



Quantum
Assurance



Shire of Gnowangerup

**2020 Operational Audit and Asset Management System Review
Water Services Licence WL11**

Report

**Economic Regulation Authority
10 February 2021**

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Limitations of this Report

This report was prepared for distribution to the Economic Regulation Authority and the Shire of Gnowangerup for the purpose of fulfilling the Shire of Gnowangerup's operational audit and asset management system review obligations under its Water Services Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Economic Regulation Authority and Shire of Gnowangerup or for any purpose other than that for which it was prepared.

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

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1. Independent Auditor's Report

Scope

The Shire of Gnowangerup (the 'Shire') has a Water Services Licence (WL11) (the 'Licence'), issued by the Economic Regulation Authority (the 'ERA') under the *Water Services Act 2012* (the 'Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the township of Ongerup as specified in the licence.

We have performed a reasonable assurance engagement on the Shire's compliance, in all material respects, with the conditions of its Water Services Licence (WL11) and the *Water Services Act 2012* for the period 1 December 2017 to 30 November 2020.

Our evaluation was made against the licence obligations listed in the Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018) and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences.

The scope of this assurance work relates to assessing the Shire's systems and effectiveness of processes and regulatory controls to ensure compliance with the obligations, standards, outputs and outcomes required by the Licence issued under the *Water Services Act 2012*.

Modified Opinion

In our opinion, based on the procedures performed as outlined in the Audit Plan approved by the Economic Regulation Authority and the evidence we have obtained, except for the effects of the matters described in the Basis for Modified Opinion paragraph below, the Shire of Gnowangerup has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 1 December 2017 to 30 November 2020.

Basis for Modified Opinion

During the period 1 December 2017 to 30 November 2020, the Shire of Gnowangerup did not comply with applicable licence obligations as outlined below:

Reporting Manual number and Licence condition	Issue
<i>The following obligations were assessed as "Non-Compliant – Moderate Impact".</i>	
144C and 144D <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 44(1) and (2)</i> <i>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.</i>	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 resources to assist and a general framework for incident management. However, further development of a more specific procedure and contingency plan is required to manage an overflow event or blockage.
<i>The following obligations were assessed as "Non-Compliant – Minor Impact".</i>	
<i>Note: Obligations 11, 12 156 were rated as "Non-Compliant – Minor Impact" These relate to overall compliance with legislation and the Code of Conduct and applied to April 2020. As the individual obligations have been assessed under the legislation and the Code, these have not been included below to avoid double-counting..</i>	
102 <i>(to April 2018)</i> <i>Water Services Code of Conduct (Customer Service Standards) 2013 - Clause 12(3)</i> <i>Each bill must inform the customer of the specified information and where further details can be obtained.</i>	From review of a sample of Rates Notices issued in 2019/20 and 2020/21, the audit found the Rates Notices have not been updated for references to the bill review and complaints procedure. 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).
102A <i>(from May 2018)</i> <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(6)</i> <i>Each bill must inform the customer of the specified information and where further details can be obtained and include the prescribed information.</i>	However, this information is included in the Customer Service Charter and Bill Review Procedure for the Scheme available on the Shire's website.

Reporting Manual number and Licence condition		Issue
154A	<p>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(3)</p> <p><i>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.</i></p>	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.
165, 166 & 167	<p>Water Services Act 2012 Section 12</p> <p><i>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 function under the Act in the manner and form specified by the ERA.</i></p> <p><i>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.</i></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.

During the period 1 December 2017 to 30 November 2020, the review identified that corrective action is required for the processes and criteria as outlined below.

Asset Management System Key Process and Effectiveness Criteria	Issue
<p>The following processes and criteria were assessed as "Requiring Significant Improvement to Controls - Corrective Action Required".</p>	
<p>Asset Planning</p> <p><i>Asset management plan covers key requirements.</i></p> <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>.</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>

Asset Management System Key Process and Effectiveness Criteria	Issue
<p>Environmental Analysis</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 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>Review of Asset Management System</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><i>The following processes and criteria were assessed as “Requiring Some Improvement to Controls – Opportunity for Improvement”.</i></p>	
<p>Asset Operations</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>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 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 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</p>

Asset Management System Key Process and Effectiveness Criteria	Issue
	also provide a training resource for anyone temporarily undertaking the duties.
<p>Asset Maintenance</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>Asset Management Information System</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. 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>Risk Management</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 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>
<p>Contingency Planning</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>Capital Expenditure Planning</p> <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>

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- Used our professional judgement to plan our procedures and assess the risks that may cause material non-compliance with each of the compliance requirements to be concluded upon;
- Considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures

Our procedures consisted primarily of:

- Utilising ERA's 2019 Audit and Review Guidelines: Water Licences ('the Guidelines') to develop a risk assessment;
- Developing an Audit Plan and an associated work program, approved by the ERA on 3 December 2020;
- Interviewing relevant Shire staff to gain an understanding of process controls;
- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations; and
- Performing procedures and testing based on the procedures listed in the approved Audit Plan.

How We Define Reasonable Assurance and Material Non-Compliance

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material non-compliance with the compliance requirements.

Instances of non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the Shire's compliance with the compliance requirements.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the compliance requirements may occur and not be detected.

A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the compliance requirements will continue in the future.

Use of this Assurance Report

This report has been prepared for the Shire of Gnowangerup and the ERA for the purpose of assessing compliance with the requirements of the License and may not be suitable for another purpose.

We understand that a copy of this report will be provided to the ERA for the purpose of reporting on the reasonable assurance engagement for the Licensee. We agree that a copy of this report may be provided to the ERA in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report.

We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Shire and the ERA, or for any other purpose other than that for which it was prepared.

Management's responsibility

The Shire's management are responsible for:

- The compliance activities undertaken to meet the requirements of the Licence;
- Identifying risks that threaten the compliance requirements identified above being met and identifying, designing and implementing controls to enable the compliance requirements to be met and, monitoring ongoing compliance;
- Ensuring that it has complied in all material respects with the requirements of the Licence;
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements;
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA; and
- Implementing corrective actions for instances of non-compliance (if any).

Our responsibility

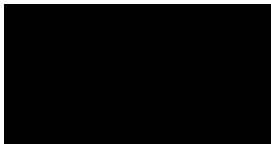
Our responsibility is to perform a reasonable assurance engagement in relation to the Shire's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

We confirm that the ERA's 2019 Audit and Review Guidelines: Water Licenses have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.

Quantum Management Consulting & Assurance



Geoff White CA
Director

10 February 2021

2. Executive Summary

2.1 Background

The Shire of Gnowangerup has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the township of Ongerup as specified in the licence.

The Shire is required to comply with the terms and conditions of their license. There were two versions of the Water Services License WL11 in force over the audit period:

- Version 5 (From 1 July 2016 to 30 April 2020); and
- Version 6 (From 1 May 2020 and onwards; changes from the ERA's 2019 Water Licence Review).

Under the Act, water services' licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

The ERA has engaged Quantum Management Consulting and Assurance ('Quantum') to undertake an operational audit and asset management system effectiveness review of the Shire's water supply services, to comply with the licensing requirements of the ERA.

This audit and review covers the period 1 December 2017 to 30 November 2020. The previous audit and review was from 1 December 2014 to 30 November 2017.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018) and the 2019 Audit and Review Guidelines: Water Licences.

2.2 Operational Audit

This audit has been conducted to assess the licensee's level of compliance with the conditions of its licence.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Gnowangerup has complied with its Water Services Licence obligations during the audit period from 1 December 2017 to 30 November 2020 with 12 non-compliances with a minor effect on customers.

Out of 164 applicable compliance obligations, the audit found:

- 65 obligations were rated compliant with adequate controls;
- 2 obligations were rated non-compliant with moderate impact on customers (and with generally adequate controls – improvement needed).
- 9 obligations were rated non-compliant with minor impact on customers (2 with inadequate controls – significant improvement required, 5 with generally adequate controls – improvement needed and 2 with adequate controls – no improvement needed).
- 88 were not rated for compliance as no relevant activity took place during the audit period.

Of the 20 recommendations in the previous audit report (May 2018), 17 have been completed and 3 require further action and are included in the recommendations in this report.

The audit confirmed that the Shire has complied with its information reporting obligations for the period 1 December 2017 to 30 November 2020 except for the supporting performance reports and data could not be located in the audit.

The control environment is considered to be generally adequate for the scale of the scheme with six improvements recommended. These were to update the Asset Management Plan, provide additional information on rates notices, develop more detailed incident response procedures, provide a link to the water services code on the Shire website and improve the recordkeeping for the annual performance reporting to the ERA.

2.3 Asset Management System Review

This review has been conducted to assess the effectiveness of the Licensee's asset management system.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Shire of Gnowangerup has operated the scheme in a reliable manner and provided a good level of service to the Ongerup community.

The review found that the general control environment for ongoing maintenance of the sewerage system requires improved documentation and processes to meet the effectiveness criteria for the asset management system under the Licence obligations.

Out of 57 effectiveness criteria for the asset management system, the review found:

- 20 criteria were rated as performing effectively with adequately defined controls;
- 31 were rated as opportunity for improvement (with 23 requiring some improvement to controls and 8 requiring significant improvement to controls); and
- 6 were rated as corrective action requiring significant improvement to controls.

Of the 12 recommendations in the previous review report (May 2018), 1 has been completed, 3 are partially completed and 8 are outstanding. The outstanding recommendations largely relate to developing a replacement Asset Management Plan (AMP) to cover the key requirements of the system. The 2013 AMP is overly complex for the small scale of the scheme and is out of date. A simplified replacement Asset Management Plan is the key recommendation.

In terms of asset management processes, the asset planning, environmental analysis, and review of the asset management system are the processes requiring significant improvement.

3. Operational Audit

3.1 Introduction

The Shire of Gnowangerup has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the township of Ongerup as specified in the licence.

The Shire is required to comply with the terms and conditions of their license. There were two versions of the Water Services License WL11 in force over the audit period:

- Version 5 (From 1 July 2016 to 30 April 2020); and
- Version 6 (From 1 May 2020 and onwards; changes from the ERA's 2019 Water Licence Review).

Under the Act, water services' licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

The ERA engaged Quantum Management Consulting and Assurance ('Quantum') to undertake an operational audit and asset management system effectiveness review of the Shire's water supply services, to comply with the licensing requirements of the ERA.

This audit and review covers the period 1 December 2017 to 30 November 2020. The previous audit and review was from 1 December 2014 to 30 November 2017.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018) and the 2019 Audit and Review Guidelines: Water Licences.

3.2 Objectives and Scope

The objective was to provide the ERA with an independent assessment of the licensee's compliance with relevant obligations under the licence.

The audit applied a risk-based audit approach. The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

- **process compliance** - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period;
- **output compliance** – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

When assessing if a licensee has complied with its licence obligations, the auditor must apply a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

"An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria." (ASAE3000)

The audit aimed to identify any areas where improvement is required and recommend corrective action as necessary.

The action taken on the previous audit recommendations was also reviewed.

This audit covers the period from 1 December 2017 to 30 November 2020. The previous audit was from 1 December 2014 to 30 November 2017.

3.3 Audit Compliance and Controls Rating Scale

The adequacy of controls and compliance with the legislative obligations was assessed using the following ratings.

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 – controls not assessed in the audit.	NR	Not rated – no activity in current period

