p>Ongoing</p> <p>Due July 2021</p>
12/2020	<b>Capital Expenditure Planning</b>				

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C2	<p><i>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.</i></p> <p>There is not an adequate process to review and update the capital expenditure plan in the AMP. However, there is a process to review the capital expenditure plan as part of the Long Term Financial Plan for the Ongerup system and an annual budgeting process of the Shire.</p>	<p>The replacement Asset Management Plan should include:</p> <ul style="list-style-type: none"> <li>• The capital expenditure replacement schedule, estimated costs and justification to align with the Long Term Financial Plan for the Ongerup system.</li> <li>• The approach to future renewal/ refurbishment project evaluations and commissioning tests.</li> <li>• A brief description of the Shire's purchasing policy, together with the procedures for evaluating replacement /maintenance options, their inclusion in budgets and approval of expenditure.</li> </ul>	AWMC to review LTFP and ensure AMP is in line with LTFP taking into consideration audit recommendations, Shire asset replacement planning and purchasing policies.		Due July 2021
13/2020  C3	<p><b>Review of Asset Management System</b></p> <p><i>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.</i></p> <p>The AMP provided was prepared in 2013 and requires replacement with a simplified AMP more suited to the small scale of the Ongerup effluent system. The replacement AMP should have a review process to review the AMP annually and if any major changes occur in the effluent system.</p>	<p>The replacement AMP should contain a requirement for an overall annual desktop review including an upgrade of on-going plans e.g. the financial and capital expenditure plans. The date of each review and the reviewer's name together with details of any changes made should be noted on a table inside the front cover of the document. If substantial changes are made to the AMP, a new copy should be forwarded to the ERA as required by the licence.</p>	AWMC to include audit recommendations into replacement AMP		Due December 2021