3.4 Status of Previous Audit Recommendations

The previous audit covered the period 1 December 2014 to 30 November 2017 and was reported in May 2018. Of the 20 recommendations in the previous audit report, 17 have been completed and 3 require further action. The status of the previous recommendations concerning non-compliance is shown below.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
A. Resolved during current audit period						
1/2017	1, 2, 5, 7, 15, 16, 17, 18, 20, 25, 28, 30, 31, 32, 35-41, 42-45, 49- 57, 62, 63, 64, 69, 74, 75, 89, 94, 99, 100, 107, 111-112, 113-117, 119, 122, 128, 146, 147, 148, 149, 150, 152, 153, 154, 160, 162,	D1	<p>The previous auditor found the Shire has no systems and controls in place to manage compliance with section 21(1)(a) of the Act. The Shire did provide the previous auditor with a document entitled: "<i>Shire of Gnowangerup – Compliance Calendar</i>". This document is generic in nature and records numerous operational obligations across the calendar year. However, this document records an insignificant number of the Shire's compliance obligations in terms of the:</p> <ul style="list-style-type: none"> • Water Services Act 2012; Water Services Code of Conduct (Customer Service Standards) 2013; • Water Services Regulations 2013; and • Water Services Licence, WL11, Version 5, 1 July 2016. <p>(hereinafter collectively referred to as the "Water Legislation"). The previous auditor noted this document states: "<i>Last Saved Date: 3/02/2014</i>".</p> <p>The previous auditor examined the document entitled: "<i>Shire of Gnowangerup – Council Policy Register – 2015</i>" ("Policy Register") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation.</p> <p>The previous auditor examined the document entitled: "<i>Shire of Gnowangerup - Asset Management Plan – Ongerup Sewerage</i></p>	<p>The Shire should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register 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.</p> <p>Status - Completed</p> <p>The Compliance Calendar has been updated to capture the Shire's reporting obligations under the Water Services Act 2012. The <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a detailed Compliance</p>	January 2019	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
	163, 165, 168, 171, 172, 175-180, and 183		<p><i>and Effluent Reuse Scheme Assets</i>" ("Asset Management Plan"). The previous auditor notes this document refers in section 3.10.2 entitled: "Specific Legislative Requirements" to the "<i>Water Services Licensing Act 1995</i>". The previous auditor further notes this document refers to a copy of the Shire's Water Services Operating Licence which was in place prior to the Audit Period.</p> <p>The previous auditor examined the document entitled: "<i>Shire of Gnowangerup - Customer Service Charter – Version 2 – 2015</i>" ("Customer Service Charter") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation.</p> <p>The previous auditor examined the document entitled: "<i>Shire of Gnowangerup – Procedure Manual - 2018</i>" ("Procedure Manual") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation.</p>	Register for the obligations under the licence.		
3/2017	4	NP NR	The previous auditor did request the Shire to provide the Auditor with a map disclosing its water services operating area during the Audit Period. The Shire did provide The previous auditor with a map of the Ongerup sewer lines. However, this map could not be compared with the Shire's water services operating area as disclosed in plan OWR-OA-090(C). Thus, The previous auditor could not independently confirm the Deputy CEO's statement that, during the Audit Period, the Shire did not provide the water service outside of the operating area of the license.	<p>The Shire should keep an appropriate record of its water services operating area to prove it matches the operating area disclosed in plan OWR-OA-090(C).</p> <p>Status - Completed</p> <p>The auditor sighted an operating plan of the scheme including pipelines and GPS locations of manholes and confirmed this only covers the operating area in the Licence. This obligation is stated in the Compliance Register for the Scheme.</p>	January 2019	No further action required.
4/2017	16	D NR	The previous auditor was informed by the Shire's Asset and Waste Management Coordinator ("AWMC") the Shire did not keep a "works register" in respect of operational activities performed regarding the water services it provided during the	The Shire should implement a register in which it records appropriate details of service interruptions to prove its compliance with section 77(3) of the Act.	January 2019	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			Audit Period. The AWMC stated most operational activities regarding its water services were provided by external suppliers. The AWMC stated the only audit trail available in respect of such operational activities was the accounting records of the Shire (purchase orders, suppliers' invoices etc.). Thus, no specific record was kept during the Audit Period, to support the Deputy CEO's statement that no interruptions of sewerage services took place.	Status - Completed The Shire has implemented a register that will record each month any service interruptions that have occurred.		
5/2017	16	D NR	The previous auditor examined the Shire's Customer Service Charter which does not include any information as to service interruptions.	The Shire should include appropriate details of its obligations (from a service delivery perspective) in terms of the Water Legislation in its Customer Service Charter. Status - Completed The Shire has included the details of their service delivery obligations in the Customer Service Charter, including any service interruptions.	January 2019	No further action required.
6/2017	32 and 49-57	D NR	The previous auditor was informed by the Shire's Asset and Waste Management Coordinator ("AWMC") the Shire did not keep a "works register" in respect of operational activities performed regarding the water services it provided during the Audit Period. The AWMC stated most operational activities regarding its water services were provided by external suppliers. The AWMC stated the only audit trail available in respect of such operational activities was the accounting records of the Shire (purchase orders, suppliers' invoices etc.). Thus, no specific record was kept during the Audit Period, to support the Asset and Waste Management Coordinator's statement that no entry was made to a place for exercising a works power under the Act.	The Shire should implement a register in which it records appropriate details of notices of proposed entry (to undertake routine inspections or maintenance) given to the occupier of the place so as to proof its compliance with section 129(5) of the Act. Status - Completed The register created for recommendation 4/2017 is used for this purpose as well.	January 2019	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
7/2017	92	D4	The previous auditor examined the Shire's Customer Service Charter but could not find any references to the stipulations of clause 7(2) of the Code of Conduct; and the previous auditor searched the Shire's website on 09/02/2018 but could not find any references to the stipulations of clause 7(2) of the Code of Conduct.	The Shire should make the information stipulated in clause 7(2) of the Code of Conduct 2013 publicly available to customers. Status - Completed The Shire has included the information stipulated in the Code of Conduct about services available and connection, in the Shire's Customer Service Charter for the Ongerup Scheme.	January 2019	No further action required.
8/2017	100	D2	The previous auditor 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) of the Code of Conduct. The examined "Rate Notices" did not disclose: <ul style="list-style-type: none"> • Shire's website address; • Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; and • A statement that the website contains information about complaints and review. 	The Shire should amend its "Rate Notices" to comply with the stipulations of clauses 12(1)(m), (o) and (p) of the Code of Conduct 2013. Status - Completed The Shire amended its "Rate Notices" to comply with the stipulations of the Code of Conduct.	January 2019	No further action required.
10/2017	113	D NR	The previous auditor examined the Shire's Procedure Manual and found it contains several "Finance" procedures. However, none of these procedures deal with the review of bills; The previous auditor examined the Shire's Customer Service Charter and found it contains no reference to the review of bills; The previous auditor searched the Shire's website on 09/02/2018 but could not find any references to the stipulations of clause 18 of the Code of Conduct; and The previous auditor examined the document entitled: "Shire of Gnowangerup - Financial Hardship Policy – Water" ("Financial	The Shire should write a bill review procedure which complies with the stipulations of section 18 of the Code of Conduct 2013. Status - Completed The <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a bill review procedure that complies with section 18 of the Code of Conduct and is available on the	January 2019	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			Hardship Policy”) which states in the section entitled: “ <i>Complaints Handling</i> ”: “ <i>If you are not satisfied with the way we handle your complaint, you may refer your complaint to the Energy & Water Ombudsman. The Energy & Water Ombudsman will investigate your complaint and may mediate the dispute between you and us.</i> ” The previous auditor regards this information as being too vague and thus does not regard it as a reference to bill reviews.	Shire’s website. It also includes a detailed Complaints Handling Procedure. The Financial Hardship Policy for Water Services also includes reference to this procedure.		
11/2017	119 and 131	D4	The previous auditor confirmed by interview of the Shire’s Finance Officer that, during the Audit Period, the Shire did allow customers to pay bills using any of the prescribed methods, excluding direct debit; The previous auditor examined a sample of “ <i>Rate Notices</i> ” issued during the Audit Period and found it provided for payment by: <ul style="list-style-type: none"> • By phone or internet (BPay); • By mail; and • In person. Thus, neither the direct debit nor the Centrepay option was available to customers during the Audit Period; and the previous auditor searched the Shire’s website on 09/02/2018 but could not find any references to the different payment methods stipulated in clause 21(1) of the Code of Conduct. The website only provides “ <i>Schedules of Fees and Charges</i> ” for different financial years, but this information is limited to actual tables of fees and charges (no rates brochures).	The Shire should allow customers to pay bills using all the prescribed methods listed in clause 21(1) of the Code of Conduct 2013. The “Rate Notices” should refer to all these prescribed methods. Status - Completed The Shire amended its “ <i>Rate Notices</i> ” to comply with the stipulations of clause 21(1) of the Code of Conduct. The <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a section on Methods of Paying Bills that complies with the Code.	January 2019	No further action required.
12/2017	122	D1	The previous auditor confirmed by interview of the Shire’s Finance Officer that, during the Audit Period, the Shire did accept payment in advance from a customer on a customer’s request; and	The Shire should inform customers that customers can make payments in advance. Status - Completed	January 2019	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			The previous auditor searched the Shire's website on 09/02/2018 but could not find any references to accepting payment in advance from a customer at the customer's request. The website only provides " <i>Schedules of Fees and Charges</i> " for different financial years, but this information is limited to actual tables of fees and charges (no rates brochures).	The Shire confirmed they accept payments in advance. This is stated in the Methods of Paying Bills referred to in 11/2017 above.		
13/2017	131	B2	<p>The previous auditor confirmed by interview of the Shire's Finance Officer that, during the Audit Period, the Shire did not consider reducing the amount owed, where the customer was experiencing financial hardship. However, The previous auditor examined the Shire's Financial Hardship Policy which states under the heading entitled: "<i>Debt Reduction and Collection</i>":</p> <p><i>"If you are in financial hardship, we will consider reducing the amount you owe us."</i></p> <p>Thus, the Shire did not comply with the stipulations of its Financial Hardship Policy during the Audit Period;</p> <p>The Shire's Financial Hardship Policy states under the heading entitled: "<i>Useful Information</i>":</p> <ul style="list-style-type: none"> • "<i>Redirection of rate notice: We will advise you of your right to have your rate notice redirected to another person free of charge if you are absent or ill.</i>"; • "<i>Payment options: You may pay your rate notice by direct debit, Centrepay, internet, telephone or post.</i>"; and • "<i>Financial counselling: We will advise you of any financial counselling services or other organisations that may be available to you.</i>" <p>The previous auditor examined the Shire's Financial Hardship Policy but could not find any references to:</p>	<p>The Shire should:</p> <ul style="list-style-type: none"> • Consider reducing an amount owing by a customer to the Shire, if the customer is assessed to be in financial hardship; and • Inform its customers appropriately of the stipulations of clauses 27(3)(c)(v) of the Code of Conduct 2013. <p>Status - Completed</p> <p>The Shire updated the <i>Financial Hardship Policy (December 2018)</i> to comply with clauses 27(3) (c) (v) of the Code of Conduct.</p>	December 2018	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			<ul style="list-style-type: none"> • Concessions or other financial relief to which the customer may be entitled under the Act; and • Any other financial assistance to which the customer may be entitled including from Government-funded grant schemes. 			
14/2017	146	D3	<p>The previous auditor found the Shire has no systems and controls in place to manage compliance with clause 35(2) of the Code of Conduct. That is, a complaints procedure must be developed using as minimum standards the relevant provisions of:</p> <p>(a) the AS ISO 10002-2006; and</p> <p>(b) the Authority's guidelines (if any).</p>	<p>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 Guidelines: distinguishing customer queries from complaints."</p> <p>Status - Completed</p> <p>The <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a Complaints Handling Procedure that complies with clause 35(2) of the Code of Conduct 2013 and is available on the Shire's website..</p>	December 2018	No further action required.
15/2017	147	D3	<p>The previous auditor examined the Shire's Customer Service Charter and Financial Hardship Policy;</p> <p>The Customer Service Charter states: <i>"In handling your complaint we will:... Ensure that you will be contacted and advised of the course of action to be taken in a timeframe of 3 business days."</i>;</p> <p>The previous auditor found a document entitled: <i>"Shire of Gnowangerup – Complaints Form"</i> on the Shire's website on 13/02/2018. This form states: <i>"We aim to respond to all complaints within 5 – 15 working days (depending on the nature of the complaint)."</i></p>	<p>The Shire should ensure its complaints procedure provides for all the matters stipulated in Clause 35(3) of the Code of Conduct 2013.</p> <p>Status - Completed</p> <p>The Complaints Handling Procedure for the Scheme includes a requirement that complaints be resolved within 15 business days.</p>	December 2018	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			<p>The previous auditor notes this form refers to responding to complaints within 15 working days and not resolving complaints within 15 business days starting on the date the complaint was received;</p> <p>The Financial Hardship Policy does address dispute resolution arrangements – referring complaints to the “Energy & Water Ombudsman”; and</p> <p>However, neither of the above-mentioned two documents addresses the resolving of a complaint before the end of the period of 15 business days starting on the day the complaint was received.</p>			
16/2017	148	D3	<p>The previous auditor examined the Shire's Customer Service Charter and Financial Hardship Policy;</p> <p>The Financial Hardship Policy states: <i>“If you are not satisfied with the way we handle your complaint, you may refer your complaint to the Energy & Water Ombudsman.”</i></p> <p>In other words, this referral is stated as a dispute resolution procedure and not as an alternative complaint reporting avenue. Neither of the above-mentioned two documents refer to applications to the State Administrative Tribunal as provided for in section 222(2)(k) of the Act; and</p> <p>Neither of the above-mentioned two documents set out the costs and benefits to the customer if he/she uses the Shire's complaint resolution procedure or instead of the procedures under the Act.</p>	<p>The Shire should ensure its complaints procedure informs customers of the matters stipulated in Clause 35(4) of the Code of Conduct 2013.</p> <p>Status - Completed</p> <p>The Complaints Handling Procedure for the Scheme includes the matters stipulated in Clause 35(4) of the Code of Conduct.</p>	December 2018	No further action required.
17/2017	150	D NR	<p>The previous auditor examined the Shire's Financial Hardship Policy which on the front page of the document provides contact details in respect of:</p>	<p>The Shire should consider providing details of the services stipulated in Clause 36(1) of the Code of Conduct 2013 on “Rate Notices” and in its Customer Service Charter.</p>	December 2018	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			<ul style="list-style-type: none"> Services for use by customers with hearing or speech impairment; and Interpreter services. <p>The previous auditor also examined the Shire's Customer Service Charter and a sample of "Rate Notices" issued during the Audit Period. However, neither of these documents refers to the above-mentioned types of services, and more specifically to providing it for account, payment and general enquiries; and None of the above-mentioned three documents addresses providing, at the customer's request and free of charge, a large-print version of any of the licensee's publicly available documents.</p>	<p>Status – Completed</p> <p>The Shire has provided the required contact details on the Rates Notices. The Complaints Handling Procedure for the Scheme states that documents may be made available in large print on request. The procedure is publicly available on the Shire's website.</p>		
18/2017	153	D3	<p>The previous auditor searched the Shire's website and found:</p> <ul style="list-style-type: none"> Schedule of Fees and Charges 2017-2018; and Schedule of Fees and Charges 2016-2017. <p>However, these documents do not provide any information in respect of the annual sewerage charges levied by the Shire; and</p> <p>The previous auditor also examined the Shire's Customer Service Charter and Financial Hardship Policy. However, The previous auditor could not find any references in the above-mentioned two documents examined nor on the Shire's website in respect of planned and unplanned interruptions of water supply or other incidents that may significantly affect the provision of water services to customers. The Code of Conduct clause 37(1) requires the following information to be publicly available (inter alia):</p> <p>(a) the fees and charges that will be imposed and collected by the licensee;</p>	<p>The Shire should make the prescribed information stipulated in clauses 37(1) (a), (b), and (l) of the Code of Conduct 2013 publicly available.</p> <p>Status - Completed</p> <p>The Customer Service Charter includes the information stipulated in Clause 37(1) of the Code of Conduct.</p>	December 2018	No further action required.

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
			(b) the licensee's bill payment method options and the fees and charges (if any) associated with each bill payment method offered; (l) planned and unplanned interruptions of water supply or other incidents that may significantly affect the provision of water services to customers.			
19/2017	166	A2	The front page of the Shire's Compliance Report for 2014-2015 was not provided for Audit purposes. The cover letter which supported this report is dated 31 August 2015. However, the Shire did not provide the previous auditor with any documentation to prove the timely submission of this report to the ERA; and The front page of the Shire's Compliance Report for 2015-2016 as provided to the previous auditor was not signed by the Shire's CEO.	The Shire should keep: <ul style="list-style-type: none"> Intact compliance reports as duly completed for future reference (front page as signed off by the CEO and Schedule A); and Records to confirm the timely submission of compliance reports to the ERA. Status - Completed The Shire confirmed that all compliance reports will be submitted complete and on time. This obligation is included in the Annual Compliance Calendar and confirmation of the submission of these reports is recorded in the Shire's record management system.	July 2019	No further action required.
B. Unresolved during current audit period						
2/2017	1	D1	The previous auditor examined the document entitled: "Shire of Gnowangerup - Asset Management Plan – Ongerup Sewerage and Effluent Reuse Scheme Assets" ("Asset Management Plan"). The previous auditor notes this document refers in section 3.10.2 entitled: "Specific Legislative Requirements" to the "Water Services Licensing Act 1995". The previous auditor further notes this document refers to a copy of the Shire's Water Services Operating Licence which was in place prior to the Audit Period.	The Shire should update its Asset Management Plan to refer appropriately to the current Water Legislation. Status - Outstanding An updated Asset Management Plan could not be located.	-	<i>Refer recommendation 5/2020</i>

Ref./Year	Compliance Obligation	Previous Compliance Rating	Non-Compliance/Controls Improvement	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required
9/2017	102	D2	The previous auditor could not find any reference to the provisions of clauses 12(3)(e) and (f) of the Code of Conduct on the Shire's "Rate Notices" (re bill review and complaints procedure).	The Shire should amend its "Rate Notices" to comply with the stipulations of clauses 12(3)(e) and (f) of the Code of Conduct 2013. Status: Outstanding The Rates Notices issued in the audit period have not been updated for references to the bill review and complaints procedure. The procedures are stated in the Bill Review Procedure and the Complaints Handling Procedure for the Scheme.	-	<i>Refer recommendation 1/2020</i>
20/2017	167	A2	The Shire did not provide the previous auditor with any documentation to prove the timely submission of its Performance Report for 2014-2015.	The Shire should keep records to prove the timely submission of performance reports to the ERA. Status - Outstanding This obligation is included in the Annual Compliance Calendar but confirmation of the submission of these reports was not recorded in the Shire's record management system.	-	<i>Refer recommendation 4/2020</i>

3.5 Summary of Audit Ratings of Controls and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance with the 159 applicable legislative obligations is shown below in the summary table and detailed obligations table.

Summary of Audit Ratings of Control and Compliance

Controls rating	Compliance Rating						Total	
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated		
	A - Adequate	65	2			88		155
	B – Generally adequate		5	2				7
	C - Inadequate		2					2
	D – No controls							-
	NP – Not performed							-
Total	65	9	2	-	88	164		

Detailed Audit Ratings of Control and Compliance by Obligation

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
Water Services Act 2012														
1	Provision of services	Sec. 21(1) (a) (to April 2018)	2	✓						✓				
2	Terms of service	Sec. 21(1)(b)	3	✓										✓
3	Provision of services	Sec. 21(1) (c)	4	✓						✓				
4	Operating area	Sec. 22	3	✓										✓
5	Outsourcing of services	Sec. 23	3	✓						✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	4	✓						✓				
7	Changes to asset management system	Sec. 24(1)(b)	3	✓										✓
8	Asset management system review	Sec. 24(1)(c)	4	✓						✓				
9	Operational audit	Sec. 25	4	✓						✓				
11	Code of Conduct	Sec. 27 (to April 2020)	4	✓							✓			
12	Compliance generally	Sec. 29 (to April 2020)	4	✓							✓			

¹ The number refers to the Obligation reference in the Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018 where applicable.

² Refer Controls and Compliance Rating Scales in Section 2.3.

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)						
				A	B	C	D	NP	1	2	3	4	NR		
13	Termination of service	Sec. 36	4	✓											✓
14	Supplier of last resort	Sec. 60	4						N/A						N/A
15	Ombudsman scheme	Sec. 70(2)	3	✓						✓					
16	Interruption of water supplies	Sec. 77(3)	3	✓											✓
17	Notification of building works	Sec. 82(4) & (5)	3	✓											✓
18	Ensuring water service works are done	Sec. 84(2)	3	✓											✓
19	Review of decisions	Sec. 87(2)	4	✓											✓
20	Construction near water service works	Sec. 90(7)	5	✓											✓
24	Minister's direction re wastewater inlet	Sec. 98(3)	3	✓											✓
25	Compliance notice re failure to maintain fittings	Sec. 106(2)	3	✓											✓
28	Compliance notice issued by licensee rebuilding works	Sec. 119(2)	3	✓											✓
29	Review of decisions	Sec. 122(2)	4	✓											✓
30	Apportionment of fees between properties	Sec. 125(2)	3	✓											✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	3	✓											✓
32	Notice to property owner - entry	Sec. 129(5)	3	✓											✓
33	Notice to property owner – removal of fence	Sec. 139(3)	5	✓											✓
34	Notice to roads authority	Sec. 141(1)	3	✓											✓
35-39	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 145(2),	3	✓											✓
40-41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	3	✓											✓
42-45	Proposal for general works	Sec. 151(1) - (3), 153(3),	3	✓											✓
46-48	Interest in land	Sec. 166(5) - (6), 170	3	✓											✓
49-51	Notice of entry to property and authority to enter	Sec. 173 (4) 174 (1) & (3)	3	✓											✓
52-57	Notice of entry to property and authority to enter	Sec. 175(2) & (5), 176(1), (3) & (4) 181	3	✓											✓
58-61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5)	3	✓											✓
62	Compliance Officer	Sec. 210(5)	3	✓											✓
63	Minimum disruption	Sec. 218(2)	5	✓						✓					
64	Physical damage	Sec. 218(3)	3	✓						✓					

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
Water Services Regulations 2013													
65	Meter testing – multi-unit	Reg. 23(2),	3	✓								✓	
66	Meter testing - compliance	Reg. 24(4)	3	✓								✓	
67	Meter access - compliance	Reg. 26(3)	3	✓								✓	
68	Meter testing – tolerance	Reg. 26(5)	3	✓								✓	
69	Lot development	Reg. 29(2)	3	✓								✓	
70 - 72	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	3	✓								✓	
74	Work affecting roads	Reg. 60(2)	3	✓								✓	
75	Breaks to road surface	Reg. 63	3	✓					✓				
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	3	✓								✓	
Water Services Code of Conduct (Customer Service Standards) 2018													
92	Information for customers	Cl. 8(1)-(3)	3	✓					✓				
94	Annual service charges	Cl. 10(2)	3	✓					✓				
95-96	Usage bills at least 4 monthly	Cl.11(2) - (3)	3					N/A				N/A	
97	Estimated Bill of Usage - Regulation	Cl. 11(4)	3					N/A				N/A	
98 – 98A	Estimated Bill of Usage	Cl. 11(5) – (6)	3					N/A				N/A	
99	Address for billing	Cl. 12	3	✓					✓				
100	Billing information	Cl. 13(1)	3	✓					✓				
100A	Billing information – more than one service	Cl. 13(3)	3					N/A				N/A	
101	Billing information - usage	Cl. 13(4)	3					N/A				N/A	
101A	Billing information - estimate	Cl. 13(5)	3					N/A				N/A	
102	Billing information - further information	Cl. 12(3) (to April 2018)	3		✓					✓			
102A	Billing information – prescribed information	Cl. 13(6)	3		✓					✓			
103-104	Basic of billing estimate	Cl. 14(1) & (2)	3					N/A				N/A	
104A	Tariff information	Cl. 15(3)	3					N/A				N/A	
105	Request for meter reading	Cl. 16(1)	3					N/A				N/A	
106	Higher than normal charge	Cl. 17(2)&(3)	3					N/A				N/A	
107-110	Under and over charges	Cl. 18(2) - (5),	3	✓								✓	
111	Over charges - refunds	Cl. 17(1) (to April 2018)	3	✓								✓	
111A	Over charges - refunds	Cl. 19(2)	3	✓								✓	
112	Over charges - refunds	Cl. 17(2)	3	✓								✓	

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
		<i>(to April 2018)</i>		✓										
112A-C	Over charges - refunds	Cl. 19(3)-(5)	3	✓										✓
113	Review of bill upon request	Cl. 20(1)	3	✓										✓
114	Review of bill procedure – written procedure	Cl. 20(2)	3	✓						✓				
115	Review of bill procedure – information	Cl. 20(3) & (6)	3	✓						✓				
116	Review of bill procedure – ombudsman	Cl. 20(4)	3	✓						✓				
117	Review of bill procedure – timeframe	Cl. 20(5)	3	✓										✓
117A	Notification of change in water service charge	Cl. 21	3	✓						✓				
118	At least 14 days for payment	Cl 23	3	✓						✓				
119	Payment methods - options	Cl. 24(1)	3	✓						✓				
120	Payment methods - fees	Cl. 24(2)	3	✓						✓				
121	Payment methods- direct debit authority	Cl. 25(1)	3	✓						✓				
122	Payment in advance	Cl. 26(1)	3	✓										✓
123	Redirection of bills	Cl. 27	3	✓						✓				
124	Payment plan	Cl. 25 <i>(to April 2018)</i>	3	✓						✓				
124A-C	Payment plan	Cl. 28(2) - (3) Cl. 29(1) - (2)	3	✓						✓				
125, 126A, 126B 127	Financial hardship policy	Cl. 29(1) - (5)	4	✓						✓				
126	Financial hardship policy (pre-Act)	Cl. 26(3) <i>(to April 2018)</i>	4	✓						✓				
128	Financial hardship policy - publicly available	Cl. 29(6)	4	✓						✓				
129	Financial hardship policy – review	Cl. 26(6) <i>(to April 2018)</i>	4	✓						✓				
129A	Financial hardship policy – review	Cl. 29(7)	4	✓						✓				
129B	Financial hardship policy – review if directed	Cl. 29(8)	4	✓						✓				
129C	Financial hardship – payment variations	Cl. 29(9)	4	✓						✓				
130	Financial hardship – payment plan interest and fee free	Cl. 29(9) <i>(to April 2018)</i>	4	✓						✓				
130A, 130B, 131A, 131B, 131C	Financial hardship – payment variations	Cl. 30(2) - (3), 30(4)(a)-(c)	4	✓						✓				

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
131	Financial hardship – reducing bill	Cl. 27(3) (to April 2018)	4	✓						✓				
132	Payment plan with non-owner	Cl. 28(1) (to April 2018)	4	✓										✓
133	Written information re payment assistance	Cl. 31 (4) & (5)	3	✓						✓				
133A	No interest in some circumstances	Cl. 32	4	✓						✓				
134 – 134A	Debt recovery	Cl. 33(1)(a) – (e)	4	✓										✓
144A-B	Notice of planned service interruptions	Cl. 43(1)-(2)	4	✓										✓
144C-D	Policy for dealing with leaks and blockages	Cl. 44(1) - (2)	4		✓							✓		
144E	24 hour information line	Cl 45	4	✓						✓				
145-146	Complaints procedure - written	Cl. 46(1) - (2)	3	✓						✓				
147	Complaints procedure - details	Cl. 46(3)	3	✓						✓				
148	Complaints procedure - information	Cl. 35(4) (to April 2018)	3	✓						✓				
148A	Complaints procedure - Ombudsman	Cl. 46(4)	3	✓						✓				
149	Complaints procedure publicly available	Cl. 46(5)	3	✓						✓				
149A	Resolution of complaints	Cl. 47	3	✓										✓
150	No charge for information	Cl. 48(1)	3	✓						✓				
151	No charge for information	Cl. 36(1) (to April 2018)	3	✓						✓				
152	Access to customer information	Cl. 48(2)	3	✓						✓				
153-154	All Code of Conduct information to be publicly available in hardcopy and website	Cl. 49(1) – (2)	3	✓						✓				
154A	Link to WA website	Cl. 49(3)	3		✓						✓			
Licence Conditions – Specific Clauses														
155	Fees to regulator	Cl. 4.2.1	3						N/A					N/A
156	Compliance with legislation	Cl. 3.1.1 (to April 2020)	3		✓						✓			
159	Direction from ERA	Cl. 4.1.2	4	✓										✓
160	Compliance with Accounting Standards	Cl. 4.6.1	3	✓						✓				
161	Compliance with performance standards	Cl. 5.2.1	4						N/A					N/A
162	Operational audit	Cl. 5.3.4	3	✓						✓				
163	External administration	Cl. 4.7.1(a)-(c)	3	✓										✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
165	Provision of information to the ERA	Cl. 4.8.1	4			✓					✓			
166	Compliance reporting to ERA	Cl. 3.8.2 (to April 2018)	4		✓						✓			
167	Performance reporting to ERA	Cl. 4.8.2	4			✓					✓			
168	Publishing information	Cl. 2.3.1 & 3.8.2	3	✓										✓
169	Notices in writing	Cl. 3.7.1	4	✓						✓				
170A	Notify ERA of asset management system (AMS)	Cl. 5.1.2 (a) & (b)	1	✓						✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	1	✓										✓
172	AMS review	Cl. 5.1.7	3	✓						✓				
172A-B	ERA direction re condition of service	Cl. 6.1.1-6.1.2	3	✓										✓
173	Ombudsman scheme	Cl. 5.5.1 (to April 2020)	4	✓						✓				
175-180	Customer contract approval and amendment	Cl. 5.1.1 to 5.1.5, 5.3.1 & 5.3.2, 5.3.4 (to April 2020)	3	✓										✓
181	Obligations of supplier of last resort	Cl. 6.3.1	3					N/A						N/A
182	No services outside operating area	Cl. 4.4.1(b)	3	✓										✓
183	Financial hardship policy guidelines	Cl. 5.4.3 (to April 2020)	3	✓						✓				
184A -B, 185, 186, 187, 188	MOU with Department of Health	Cl. 7.1	3					N/A						N/A
190	Service and performance standards (if applicable)	Schedule 2	4					N/A						N/A

3.6 Detailed Audit Observations

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			Water Services Act 2012				
1	Section 21(1)(a) (To April 2018)	Clause 2.1.1	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 in the Act..	2	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire provided sewerage services to persons entitled to the service under the Act. Also, that the Shire had ceased the provision of non-potable water supply services to the oval (Shire property) prior to 2017. The auditor also confirmed from review of rates notices that sewerage services were provided. This obligation is stated in the Customer Service Charter and the Compliance Register for the Scheme.	A	1
2	Section 21(1)(b)	Clause 4.3.1(b)	The licensee must if requested, offer to provide the water service authorised by the licence to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable.	3	The auditor confirmed with the Assets & Waste Management Coordinator that no persons within the operating area who were not entitled to the service under the Act requested such a service. This would be a rare event and formal procedures and controls are not expected to be put in place. The auditor sighted an operating plan of the scheme including pipelines and GPS locations of manholes and confirmed this covers the operating area in the Licence.	A	NR
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works	4	The provision, operation and maintenance of water service works during the Audit Period are covered in	A	1

³ Number refers to the Obligation reference in the Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018 where applicable.

⁴ Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

⁵ Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			specified by the ERA in the licence for the purposes of section 11(3).		comprehensive detail in the Review section of this report. The auditor rated the asset management system across all 12 key asset management system processes. This obligation is stated in the Compliance Register for the Scheme.		
4	Section 22	Clause 4.4.1(a)	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	3	The auditor confirmed with the Assets & Waste Management Coordinator that no persons within the operating area who were not entitled to the service under the Act requested such a service. This would be a rare event and formal procedures and controls are not expected to be put in place. The auditor sighted an operating plan of the scheme including pipelines and GPS locations of manholes and confirmed this only covers the operating area in the Licence. This obligation is stated in the Compliance Register for the Scheme.	A	NR
5	Section 23	Clause 4.5.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire owned all water service infrastructure used for the provision of the water services. This obligation is stated in the Compliance Register for the Scheme.	A	1
6	Sections 24(1)(a) & 24(2)	Clause 5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	Refer obligation number 3 above.	A	1
7	Section 24(1)(b)	Clauses 5.1.2 and 5.1.3	The licensee must give details of the asset management system and any changes to it to the ERA (the licence prescribes timeframes for providing this information to the ERA – see obligations 170A and 171).	3	The auditor confirmed with the Assets & Waste Management Coordinator that, during the audit period, there were no changes to its asset management system. This obligation is stated in the Compliance Register for the Scheme.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
8	Section 24(1)(c)	Clause 5.1.4	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.	4	The previous audit and review report was provided to the ERA in May 2018. The next review is the subject of this report. This obligation is stated in the Shire's Annual Compliance Calendar and the Compliance Register for the Scheme.	A	1
9	Section 25	Clause 5.3.1	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.	4	The previous audit and review report was provided to the ERA in May 2018. The next audit is the subject of this report. This obligation is stated in the Shire's Annual Compliance Calendar and the Compliance Register for the Scheme.	A	1
11	Section 27 (to April 2020)	Clause 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	This audit has confirmed the Shire has complied with the Code of Conduct during the audit period with the exception of several minor non-compliances noted in this report. This obligation is stated in the Compliance Register for the Scheme.	A	2
12	Section 29 (to April 2020)	Clause 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	This audit has confirmed the Shire has complied with the Act during the audit period with the exception of several minor non-compliances noted in this report. This obligation is stated in the Compliance Register for the Scheme.	A	2
13	Section 36	Clause 4.1.1	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.	4	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire has not ceased the provision of the water service. This obligation is stated in the Compliance Register for the Scheme.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
14	Section 60	Clause 6.3.1	If the licensee is the supplier of last resort for a designated area in relation to the provision of a particular water service, 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	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire was not a supplier of last resort.	N/A	N/A
15	Section 70(2)	Clause 6.2.1	The licensee must not supply water services to customers unless the licensee is: <ul style="list-style-type: none"> • a member of the water services ombudsman scheme; and • is bound by the scheme; and • will comply with any decision or direction of the water services ombudsman under the scheme. 	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire was a member of the water services ombudsman scheme and was bound by the scheme and would comply with any directions. The membership was also confirmed by the ombudsman website. This obligation is stated in the Compliance Register for the Scheme.	A	1
16	Section 77(3)	Clause 4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no interruptions to the water services. This obligation is stated in the Customer Service Charter for the Scheme and the Compliance Register for the Scheme.	A	NR
17	Sections 82(4) & (5)	Clause 4.1.1	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	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no instances in which the Shire gave written directions about proposed building work that the licensee considered necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. This obligation is stated in the Compliance Register for the Scheme.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.				
18	Section 84(2)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no notices given that the licensee considered necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. This obligation is stated in the Compliance Register for the Scheme.	A	NR
19	Section 87(2)	Clause 4.1.1	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.	4	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no applications to the State Administrative Tribunal. This obligation is stated in the Compliance Register for the Scheme.	A	NR
20	Section 90(7)	Clause 4.1.1	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.	5	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no compliance notices issued. This obligation is stated in the Compliance Register for the Scheme.	A	NR
24	Section 98(3)	Clause 4.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no requests by the Minister to connect a wastewater inlet on land to the sewerage works.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					This obligation is stated in the Compliance Register for the Scheme.		
25	Section 106(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no compliance notices issued. This obligation is stated in the Compliance Register for the Scheme.	A	NR
28	Section 119(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no compliance notices issued. This obligation is stated in the Compliance Register for the Scheme.	A	NR
29	Section 122(2)	Clause 4.1.1	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.	4	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no applications to the State Administrative Tribunal. This obligation is stated in the Compliance Register for the Scheme.	A	NR
30	Section 125(2)	Clause 4.1.1	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> .	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no apportionment of fees. This obligation is stated in the Compliance Register for the Scheme.	A	NR
31	Section 128(4)	Clause 4.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no memorials or withdrawals lodged with the Registrar.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			prescribed fee (if any) if the charge or contribution has been paid.		This obligation is stated in the Compliance Register for the Scheme.		
32	Section 129(5)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets and Waste Management Coordinator that, during the audit period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; There is an Interruptions Register maintained for the Scheme which had no record of any interruptions to the water service during the audit period. This obligation is stated in the Water Services Manual for the Scheme and the Compliance Register for the Scheme.	A	NR
33	Section 139(3)	Clause 4.1.1	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	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no instances of a works power requiring the removal or erection of a fence or gate by the Shire.. This obligation is stated in the Compliance Register for the Scheme.	A	NR
34	Section 141(1)	Clause 4.1.1	A person authorised by the licensee may enter a road and exercise a works power of the licensee without consent, notice or warrant unless the exercise of the power involves opening or breaking up the surface of the road, or would cause a major obstruction of the road or disruption of the traffic, in which case the licensee must give at least 48 hours' notice to the public authority that has control or management of the road.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, all road works related to Shire roads. This obligation is stated in the Compliance Register for the Scheme.	A	NR
35	Sections 142	Clause 4.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			proposed major works, and has given any notice required by section 148.		period, there were no major works undertaken for the Scheme. This obligation is stated in the Compliance Register for the Scheme.		
36	Sections 143 (2)	Clause 4.1.1	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.	3	Refer obligation 35 above.	A	NR
37	Sections 143 (3)	Clause 4.1.1	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.	3	Refer obligation 35 above.	A	NR
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	3	Refer obligation 35 above.	A	NR
39	Section 145(2)	Clause 4.1.1	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.	3	Refer obligation 35 above.	A	NR
40	Section 147(3)	Clause 4.1.1	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).	3	Refer obligation 35 above.	A	NR
41	Section 147(4)	Clause 4.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under	3	Refer obligation 35 above.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			section 143(3), the licensee must resubmit the proposal.				
42	Section 151(1)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator and by review of the Shire's Annual Reports, that during the audit period, there were no general works undertaken to the Scheme. This obligation is stated in the Compliance Register for the Scheme.	A	NR
43	Section 151(2)	Clause 4.1.1	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.	3	Refer obligation 42 above.	A	NR
44	Section 152(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	3	Refer obligation 42 above.	A	NR
45	Section 153(3)	Clause 4.1.1	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.	3	Refer obligation 42 above.	A	NR
46	Section 166(5)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no advices from the Minister to acquire an interest in land. This obligation is stated in the Compliance Register for the Scheme.	A	NR
47	Section 166(6)	Clause 4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	3	Refer obligation 46 above.	A	NR
48	Section 170	Clause 4.1.1	The licensee must not sell an interest in land if the purchaser would hold a	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.		period, there were no sales of interest in lands for the Scheme. This obligation is stated in the Compliance Register for the Scheme.		
49	Section 173(4)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets and Waste Management Coordinator that, during the audit period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier or owner of a place; This obligation is stated in the Compliance Register for the Scheme.	A	NR
50	Section 174(1)	Clause 4.1.1	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.	3	Refer obligation 49 above.	A	NR
51	Section 174(3)	Clause 4.1.1	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.	3	Refer obligation 49 above.	A	NR
52	Section 175(2)	Clause 4.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	3	Refer obligation 49 above.	A	NR
53	Section 175(5)	Clause 4.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a	3	Refer obligation 49 above.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			notice, which includes the prescribed information, or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.				
54	Section 176(1)	Clause 4.1.1	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.	3	Refer obligation 49 above.	A	NR
55	Section 176(3)	Clause 4.1.1	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.	3	Refer obligation 49 above.	A	NR
56	Section 176(4)	Clause 4.1.1	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.	3	Refer obligation 49 above.	A	NR
57	Section 181	Clause 4.1.1	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.	3	Refer obligation 49 above.	A	NR
58	Section 186	Clause 4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no applications for a warrant. This obligation is stated in the Compliance Register for the Scheme.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
59	Sections 187(1) – (3)	Clause 4.1.1	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.	3	Refer obligation 58 above.	A	NR
60	Section 190(4)	Clause 4.1.1	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.	3	Refer obligation 58 above.	A	NR
61	Section 190(5)	Clause 4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	3	Refer obligation 58 above.	A	NR
62	Section 210(5)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no persons designated as an inspector or compliance officer. This obligation is stated in the Compliance Register for the Scheme.	A	NR
63	Section 218(2)	Clause 4.1.1	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	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no obstructions of the free use of any place and it caused as little damage, harm or inconvenience as possible. This obligation is stated in the Compliance Register for the Scheme.	A	1
64	Section 218(3)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there was no physical damage in the exercise of any works power or entry. This obligation is stated in the Compliance Register for the Scheme.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			Water Services Regulations 2013				
65	Regulation 23(2)	Clause 4.1.1	If the licensee provides a water supply service in respect of a multi- unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit.	3	The auditor confirmed with the Assets & Waste Management Coordinator that, during the audit period, the Shire only provided sewerage services. Thus, the Shire did not use meters in respect of the water services it provided to customers during the audit period. This obligation is stated in the Compliance Register for the Scheme.	A	NR
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	3	Refer obligation 65 above.	A	NR
67	Regulations 26(3)	Clause 4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure approved by the CEO for the purpose of this regulation.	3	Refer obligation 65 above.	A	NR
68	Regulation 26(5)	Clause 4.1.1	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).	3	Refer obligation 65 above.	A	NR
69	Regulation 29(1)	Clause 4.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no infrastructure contributions required from a developer. This obligation is stated in the Compliance Register for the Scheme.	A	NR

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70	Regulation 42(2)	Clause 4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date by which the device must be installed and tested (which must be at least 7 days after the day on which the order is given to the owner or occupier).	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were orders issued for the installation of backflow devices for the Scheme. This obligation is stated in the Compliance Register for the Scheme.	A	NR
71	Regulation 43(3)	Clause 4.1.1	The compliance notice given by the licensee to the owner or occupier of land must specify that the backflow prevention device be tested or maintained in accordance with the standard and the date by which the testing or maintenance is required to be done (which must be at least 7 days after the day the notice is given to the owner or occupier).	3	Refer obligation 70 above.	A	NR
72	Regulation 43(6)	Clause 4.1.1	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 day the notice is given to the owner or occupier).	3	Refer obligation 70 above.	A	NR
74	Regulation 60(2)	Clause 4.1.1	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.	3	The auditor confirmed with the Assets and Waste Management Coordinator that, during the audit period, no works power was exercised in a road which necessitated altering the position of infrastructure. The Shire's Policy Register contains a policy document entitled: "5.9 Traffic Management (procedure 5.21)". This document is comprehensive	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					and contains lists of both related documentation (for example, professional papers) and local laws and regulations. This obligation is stated in the Compliance Register for the Scheme.		
75	Regulation 63	Clause 4.1.1	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.	3	The auditor confirmed with the Assets and Waste Management Coordinator that, during the audit period, the Shire did not open or break up a road without reinstating the road and preventing any hazards. There was some road re-sealing in part of the operating area during the audit period. The Shire's Policy Register contains a policy document entitled: "5.9 Traffic Management (procedure 5.21)". This document is comprehensive and contains lists of both related documentation (for example, professional papers) and local laws and regulations. This obligation is stated in the Compliance Register for the Scheme.	A	1
89	Regulation 85	Clause 4.1.1	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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no compliance notices issued. This obligation is stated in the Compliance Register for the Scheme.	A	NR
			Water Services Code of Conduct (Customer Service Standards) 2018				
92	Clause 8(1)-(3)	Clause 4.1.1	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available. (Note: the information required by clause 8(2)(a) applies to the Water Corporation, Bunbury Water	3	The auditor confirmed with the Assets and Waste Management Coordinator that, during the audit period, customers employed independent plumbers to connect to the Shire's sewerage infrastructure. The Shire has included the information stipulated in the Code of Conduct about services available and	A	1

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			Corporation and Busselton Water Corporation only and the information required by clause 8(2)(g) applies only to licensees that supply potable water).		connection, in the Customer Service Charter for the Scheme.		
94	Clause 10(2)	Clause 4.1.1	If the licensee charges a fixed charge, the licensee must issue a bill for a fixed charge to each customer at least once in every 12-month period.	3	The auditor confirmed with the Senior Finance Officer and by review of a sample of Rates Notices issued in the audit period that a bill for the fixed charge for the Ongerup Sewerage Scheme is issued every 12 months. This obligation is included in the Shire's Annual Compliance Calendar and the Compliance Register for the Scheme.	A	1
95	Clause 11(2)	Clause 4.1.1	If the licensee charges a quantity charge, the licensee must issue a bill for a quantity charge to each customer at least once in every 4-month period.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no quantity charges as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to the Shire's operations during the audit period.	N/A	N/A
96	Clause 11(3)	Clause 4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no bills for usage issued as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to the Shire's operations during the audit period.	N/A	N/A
97	Clause 11(4)	Clause 4.1.1	If an accurate meter reading is not possible, a bill for usage must be based on an estimate, in accordance with the prescribed regulations (if any), of the quantity of water supplied or wastewater discharged. (Note: The <i>Water Services Regulations 2013</i> did not address the estimation of bills at the time this Reporting Manual was published).	3	Refer obligation 96 above.	N/A	N/A

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
98	Clause 11(5)	Clause 4.1.1	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.	3	Refer obligation 96 above.	N/A	N/A
98A	Clause 11 (6)	Clause 4.1.1	Despite subclauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12-month period.	3	Refer obligation 96 above.	N/A	N/A
99	Clause 12	Clause 4.1.1	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.	3	The auditor confirmed with the Senior Finance Officer and by review of a sample of Rates Notices issued in the audit period that bills are sent to the property address unless another address is nominated. This obligation is included in the Customer Service Charter for the Scheme and the Compliance Register for the Scheme.	A	1
100	Clause 13(1)	Clause 4.1.1	Each bill must contain the prescribed information.	3	The auditor examined a sample of Rate Notices issued in 2018/19, 2019/20 and 2020/21 and found these notices contained the prescribed information including: <ul style="list-style-type: none"> • The Shire's website address; • Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; and • A statement that the website contains information about complaints and review. This obligation is included in the Customer Service Charter for the Scheme and the Compliance Register for the Scheme.	A	1

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100A	Clause 13(3)	Clause 4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no bills issued for 2 or more water services as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to the Shire's operations during the audit period.	N/A	N/A
101	Clause 13(4)	Clause 4.1.1	Each bill for usage for a metered water service must contain the specified information.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no bills for usage issued as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to the Shire's operations during the audit period.	N/A	N/A
101A	Clause 13(5)	Clause 4.1.1	If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request.	3	Refer obligation 101 above.	N/A	N/A
102	2013 Code Clause 12(3) (To April 2018)	Clause 3.1.1	Each bill must inform the customer of the specified information and where further details can be obtained.	3	<p>From review of a sample of Rates Notices issued in 2018/19, 2019/20 and 2020/21, the audit found the Rates Notices did not include a statement that the Rates Notices can be reviewed in accordance with the licensee's review procedure.</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>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><u>Recommendation 1/2020</u></p> <p><i>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</i></p>	B	2

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					<p>include the link to the detailed information on the website).</p> <p>The Shire should ensure that this obligation as listed in the Compliance Register for the scheme is maintained.</p>		
102A	Clause 13(6)	Clause 4.1.1	Each bill must contain the prescribed information.	3	<p>From review of a sample of Rates Notices issued in 2019/20 and 2020/21, the audit found the Rates Notices did not include a statement that the Rates Notices can be reviewed in accordance with the licensee'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>Refer recommendation 1/2020</p>	B	2
103	Clause 14(1)	Clause 4.1.1	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.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no bills based on estimates as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to the Shire's operations during the audit period.	N/A	N/A
104	Clause 14(2)	Clause 4.1.1	If a bill is based on an estimate, 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.	3	Refer obligation 103 above.	N/A	N/A
104A	Clause 15(3)	Clause 4.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no bills for usage issued as this is not applicable to sewerage services. Thus, this compliance obligation	N/A	N/A

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					was not applicable to the Shire's operations during the audit period.		
105	Clause 16(1)	Clause 4.1.1	The licensee must provide to the customer on request a meter reading and a bill (or revised bill if applicable) for outstanding charges outside of the usual bill cycle, or in case the customer disputes an estimate.	3	Refer obligation 104 above.	N/A	N/A
106	Clause 17(2) & (3)	Clause 4.1.1	The licensee must have a written policy, standard or set of guidelines (available on the licensee's website and a hardcopy provided to a customer upon request at no charge) 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 from the customer's system.	3	Refer obligation 104 above.	N/A	N/A
107	Clause 18(2)	Clause 4.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no under-charged amounts for sewerage services. The obligation is included in the Customer Service Charter for the Scheme re errors in charges that may result in an under-charge or over-charge.	A	NR
108	Clause 18(3)	Clause 4.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	3	Refer obligation 107 above.	A	NR
109	Clause 18(4)	Clause 4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	Refer obligation 107 above.	A	NR
110	Clause 18(5)	Clause 4.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the	3	Refer obligation 107 above.	A	NR

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			duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.				
111	Water Services Code of Conduct (Customer Service Standards) 2013 Clause 17(1) (to April 2018)	Clause 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	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no over-charged amounts for sewerage services. The obligation is included in the Customer Service Charter for the Scheme re errors in charges that may result in an under-charge or over-charge.	A	NR
111A	Clause 19(2)	Clause 4.1.1	The licensee must, within 15 business days of becoming aware of an overcharge, credit the overcharged amount to the customer's account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer's account.	3	Refer obligation 111 above.	A	NR
112	Water Services Code of Conduct (Customer Service Standards) 2013 Clause 17(2)	Clause 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	Refer obligation 111 above.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
	(to April 2018)						
112A	Clause 19(3)	Clause 4.1.1	If the licensee sends the customer an overcharging notice and receives instructions from the customer about the refunding or crediting of the overcharged amount, the licensee must refund the overcharged amount, or credit the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions.	3	Refer obligation 111 above.	A	NR
112B	Clause 19(4)	Clause 4.1.1	If instructions from the customer about the refunding or crediting of the overcharged amount have not been received by the licensee at the end of the period of 10 business days starting on the day an overcharging notice is sent, the licensee must credit the overcharged amount to the customer's account before the end of the period of the next 15 business days.	3	Refer obligation 111 above.	A	NR
112C	Clause 19(5)	Clause 4.1.1	The licensee must notify the customer immediately after crediting the overcharged amount to the customer's account under subclause (2)(a), (3) or (4).	3	Refer obligation 111 above.	A	NR
113	Clause 20(1)	Clause 4.1.1	The licensee must review a bill on the customer's request.	3	The auditor confirmed with the Senior Finance Officer that, during the audit period, there were no requests for review of the sewerage charges on a Rates Notice. <i>The Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019) includes a bill review procedure that complies with the Code of Conduct and is available</i>	A	NR

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					on the Shire's website. It also includes a detailed Complaints Handling Procedure.		
114	Clause 20(2)	Clause 4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	3	The <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a bill review procedure that complies with the Code of Conduct and is available on the Shire's website and in hardcopy upon request and at no charge. It also includes a detailed Complaints Handling Procedure.	A	1
115	Clauses 20(3) & (6)	Clause 4.1.1	The review procedure in clause 20(2) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	3	Refer obligation 114 above.	A	1
116	Clause 20(4)	Clause 4.1.1	The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	3	Refer obligation 114 above.	A	1
117	Clause 20(5)	Clause 4.1.1	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	Refer obligation 113 above.	A	NR
117A	Clause 21	Clause 4.1.1	The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2).	3	The auditor confirmed with the Senior Finance Officer and by review of a sample of Rates Notices issued in the audit period that change in the rate for sewerage services is advised in the Rates Notice.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					This obligation is included in the Compliance Register for the Scheme.		
118	Clause 23	Clause 4.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	3	The auditor confirmed with the Senior Finance Officer and by review of a sample of Rates Notices issued in the audit period that the payment due date is 35 days after the date of the bill being issued. This obligation is included in the Compliance Register for the Scheme.	A	1
119	Clause 24(1)	Clause 4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	3	The auditor confirmed with the Senior Finance Officer and by review of a sample of Rates Notices issued in the audit period that the prescribed payment methods are offered. <i>The Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a section on Methods of Paying Bills that complies with the Code.	A	1
120	Water Clause 24(2)	Clause 4.1.1	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.	3	The auditor confirmed with the Senior Finance Officer and by review of a sample of Rates Notices issued in the audit period that any additional cost of payment options is advised in the Rates Notice. There are no additional charges for any payment options except for payment by instalment which is advised on the Rates Notice. <i>The Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a section on Methods of Paying Bills that states there are no additional costs for payment options.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
121	Clause 25(1)	Clause 4.1.1	Before receiving a bill payment by direct debit the licensee must obtain the express consent of the customer or of an adult person nominated by the customer to give consent.	3	The auditor confirmed with the Senior Finance Officer that any payments by direct debit require the signed direct debit authority to be completed. <i>The Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019) includes a section on Methods of Paying Bills that complies with the Code.</i>	A	1
122	Clause 26(1)	Clause 4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	3	The auditor confirmed with the Senior Finance Officer that there were no payments in advance in the audit period. <i>The Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019) includes a statement that payments in advance will be accepted but no credit interest will be applied.</i>	A	NR
123	Clause 27	Clause 4.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	3	The auditor confirmed with the Senior Finance Officer that a customer's bill will be redirected upon request and at no charge. <i>The Shire's Financial Hardship Policy states under the heading: "Useful Information": "Redirection of rate notice: We will advise you of your right to have your rate notice redirected to another person free of charge if you are absent or ill." The Hardship Policy is also referred to in the Customer Service Charter for the Scheme.</i>	A	1
124	Water Services Code of Conduct (Customer Service Standards)	Clause 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.	3	The auditor confirmed with the Senior Finance Officer that customers are allowed more time to pay bills or to pay arrears, where it assessed the customer as experiencing financial hardship. Review of a sample of Rates Notices issued in the audit period confirmed that customers are requested to contact the Shire if unable to pay.	A	1

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	2013 Clause 25 (to April 2018)				This obligation is documented in the Financial Hardship Policy for Water Services.		
124A	Clause 28(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing payment difficulties that they have a right to pay the bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	3	Refer obligation 124 above.	A	1
124B	Clause 28(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing payment difficulties, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	3	The auditor confirmed with the Senior Finance Officer that where it assessed the customer as experiencing financial hardship, the customer's capacity to pay is taken into account. Previous water usage is not applicable for sewerage charges. This obligation is documented in the Financial Hardship Policy for Water Services.	A	1
124C	Clauses 29(1) & (2)	Clause 4.1.1	The licensee must consider and decide whether or not the payment plan or other arrangement for a customer who has been assessed as experiencing payment difficulties should be interest-free, or fee-free, or both.	3	The auditor confirmed with the Senior Finance Officer that where it assessed the customer as experiencing financial hardship, all payment plans are interest-free and fee-free. This obligation is documented in the Financial Hardship Policy for Water Services.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
125	Clauses 29(1) & (2)	Clause 4.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	The audit confirmed the Shire's Financial Hardship Policy for Water Services is available on the Shire's website. The policy was revised in October 2018 and approved by the ERA and is on the ERA's website. This obligation is included in the Compliance Register for the Scheme.	A	1
126	Water Services Code of Conduct (Customer Service Standards) 2013 Clause 26(3) (to April 2018)	Clause 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 the 6 month period starting on the day on which section 27 of the Act comes into effect.	4	The initial policy was approved by the ERA on 16 May 2014 and complies with this obligation which required the policy to be finalised by 17 April 2014 being six months after the Act took effect on 18 November 2013. This obligation is included in the Compliance Register for the Scheme.	A	1
126A	Clause 29(3)	Clause 4.1.1	Unless the ERA approves otherwise, the licensee's financial hardship policy must comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	The audit confirmed the Shire's Financial Hardship Policy for Water Services complies with the ERA guidelines. The policy was revised in October 2018 and approved by the ERA and is on the ERA's website. This obligation is included in the Compliance Register for the Scheme.	A	1
126B	Clause 29(4)	Clause 4.1.1	Unless the ERA approves otherwise, amendments to the licensee's financial hardship policy must be approved by the ERA and comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	Refer obligation 126A above.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
127	Clause 29(5)	Clause 4.1.1	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license.	4	The initial policy was approved by the ERA on 16 May 2014 and complies with this obligation which required the policy to be finalised by 17 April 2014, being six months after the Act took effect on 18 November 2013.	A	1
128	Clause 29(6)	Clause 4.1.1	The licensee's financial hardship policy must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The audit confirmed the Shire's Financial Hardship Policy for Water Services is available on the Shire's website and upon request. This obligation is included in the Compliance Register for the Scheme.	A	1
129	Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 26(6) (to April 2018)	Clause 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.	4	The audit confirmed the Shire's Financial Hardship Policy for Water Services was reviewed in 2018 and included consultation with relevant consumer organisations. The Policy states it will be reviewed every 5 years so the next review is due in 2023. This obligation is included in the Compliance Register for the Scheme.	A	1
129A	Clause 29(7)	Clause 4.1.1	The licensee must review its financial hardship policy at least once in every 5-year period.	4	Refer obligation 129 above.	A	1
129B	Clause 29(8)	Clause 4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	The Senior Finance Officer confirmed there has been no direction from the ERA to review its Financial Hardship Policy since the review in 2018. This obligation is included in the Compliance Register for the Scheme.	A	1
129C	Clause 29(9)	Clause 4.1.1	The licensee must consult with relevant consumer organisations when	4	The audit confirmed the Shire's Financial Hardship Policy for Water Services was reviewed in 2018 and	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			formulating or reviewing its financial hardship policy.		included consultation with relevant consumer organisations. This obligation is included in the Compliance Register for the Scheme.		
130	Water Services Code of Conduct (Customer Service Standards) 2013 Clause 27(2) (to April 2018)	Clause 3.1.1	The 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	The auditor confirmed with the Senior Finance Officer that customers are allowed more time to pay bills or to pay arrears, where it assessed the customer as experiencing financial hardship. There is no interest or fees charged. Review of a sample of Rates Notices issued in the audit period confirmed that customers are requested to contact the Shire if unable to pay. This obligation is documented in the Financial Hardship Policy for Water Services.	A	1
130A	Clause 30(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	Refer obligation 130 above.	A	1
130B	Clause 30(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing financial hardship, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater	4	The auditor confirmed with the Senior Finance Officer that where it assessed the customer as experiencing financial hardship, the customer's capacity to pay is taken into account. Previous water usage is not applicable for sewerage charges. This obligation is documented in the Financial Hardship Policy for Water Services.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			has been discharged in previous billing periods.				
131	Water Services Code of Conduct (Customer Service Standards) 2013 Clause 27(3) (to April 2018)	Clause 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	The auditor confirmed with the Senior Finance Officer that where it assessed the customer as experiencing financial hardship, the Shire did consider reducing the amount owed and how the bill is to be paid, and written information is provided included any revised payment plan. This obligation is documented in the Financial Hardship Policy for Water Services.	A	1
131A	Clause 30(4)(a)	Clause 4.1.1	The licensee must consider reducing the amount owing by the customer.	4	Refer obligation 131 above.	A	1
131B	Clause 30(4)(b)	Clause 4.1.1	The licensee must review, upon request, how a customer is paying a bill under clause 30(2) and (3) and revise the payment plan or arrangement if the review indicates the customer is unable to meet the obligations.	4	Refer obligation 131 above.	A	1
131C	Clause 30(4)(c)	Clause 4.1.1	The licensee must provide the specified written information to a customer.	4	The auditor confirmed with the Senior Finance Officer that during the audit period, where it assessed the customer as experiencing financial hardship, the customer's capacity to pay was taken into account The audit confirmed the information regarding the options if financial hardship is experienced are documented in the Financial Hardship Policy for Water Services. This is available on the Shire's website or as a hardcopy upon request. This obligation is included in the Compliance Register for the Scheme.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
132	Clause 28(1) (to April 2018)	Clause 4.1.1	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	The auditor confirmed with the Senior Finance Officer that during the audit period, the Shire only entered into a payment plan or other arrangements with the owner of the property (in compliance with Residential Tenancies Act 1987). This obligation is documented in the Financial Hardship Policy for Water Services.	A	NR
133	Clauses 31(4) & (5)	Clause 4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	3	The audit confirmed the information regarding the payment schemes and other options is documented in the Financial Hardship Policy for Water Services. This is available on the Shire's website or as a hardcopy upon request. This obligation is included in the Compliance Register for the Scheme.	A	1
133A	Clause 32	Clause 4.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	4	The auditor confirmed with the Senior Finance Officer that customers are allowed more time to pay bills or to pay arrears, where it assessed the customer as experiencing financial hardship There is no interest or fees charged. This obligation is documented in the Financial Hardship Policy for Water Services.	A	1
134	Clause 33(1)(a)-(c)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if the customer is complying with a payment plan or other arrangement, is being assessed for payment difficulties or is being assessed for financial hardship.	4	The auditor confirmed with the Senior Finance Officer that no action to recover a debt had been taken against any customer on a payment arrangement in the audit period. This obligation is documented in the Financial Hardship Policy for Water Services.	A	NR
134A	Clause 33(1)(d)-(e)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if a complaint made by the customer to the licensee or water services ombudsman, which directly	4	The auditor confirmed with the Assets and Waste Management Coordinator advised there were no complaints received in the audit period and none were recorded in the Complaints Register for the Scheme.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			relates to the water service charge to which the debt relates, is not resolved by the licensee (or is not determined or is upheld by the ombudsman).		This obligation is documented in the Customer Service Charter and the Complaints Handling Procedure for the Scheme.		
144A	Clause 43(1)	Clause 4.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	4	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, there were no interruptions to the water services. This obligation is stated in the Customer Service Charter for the Scheme and the Compliance Register for the Scheme.	A	NR
144B	Clause 43(2)	Clause 4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	Refer obligation 144A above.	A	NR
144C	Clause 44(1)	Clause 4.1.1	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.	4	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 resources to assist and a general framework for incident management. However, further development of a more specific procedure and contingency plan is required to manage an overflow event or blockage. Recommendation 2/2020 <i>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:</i> a) <i>prompt attendance at a site after becoming aware of the existence of a burst, leak or blockage;</i>	B	3

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					<p>b) the action or actions that must be taken to rectify a burst, leak or blockage, taking into account the potential or actual impact on —</p> <ul style="list-style-type: none"> i. customers; and ii. other persons or entities affected by the burst, leak or blockage; and iii. property; and iv. the environment; <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>		
144D	Clause 44(2)	Clause 4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	The Incident and Emergency Response Plan from the 2013 Asset Management Plan provides the overall response but does not cover all "prescribed matters" in the Code of Conduct Clause 44(2). Refer recommendation 2/2020.	B	3
144E	Clause 45	Clause 4.1.1	The licensee must provide a 24 hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a customer can notify the licensee of emergencies and faults, and get information about the reason for, and	4	The auditor confirmed that the Shire maintains a 24 hour emergency contact service for emergency events such as an overflow from a sewer. The contact numbers are included in the Customer Service Charter for the Scheme which is on the Shire's website.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			the expected duration of, any unplanned service interruption.				
145	Clause 46(1)	Clause 4.1.1	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.	3	The complaints procedure is documented in the Customer Service Charter and the Complaints Handling Procedure for the Scheme.	A	1
146	Clause 46(2)	Clause 4.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's guidelines (if any).	3	The <i>Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme (January 2019)</i> includes a Complaints Handling Procedure that complies with the relevant provisions of AS/NZS 10002-2014.	A	1
147	Clause 46(3)	Clause 4.1.1	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.	3	The Complaints Handling Procedure for the Scheme complies with the Code of Conduct requirements.	A	1
148	Water Services Code of Conduct (Customer Service Standards) 2013 Clauses 35(4) (to April 2018)	Clause 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 the use the complaint resolution procedure or instead of the procedures under the Act.	3	The Complaints Handling Procedure for the Scheme includes the matters stipulated in Clause 35(4) of the Code of Conduct.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
148A	Clause 46(4)	Clause 4.1.1	The licensee's complaints procedure must list the procedures available to the customer under the Act as to 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, if an appeal or review is available under regulations mentioned in section 222(2)(k).	3	The Complaints Handling Procedure for the Scheme includes procedures for a review or appeal to the Shire and/or the ombudsman.	A	1
149	Clause 46(5)	Clause 4.1.1	The licensee's complaints procedure must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	3	The auditor confirmed the Customer Service Charter and the Complaints Handling Procedure are available on the Shire's website and in hardcopy if requested. This obligation is stated in the Customer Service Charter and the Complaints Handling Procedure.	A	1
149A	Clause 47	Clause 4.1.1	When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.	3	The auditor confirmed with the Assets and Waste Management Coordinator and by review of the Customer Service Charter that there were no reported complaints in the audit period. This obligation is stated in the Customer Service Charter and the Complaints Handling Procedure	A	NR
150	Clause 48(1)	Clause 4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	3	The auditor confirmed with the Assets and Waste Management Coordinator and by review of the Customer Service Charter for Water Services that the Shire has provided the required contact details in the Charter and on the Rates Notices. The Complaints Handling Procedure for the Scheme states that documents may be made available in large print on request. The procedure is also publicly available on the Shire's website.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
151	2013 Code Clause 36(1) (To April 2018)	Clause 3.1.1	The licensee must provide a customer with the specified services on request and at no charge	3	Refer obligation 150 above.	A	1
152	Clause 48(2)	Clause 4.1.1	The licensee must make available to each customer, at no charge, the customer's personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods.	3	The auditor reviewed a sample of Rates Notices issued during the audit period and found that customers' personal account information was disclosed thereon. This obligation is included in the Compliance Register for the Scheme.	A	1
153	Clause 49(1)	Clause 4.1.1	The licensee must make the prescribed information publicly available.	3	The auditor confirmed the Customer Service Charter includes the information stipulated in Clause 49(1) of the Code of Conduct.	A	1
154	Clause 49(2)	Clause 4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	3	The auditor confirmed the Customer Service Charter includes the applicable information stipulated in Clause 49(2) of the Code of Conduct. Most of the information refers to estimated bills or bills based on usage which is not applicable to the sewerage scheme.	A	1
154A	Clause 49(3)	Clause 4.1.1	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.	3	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. <u>Recommendation 3/2020</u> <i>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:</i>	B	2

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					Western Australian Legislation - Water Services Code of Conduct (Customer Service Standards) 2018 The Shire should ensure that this obligation as listed in the Compliance Obligations for the scheme, is maintained.		
			Other License conditions				
155	<i>Water Services Act 2012</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulation 2014</i> .	3	The Shire had 91 connected properties at 30 June 2020. As the Shire has less than 1,000 connections, no fee is payable.	N/A	N/A
156	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 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.	3	The Shire's compliance with the applicable legislation is covered within this report. The Shire complies with minor impact exceptions as noted in this report.	B	2
159	<i>Water Services Act 2012</i> Section 12	Clause 4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	The Assets and Waste Management Coordinator confirmed there had been no breaches they were aware of in the audit period that were subject to directions from the ERA. This obligation is included in the Compliance Register for the Scheme.	A	NR
160	<i>Water Services Act 2012</i> Section 12	Clause 4.6.1	The licensee and any related body corporate must maintain accounting records that comply with standards issued by the Australian Accounting Standards Board or equivalent International Accounting Standards.	3	The auditor sighted the Annual Reports of the Shire for 2017/18, 2018/19 and 2019/20 and noted that the independent auditor confirmed that the Financial Statements and the underlying financial records complied with the Australian Accounting Standards. The obligation for an annual audit is included in the Shire's Annual Compliance Calendar.	A	1
161	<i>Water Services Act 2012</i>	Clause 5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	The auditor confirmed by review of the Licence that there are no individual performance standards in	N/A	N/A

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
	Section 12				the licence. Therefore, this obligation is not applicable.		
162	<i>Water Services Act 2012</i> Section 12	Clause 5.3.4	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the operational audit.	3	The Shire has cooperated with this auditor in the conduct of this audit/review which is designed in accordance with the Audit Guidelines. The obligation for an audit is included in the Shire's Annual Compliance Calendar.	A	1
163	<i>Water Services Act 2012</i> Section 12	Clause 4.7.1(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 change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	3	The auditor sighted the Annual Reports of the Shire for 2017/18, 2018/19 and 2019/20 and confirmed there is no external administration. This obligation is included in the Compliance Register for the Scheme.	A	NR
165	<i>Water Services Act 2012</i> Section 12	Clause 4.8.1	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 function under the Act in the manner and form specified by the ERA.	3	The auditor noted that the Asset and Waste Management Coordinator was unable to fully confirm that the information required by the ERA during the audit period had been submitted. The auditor noted the 2017/18 Compliance Report and the 2018/19 Compliance Report were submitted late. The audit sighted the Compliance Report for 2019/20 which was submitted by the due date. The auditor was unable to sight the Performance Reports for 2017/18, 2018/19 and 2019/20 or evidence of their submission to the ERA. The auditor was advised they could not be located due to staffing changes. These obligations to provide annual Performance Reports and Compliance Reports to the ERA, has been included in the Annual Compliance Calendar. As the Compliance Report issue has been resolved by inclusion of a reminder in the Annual Compliance Calendar, no further action is recommended re the Compliance Reports.	C	2

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					<u>Recommendation 4/2020</u> <i>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.</i>		
166	<i>Water Services Act 2012</i> Section 12 <i>(to April 2018)</i>	Clause 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 <i>Water Compliance Reporting Manual</i> that apply to the licensee.	4	The auditor noted the 2017/18 Compliance Report and the 2018/19 Compliance Report were submitted late. The audit sighted the Compliance Report for 2019/20 which was submitted by the due date. The obligation to provide annual Compliance Reports to the ERA, has been included in the Annual Compliance Calendar. As the Compliance Report issue has been resolved by inclusion of a reminder in the Annual Compliance Calendar, no further action is recommended re the Compliance Reports.	B	2
167	<i>Water Services Act 2012</i> Section 12	Clause 4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the <i>Water, Sewerage and Irrigation Licence Performance Reporting Handbook</i> , and the National Performance Framework that apply to the licensee.	4	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. <i>Refer Recommendation 4/2020.</i>	C	2
168	<i>Water Services Act 2012</i> Section 12	Clause 3.8.1 and 3.8.2	Subject to clause 3.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 3.8.1.	3	The auditor confirmed with the Asset and Waste Management Coordinator that the ERA did not direct the Shire to publish any information under this clause. This obligation is included in the Compliance Register for the Scheme.	A	NR
169	<i>Water Services Act 2012</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	The auditor noted that notices were given in writing during the audit period. This obligation is included in the Compliance Register for the Scheme.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
170A	<i>Water Services Act 2012</i> Section 12	Clause 5.1.2 (a), (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of: a) the commencement date; or b) the completion of construction of the licensee's water service works.	1	The auditor confirmed with the Assets & Waste Management Coordinator that, the Shire had previously notified the ERA of the details of the asset management system in accordance with this obligation. This obligation is stated in the Compliance Register for the Scheme.	A	1
171	<i>Water Services Act 2012</i> Section 12	Clause 5.1.3	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	1	The auditor confirmed with the Assets & Waste Management Coordinator that, during the audit period, there were no changes to its asset management system. This obligation is stated in the Compliance Register for the Scheme.	A	NR
172	<i>Water Services Act 2012</i> Section 12	Clause 5.1.7	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the asset management system review.	3	The previous audit and review report was provided to the ERA in May 2018. The next review is the subject of this report. The auditor confirmed the Shire has fully co-operated with this review. This obligation is stated in the Shire's Annual Compliance Calendar and the Compliance Register for the Scheme.	A	1
172A	<i>Water Services Act 2012</i> Section 12	Clause 6.1.1	If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee: a) To amend: i) The standard term or condition of service; or ii) The standard term or condition of service in accordance with a term proposed by the ERA; and b) To do so within a specified period.	3	The auditor confirmed with the Assets and Waste Management Coordinator that there were no directions from the ERA to amend the standard contract. There are no contracts entered into during the audit period to provide sewerage services. This obligation is stated in the Compliance Register for the Scheme.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
172B	<i>Water Services Act 2012</i> Section 12	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	3	Refer obligation 172A	A	NR
173	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 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.	4	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire was a member of the water services ombudsman scheme and was bound by the scheme and would comply with any directions. The membership was also confirmed by the ombudsman website. This obligation is stated in the Compliance Register for the Scheme.	A	1
175	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	3	Refer obligation 172A	A	NR
176	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	3	Refer obligation 172A	A	NR
177	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 5.1.3	The licensee may only amend the customer contract with the ERA's approval.	3	Refer obligation 172A	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
178	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	3	Refer obligation 172A above.	A	NR
179	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clauses 5.3.1 and 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.	3	The auditor confirmed with the Assets and Waste Management Coordinator that there were no contracts entered into in the audit period for sewerage services. This obligation is stated in the Compliance Register for the Scheme.	A	NR
180	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 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.	3	Refer obligation 179 above.	A	NR
181	<i>Water Services Act 2012</i> Section 12	Clause 6.3.1	If the licensee is appointed as the supplier of last resort for a designated area in relation to the provision of a particular water service, 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.	3	The auditor confirmed with the Assets & Waste Management Coordinator that during the audit period, the Shire was not a supplier of last resort.	N/A	N/A
182	<i>Water Services Act 2012</i> Section 12	Clause 4.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the	3	The auditor confirmed with the Assets & Waste Management Coordinator that no persons within the operating area who were not entitled to the service under the Act requested such a service. This would	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			licence unless otherwise notified by the ERA.		be a rare event and formal procedures and controls are not expected to be put in place. This obligation is included in the Compliance Register for the Scheme.		
183	<i>Water Services Act 2012</i> Section 12 (to April 2020)	Clause 5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	3	The audit confirmed the Shire's Financial Hardship Policy for Water Services complies with the ERA guidelines. The policy was revised in October 2018 and approved by the ERA and is on the ERA's website. This obligation is included in the Compliance Register for the Scheme.	A	1
184A	<i>Water Services Act 2012</i> Section 12	Clause 7.1	Where the licensee provides sewerage services, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	3	The auditor confirmed with the Assets & Waste Management Coordinator that there is no MOU with the Department of Health for the sewerage scheme. The licence Version 6 (1 May 2020) in section 7.1 titled "Memorandum of Understanding" states "not used". Therefore, this obligation is not applicable.	N/A	N/A
184B	<i>Water Services Act 2012</i> Section 12	Clause 7.1	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.	3	This is not applicable as the licence is only for sewerage services.	N/A	N/A
185	<i>Water Services Act 2012</i> Section 12	Clause 7.1	A Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	3	Refer obligation 184A above.	N/A	N/A

No ³	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
186	<i>Water Services Act 2012</i> Section 12	Clause 7.1	The licensee must comply with the terms of a Memorandum of Understanding.	3	Refer obligation 184A above.	N/A	N/A
187	<i>Water Services Act 2012</i> Section 12	Clause 7.1	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.	3	Refer obligation 184A above.	N/A	N/A
188	<i>Water Services Act 2012</i> Section 12	Clause 7.1	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit.	3	Refer obligation 184A above.	N/A	N/A
190	<i>Water Services Act 2012</i> Section 12	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	There are no performance standards in the Licence.	N/A	N/A

3.7 Audit Recommendations

Table of Current Audit Non- Compliances and Recommendations

A. Resolved during current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Date Resolved (& management action taken)	Auditor's Comments

	N/A		
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B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
1/2020	<p>B2 Obligations 102 and 102A <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(6)</i></p> <p>Rates Notices Each bill must inform the customer of the specified information and where further details can be obtained and include the prescribed information. 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. 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>	Nil
2/2020	<p>B3 Obligations 144C and 144D <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 44(1) and (2)</i></p> <p>Incident Response 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. 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 resources to assist and a general framework for incident management.</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> <ol style="list-style-type: none"> prompt attendance at a site after becoming aware of the existence of a burst, leak or blockage; the action or actions that must be taken to rectify a burst, leak or blockage, taking into account the potential or actual impact on — 	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	However, further development of a more specific procedure and contingency plan is required to manage an overflow event or blockage. The matters to be included are stated in the Code of Conduct Clause 44(2).	<ul style="list-style-type: none"> i. customers; and ii. other persons or entities affected by the burst, leak or blockage; and iii. property; and iv. the environment; <ul style="list-style-type: none"> 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; 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. 	
3/2020	<p>B2</p> <p>Obligation 154A</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(3)</i></p> <p>Website Link to Code of Conduct</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 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.</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>Western Australian Legislation - Water Services Code of Conduct (Customer Service Standards) 2018</p> <p>The Shire should ensure that this obligation as listed in the Compliance Obligations for the scheme, is maintained.</p>	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
4/2020	<p>C2</p> <p>Obligation 165 and 167</p> <p><i>Water Services Act 2012 Section 12</i></p> <p>Annual Performance Report to ERA</p> <p>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>	<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.</p>	<p>Nil</p>

4. Asset Management System Review

4.1 Description of Infrastructure

The Shire of Gnowangerup has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the township of Ongerup as specified in the licence.

The town of Ongerup is approximately 400 kilometres south east of Perth. The scheme was constructed in 1967 and comprises rectangular concrete manholes connecting a 2.3 km gravity pipe system and primary and secondary settling ponds. The volume of wastewater treated is approximately 9,000 m³ per annum serving 91 properties and approximately 230 people.

Under the Act, water services' licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

This audit and review covers the period 1 December 2017 to 30 November 2020. The previous audit and review was from 1 December 2014 to 30 November 2017.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018) and the 2019 Audit and Review Guidelines: Water Licences.

4.2 Objectives and Scope

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

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

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

The highest priority asset components based on inherent risk and the previous review were:

- Asset planning (replacement Asset Management Plan (AMP) to be developed);
- Asset creation and acquisition (include in AMP);
- Environmental analysis (include in AMP);
- Asset operations (register of assets, further training, de-sludging of ponds);
- Asset maintenance (include checklist in AMP);
- Asset Management Information System (revise register of assets);
- Risk management (revise risk assessment);
- Contingency planning (revise contingency plans);
- Financial planning (develop long-term financial plan); and
- Review of the AMS (include annual desktop review and notification of any substantial changes to ERA).

This review covered the period from 1 December 2017 to 30 November 2020. The previous review was from 1 December 2014 to 30 November 2017.

4.3 Overall Comments

Review of the Asset Management System for the Ongerup Wastewater Scheme was hampered by inability of the Shire to locate the 2019 Asset Management Plan (AMP) for the scheme.

The Shire provided a 2012 version of the AMP and a 2013 version was also located from the 2015 Audit undertaken by Quantum Assurance. The 2013 AMP is the same AMP reviewed as part of the 2017 Audit and Asset Management Review undertaken by the previous reviewer, which resulted in identification of “Significant Improvements” being required to the Asset Management Process and Policies.

The 2017 Post-Review Implementation Plan prepared by the Shire of Gnowangerup refers to completion of a new AMP for the Ongerup sewerage scheme in 2019 to address the significant improvements required. Without provision of the 2019 AMP and given the Asset and Waste Management Coordinator is new to the role (approximately 5 months), this Asset Management Review has also identified significant improvement in documentation is still required.

4.4 Asset Management Process and Performance Rating Scales

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

Asset Management Process and Policy Definition - Adequacy ratings

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

Asset Management Performance Ratings

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

4.5 Status of Previous Review Recommendations

The previous review covered the period from 1 December 2014 to 30 November 2017 and was reported in May 2018. Of the 12 recommendations in the previous review report, 1 has been completed, 3 are partially completed and 8 are outstanding.

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
A. Resolved during current review period					
10/2017 (Review)	C3	<p>Financial Planning</p> <p>It appears that increases in the Sewerage rate over the last four years have reduced on- going operating shortfalls. However, further increases will be necessary to balance income and expenditure.</p> <p>The sewerage reserve closing balance at 2018/19 is forecasted to be \$29,637 (LTFP on page 88). However, the capital expenditure proposed for 2018/19 is \$50,000 (LTFP on page 36). In this event there will not be sufficient funds in the reserve to cover the \$50,000 budgeted for upgrading of the final two treatment ponds.</p> <p>Following the completion of replacement works in the collection system and the upgrading of the treatment ponds, the overall system will be almost completely restored and its assets life significantly extended. In view of the above, the proposed \$10,000 annual transfer to the sewerage reserve may be excessive and should be reviewed.</p>	<p>a) The Shire should prepare a separate twenty year's long term financial plan for the sewerage system only. The plan should be upgraded and extended annually to retain a rolling twenty year's on-going period;</p> <p>b) The transfers to the reserve should be re-assessed on the basis of a simple net present worth annuity calculation based on the extended life of the assets; and</p> <p>c) Based on the above comments and the results of the recommended LTFP, the Shire should adjust the special sewerage rate as required to achieve a balance of income and expenditure.</p> <p>Status: Completed</p> <p>The Shire has developed a Long Term Financial Plan for the Ongerup Scheme with a 20 year financial model of the estimated income, costs and capital expenditure.</p>	June 2019	No further action

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
B. Unresolved during current review period					
1/2017 (Review)	C2	<p>Asset Planning</p> <p>Future planning for the Shire's sewerage scheme development in the Ongerup township is limited by stagnant growth of the town and its population over recent years. The population, number of connections and sewage flows are expected to remain constant for the near future. Capital works will continue to be based on replacement of assets as required by age or condition rather than to increase the capacity of the existing system or its assets;</p> <p>The Shire's Asset Management Plan dated November 2013 was prepared in response to the Local Government Asset Management Framework based on <i>the Institute of Public Engineering Australia's (IPWEA) International Infrastructure Management Manual</i>. The Asset Management Plan ("AMP") addresses all the Shire's assets and their development. The AMP presumably satisfies the Department of Local Government's requirements. However, as an asset management document for a small country town sewage scheme, collecting and treating only septic tank effluent from just seventy-five connections (and a population around 230 persons), the AMP (apart from being out of date) is considered too complicated and largely irrelevant to the Ongerup sewerage system. The procedures and requirements of the AMP have not been implemented. Reviewer considers the AMP should be re-written to address the sewerage system assets only.</p>	<p>The Shire should prepare a replacement AMP specifically for the Ongerup sewerage scheme which includes documentation relevant to other recommendations of this Report.</p> <p>Status: Outstanding</p> <p>No replacement AMP could be located during the audit.</p>	-	<i>Refer recommendation 5/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
2/2017 (Review)	C2	<p>Asset Creation and Acquisition</p> <p>The Shire applies the WA Local Government policy regarding staff responsibility for purchasing, cost limits, quotes, tenders and a regional price preference associated with new or replacement assets.</p> <p>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.</p> <p>The reviewer inspected requests for information, investigation reports, proposals and quotes for treatment, pond upgrades, CCTV inspections of sewers and manholes and subsequent re-lining and repair works.</p> <p>The acquisitions and repairs were sought in accordance with Local Government requirements and undertaken competently.</p>	<p>The new AMP should include 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.</p> <p>Status: Outstanding</p> <p>No replacement AMP could be located during the audit.</p>	-	<i>Refer recommendation 8/2020</i>
3/2017 (Review)	C2	<p>Asset Disposal</p> <p>The Shire was not obliged to dispose of sewerage assets and there is consequently no specific policy or documented procedure. Any assets to be disposed of would have no saleable value and public health issues would preclude their sale due to their previous contact with sewage. Such assets (e.g. damaged access chamber covers) will therefore be disposed of to landfill. Pipes and other buried assets would normally be left "in the ground".</p>	<p>The new AMP should include 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.</p> <p>Status: Outstanding</p> <p>No replacement AMP could be located during the audit.</p>	-	<i>Refer recommendation 6/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
4/2017 (Review)	C3	<p>Environmental Analysis</p> <p>Section 3 of the current AMP assigns some ten pages of documentation to various definitions of service levels. However, only one page (sub-sections 3.4.1 to 3.4.5) adequately outlines customer levels of service related to availability, capacity, continuity, odour control and emergency response;</p> <p>The AMP incorrectly states the current licence was issued under the provisions of the <i>Water Services Licencing Act 1995</i> - rather than the subsequent <i>Water Services Act 2012</i>. The following recommendation of the previous review has not been included in the AMP i.e., the <i>Water Services Regulations 2013</i>, <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> as well as for the new version of the operating licence issued on 18 November 2013.</p>	<p>The new AMP should include 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 (now 2018)</i>. The customer levels of service for the sewerage assets should be clearly documented and the latest dates of all reporting obligations should be listed and issued to responsible officers.</p> <p>Status: Outstanding</p> <p>No replacement AMP could be located during the audit.</p>	-	<i>Refer recommendation 6/2020</i>
5/2017 (Review)	C2	<p>Asset Operations</p> <p>Although the AMP contains an overall summary of assets, it does not contain a register of individual assets noting their material type, construction or replacement dates, expected life or condition. A basic asset register stating the above attributes should be included in the new AMP. The date of recent re- lining and replacement of sewers should be noted and the life expectancy amended to match the materials used;</p> <p>Staffing is considered adequate and competent. However, there is no staff member trained and designated to undertake the duties of the AWMC in the event of his being on leave or otherwise unavailable;</p> <p>As the system has been developed to treat the settled effluent from septic tanks, the Reviewer was surprised at the significant accumulation of sludge in the lagoons. Sludge should settle within in the tank where it digests, theoretically producing an effluent relatively free of settleable solids. However, unless the sludge is regularly pumped from the tank it builds up and overflows to the treatment plant, having much the same strength and sludge material as raw sewage.</p>	<p>a) The new AMP should contain a basic register of assets, including material type, construction or replacement/relining date, condition, expected life etc. The AMP should contain a staff organisation diagram indicating prime management, administrative and depot staff, together with their assigned titles, names and contact details.</p> <p>b) As a back up to the AWMC in the event of his absence, the new AMP should contain a requirement for at least one of the maintenance depot staff to be trained in the procedures for inspection, operation and</p>	-	<i>Refer recommendations 7/2020 and 8/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
			<p>maintenance of the system, together with the health and safety aspects of these procedures.</p> <p>c) The Shire should investigate the sludge pump-out history of septic tanks connected to the sewerage system and; to comply with Health Department recommendations and in order to reduce the rate of sludge deposition in the treatment ponds, require that all septic tanks be pumped out at intervals not exceeding five years.</p> <p>d) That the remaining two treatment ponds be de-sludged as recommended in the previous review - and included in the 2018/19 works program.</p> <p>Status: Partially Completed</p> <p>a) A basic Asset Register has been set up using Excel. It requires update and the inclusion of the asset condition assessment and the wastewater treatment assets.</p> <p>b) One of the maintenance staff at the Ongerup Depot provides backup for the AWWC.</p> <p>c) The replacement AMP has not been developed to include further direction for the level of sludge being accumulated and performance monitoring of the scheme.</p>		

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
			d) The remaining two treatment ponds have been de-sludged in 2019.		
6/2017 (Review)	C2	<p>Asset Maintenance</p> <p>General inspections of the collection sewers and treatment plant are made twice weekly by the AWMC in conjunction with his other duties related to the Shire's landfill sites.</p> <p>The replacement of broken access chamber covers should reduce the risk of storm water influx, which may have contributed gravel and soil material to the sludge build up in the treatment ponds. After replacement of access chamber covers, the collection system should be flushed out to remove any debris from the system.</p>	<p>a) The new AMP should include a statement of general checks during twice weekly visits to the treatment plant and collection system – including water level and condition of the treatment plant site and embankments, damaged access chamber covers, settlement or covering of access chambers. Following heavy rain, random inspection should be made of several access chambers to establish whether or not soil or gravel intrusion has occurred and the necessity or otherwise for flushing to be undertaken; and</p> <p>b) A monthly list of the above should be prepared to allow the tasks to be ticked off and filed.</p> <p>Status: Outstanding</p> <p>No replacement AMP or monthly checklist could be located during the audit.</p>	-	<i>Refer recommendation 8/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
7/2017 (Review)	C2	<p>Asset Management Information System</p> <p>The Shire's Asset Management system is manually operated and based on 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 generally adequate for the Shire's sewerage system management - except that it lacks an asset register, a maintenance schedule, maintenance recording documentation and a whole of life asset replacement schedule.</p>	<p>a) The new AMP should include an asset register and maintenance schedule as recommended earlier. An Excel spread sheet or appropriate software should be installed to enable current and future replacement expenditure to be modelled and an assessment to be made of the annual input to the Shire's sewerage reserve - ensuring the reserve is always adequate to meet future replacement costs; and</p> <p>b) The Shire should consider obtaining (and simplifying for its own needs) a copy of the Asset Management Information System (AMIS) spread sheets used for many other local authority water systems.</p> <p>Status: Partly Completed</p> <p>An Asset Register has been developed in Excel but requires some improvements to include the condition assessments and the wastewater treatment ponds.</p>	-	<i>Refer recommendation 7/2020</i>
8/2017 (Review)	C3	<p>Risk Management</p> <p>The AMP contains a basic risk assessments table. However, the mitigation of some risks is based on contingency plans, which clearly relate to restoration after an event rather than a practise implemented to reduce the likelihood of its occurrence; and</p> <p>The Asset Management spread sheets referred to in the Asset Management Information System section above contain an excellent risk analysis system including an overall risk assessment based on risks</p>	<p>The Shire's new AMP should contain a revised risk assessment based on the asset management system recommended for consideration in the Asset Management Information System section above.</p> <p>Status: Outstanding</p>	-	<i>Refer recommendation 10/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
		accrued to customers, the community, licence, financial cost, OHS and the environment. Although the Ongerup sewerage system is small and basic, the Reviewer considers the new AMP should contain a risk assessment based on the above-mentioned system.	No replacement AMP could be located during the audit.		
9/2017 (Review)	C3	<p>Contingency Planning</p> <p>An emergency response plan is included in the AMP as an Appendix. However, the plan is more appropriate to a large sewerage system and there is no evidence that Shire staff is aware of, or have ever followed the documented processes during an emergency; and</p> <p>Given the simple nature of the scheme, most emergency situations will require only an obvious straightforward response from the Shire's staff – possibly with some outside specialist assistance. A new contingency/emergency response plan should be prepared to address the following matters:</p> <ul style="list-style-type: none"> • The Shire's emergency telephone number and the requirement for the Shire's Asset and Waste Management Coordinator (AWMC) to be advised; • AWMC to inspect the situation and arrange assistance of Shire staff and equipment, together with the attendance of a plumber, by-pass pumping, liquid waste removal, earthworks contractors etc. if required; • Advice to the CEO of the emergency and actions taken and intended requiring the CEO's approval or advice to other authorities; • CEO or Deputy to advise other authorities if applicable e.g. Department of Health, ERA, etc.; • The contact numbers of all relevant Shire staff together with those of the Police, Ambulance, Fire Authority, Western Power, Water Corporation, Emergency Services etc.; 	<p>a) The new AMP should contain a re-written emergency/contingency plan as set out above;</p> <p>b) The availability and location of the Department of Health Wastewater Overflows Procedure should be included in the plan; and</p> <p>c) The 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.</p> <p>Status: Outstanding</p> <p>No replacement AMP could be located during the audit.</p>	-	<i>Refer recommendation 11/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
		<ul style="list-style-type: none"> • AWMC to prepare and submit a report on the emergency and response actions; • Reference to the Department of Health Wastewater Overflows Procedure; and • A requirement for an annual desk top assessment of the plan by relevant Shire staff and the preparation of minutes/notes associated with the assessment. 			
11/2017 (Review)	B2	<p>Capital Expenditure Planning</p> <p>The Long Term Financial Plan (LTFP) includes a Capital Expenditure plan of ten years duration. The plan indicates capital replacement expenditure of \$100,000 in 2017/18 for lining and replacement of pipes in the collection system and \$50,000 in 2018/19 for upgrading works in the remaining two upgraded treatment ponds;</p> <p>Completion of these works will substantially renew the overall system and no further capital works are expected within the period of the plan.</p> <p>The inadequacy of the predicted amount in reserve compared with the 2018/19 capital expenditure budget should be noted and addressed.</p>	<p>It is recommended 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. The shortfall in the reserve compared with budgeted 2018/19 capital expenditure should be addressed and adjusted.</p> <p>Status: Partially Completed</p> <p>A Long Term Financial Plan has been developed. This needs to be integrated with the replacement AMP.</p>	-	<i>Refer recommendation 12/2020</i>
12/2017 (Review)	C3	<p>Review of Asset Management System</p> <p>The existing AMP was prepared in 2013 which recommends a general review procedure. The AMP has not been referred to and needs to be re-written as in Recommendation 1/2017 above.</p>	<p>The new 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</p>	-	<i>Refer recommendation 13/2020</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
			be forwarded to the ERA as required by the licence. Status: Outstanding No replacement AMP could be located during the audit.		

4.6 Summary of Asset Management System Effectiveness Ratings

The review's assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 4.4, is shown in the table below.

Section 4.7 provides further details of the current rating results for each process in the asset management system.

Summary of Asset Management Performance Ratings

Process and Policy Definition – Adequacy Rating	Performance Rating for Effectiveness Criteria					Total
	Rating	1 Performing effectively	2 Opportunity for improvement	3 Corrective action required	4 Some action required	
	A -Adequately defined	20				20
	B – Requires some improvement		23			23
	C – Requires significant improvement		8	6		14
	D – Inadequate					-
Total	20	31	6	-	57	

Asset Management System Performance Ratings

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
1. Asset planning			C				3		
1.1 Asset management plan covers key requirements.			✓				✓		
1.2 Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.			✓				✓		
1.3 Service levels are defined.	✓				✓				
1.4 Non-asset options (e.g. demand management) are considered.	✓				✓				
1.5 Lifecycle costs of owning and operating assets are assessed.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
1.6 Funding options are evaluated.	✓				✓				
1.7 Costs are justified and cost drivers identified.		✓				✓			
1.8 Likelihood and consequences of asset failure are predicted.		✓				✓			
1.9 Plans are regularly reviewed and updated.			✓				✓		
2. Asset creation/ acquisition		B				2			
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.		✓				✓			
2.2 Evaluations include all life-cycle costs.		✓				✓			
2.3 Projects reflect sound engineering and business decisions.		✓				✓			
2.4 Commissioning tests are documented and completed.		✓				✓			
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.		✓				✓			
3. Asset disposal		B				2			
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.		✓				✓			
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.		✓				✓			
3.3 Disposal alternatives are evaluated.	✓				✓				
3.4 There is a replacement strategy for assets.	✓				✓				
4. Environmental analysis			C				3		
4.1 Opportunities and threats in the system environment are assessed.			✓				✓		
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.		✓				✓			
4.3 Compliance with statutory and regulatory requirements.			✓				✓		
4.4 Achievement of customer service levels.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
5. Asset operations			C			2			
5.1 Operational policies and procedures are documented and linked to service levels required.			✓			✓			
5.2 Risk management is applied to prioritise operations tasks.		✓				✓			
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.		✓				✓			
5.4 Operational costs are measured and monitored.	✓				✓				
5.5 Staff resources are adequate and staff receive training commensurate with their responsibilities.		✓				✓			
6. Asset maintenance			C			2			
6.1 Maintenance policies and procedures are documented and linked to service levels required.		✓				✓			
6.2 Regular inspections are undertaken of asset performance and condition.			✓			✓			
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.			✓			✓			
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.		✓				✓			
6.5 Risk management is applied to prioritise maintenance tasks.		✓				✓			
6.6 Maintenance costs are measured and monitored.		✓				✓			
7. Asset Management Information System			C			2			
7.1 Adequate system documentation for users and IT operators.			✓			✓			
7.2 Input controls include appropriate verification and validation of data entered into the system.	✓				✓				
7.3 Logical security access controls appear adequate, such as passwords.	✓				✓				
7.4 Physical security access controls appear adequate.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
7.5 Data backup procedures appear adequate and backups are tested.	✓				✓				
7.6 Key computations related to licensee performance reporting are materially accurate.			✓			✓			
7.7 Management reports appear adequate for the licensee to monitor licence obligations.		✓				✓			
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.		✓				✓			
8. Risk management			C			2			
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.		✓				✓			
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.			✓			✓			
8.3 The probability and consequences of asset failure are regularly assessed.		✓				✓			
9. Contingency planning			C			2			
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.			✓			✓			
10. Financial planning	A				1				
10.1 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	✓				✓				
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	✓				✓				
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	✓				✓				
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	✓				✓				
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
10.6 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	✓				✓				
11. Capital expenditure planning			C			2			
11.1 There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.		✓				✓			
11.2 The plan provides reasons for capital expenditure and timing of expenditure.	✓				✓				
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.			✓			✓			
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	✓				✓				
12. Review of asset management system			C				3		
12.1 A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.			✓				✓		
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.		✓				✓			

4.7 Detailed Review Observations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating ⁶	C	Performance Rating ⁷	3
1	ASSET PLANNING				
1.1	Asset management plan covers key requirements.	The 2013 AMP covers the key requirements but 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. 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> .			
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	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. The updated AMP should be linked with this process.			
1.3	Service levels are defined.	Section 3 of the 2013 AMP has 10 pages of documentation to various definitions of service levels. Sections 3.4.1 to 3.4.5 adequately outline customer service levels related to availability, capacity, continuity, odour control and emergency response.			
1.4	Non-asset options (e.g. demand management) are considered.	From the long-term financial planning, no major changes are expected in the demand for the scheme or its operations. The population of Ongerup is static with approximately 230 people.			
1.5	Lifecycle costs of owning and operating assets are assessed.	The life cycle costs have been assessed in the LTFP. Further details of the approach and costings could be included in the replacement AMP.			
1.6	Funding options are evaluated.	The Shire of Gnowangerup's Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40 (LTFP) 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.			
1.7	Costs are justified and cost drivers identified.	The life cycle costs have been assessed in the LTFP. Further details of the approach and costings could be included in the replacement AMP.			

⁶ Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

⁷ Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1.8	Likelihood and consequences of asset failure are predicted.	The 2013 AMP includes a risk assessment. This requires review and update.			
1.9	Plans are regularly reviewed and updated.	<p>As noted above, the AMP has not been updated since 2013.</p> <p><u>Recommendation 5/2020</u></p> <p><i>The Shire should prepare a replacement AMP specifically for the Ongerup sewerage scheme which includes documentation relevant to other recommendations of this Report. This includes:</i></p> <ul style="list-style-type: none"> • <i>Update references to the current legislation (Water Services Act 2012) and the obligations stated in the Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019.</i> • <i>Linking the AMP to the Shire of Gnowangerup’s Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40.</i> • <i>Further details of the lifecycle costing approach, including the costs and their justification.</i> • <i>Review and update of the risk assessment of asset failure.</i> 			
2	ASSET CREATION/ ACQUISITION	Process Rating	B	Performance Rating	2
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	Since the previous review in 2017, the only projects undertaken were the desludging of the final two effluent ponds and replacement of the fencing around the ponds. These projects were undertaken in response to previously identified deficiencies in asset condition. The ponds filled with sludge and low and insecure fence did not adequately deter public entry to the site. With no new assets created, there has been no opportunity to demonstrate full project evaluations. The scheme is not expected to grow and is in a maintain and operate phase. Future renewal/refurbish projects may need the evaluation of options to demonstrate the best value solution to proceed with.			
2.2	Evaluations include all life-cycle costs.	Not applicable for the period since the last review – no new assets created. The evaluation process needs to be documented in the replacement AMP.			
2.3	Projects reflect sound engineering and business decisions.	Desludging of the ponds has resulted in improvement to the site, given the overgrown conditions which previously existed. However, many of the embankments to the ponds are too steep which is resulting in their erosion into the ponds. This will require future works to re-excavate the ponds and flatten the embankments.			
2.4	Commissioning tests are documented and completed.	Not applicable for the period since the last review – no new assets created. The commissioning process needs to be documented in the replacement AMP.			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	There is no Memorandum of Understanding (‘MOU’) with the Department of Health 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 recognised as a potential hot spot. There is likely no need for formal licensing of the Waste Water Treatment Plant (WWTP) discharge due to the low scheme			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>capacity but the requirements of the Department of Water and Environmental Regulation ('DWER') for this discharge were not known by the staff interviewed. <i>Refer criteria 4.3 below.</i></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>. <i>Refer criteria 1.9 above.</i></p>			
3	ASSET DISPOSAL	Process Rating	B	Performance Rating	2
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	<p>There has been no evidence of any under-performing or under-utilised assets during the review period. This is due to activity in 2016/17 (prior to the review period) where access chamber lids and pipe replacements occurred following asset condition surveys. Future operations and maintenance budgets make provision for CCTV surveys of sewers and regular checks of access chambers are undertaken to monitor condition. Some brief documentation as part of an Asset Management Plan to formalise the process of condition assessments and decision making is required.</p>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	<p>There has been no opportunity for this in the review period. An Asset Management Plan should describe the intention of identifying root causes for asset failure/poor performance as an extension of the asset condition activities in 3.1. A regular monitoring plan for the wastewater pond discharge also needs to be developed. <i>Refer criteria 4.1 below.</i></p>			
3.3	Disposal alternatives are evaluated.	<p>There have been no asset disposal projects in the review period.</p> <p>The wastewater assets at Ongerup (sewer pipes and access chambers) are not of a type which have residual value and the options for disposal are disposal to land fill or remaining in ground. Health and safety are the prime considerations for asset disposal.</p>			
3.4	There is a replacement strategy for assets.	<p>There is funding set aside for future replacement/refurbishment. This is included in the LTFFP. The document provides the financial provisions for replacement and refers to the "2019 AMP" as the basis for the replacement strategy. The 2019 AMP could not be located by the Shire of Gnowangerup. <i>Refer criteria 1.9 above.</i></p>			
4	ENVIRONMENTAL ANALYSIS	Process Rating	C	Performance Rating	3
4.1	Opportunities and threats in the system environment are assessed.	<p>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 recognised as a potential hot spot. There is likely no need for formal licensing of the Waste Water Treatment Plant (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. <i>Refer criteria 2.5 above.</i></p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	Section 3 of the 2013 AMP has 10 pages of documentation to various definitions of service levels. Sections 3.4.1 to 3.4.5 adequately outline customer service levels related to availability, capacity, continuity, odour control and emergency response.
4.3	Compliance with statutory and regulatory requirements.	<p>There is no MOU with Department of Health 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 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 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>
4.4	Achievement of customer service levels.	<p>A visit to Ongerup with the local operator indicated the sewers are reliably operating and overflow events are rare providing a good level of service to the community. As discussed previously, the operation of the pond system requires some review to assess its treatment performance against requirements, which are influenced mainly by the discharge to the adjacent creek.</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 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. <i>Refer criteria 5.1 below.</i></p> <p><u>Recommendation 6/2020</u></p> <p><i>The replacement AMP should include:</i></p> <ul style="list-style-type: none"> • <i>References to the Water Services Act 2012, the current ERA licence, Water Services Regulations 2013 and the Water Services Code of Conduct (Customer Service Standards) 2013 (now 2018) as listed in the Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019.</i> • <i>Any requirements of the DoH or the DWER in respect of discharge from the scheme.</i> • <i>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.</i> • <i>The customer service levels for the sewerage assets should be clearly documented.</i> • <i>The latest dates of all reporting obligations should be listed and issued to responsible officers.</i>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	C	Performance Rating	2
5	ASSET OPERATIONS				
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>A visit to Ongerup with the local operator indicated the sewers are reliably operating and overflow events are rare providing a good level of service to the community. As discussed previously, the operation of the pond system requires some review to assess its treatment performance against requirements, which are influenced mainly by the discharge to the adjacent creek.</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 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>			
5.2	Risk management is applied to prioritise operations tasks.	<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. Refer criteria 8.1 below.</p>			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<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>			
5.4	Accounting data is documented for assets.	<p>The Shire's Asset Management system is manually operated and based on the Synergy finance system for financial data and budgeting. The accounting data for the scheme is recorded in the Synergy finance system. There is an Asset Register maintained on Excel that requires updating as noted in criteria 5.3 above. The Asset Register should also be agreed monthly with the financial asset register in the Synergy system.</p>			
5.5	Operational costs are measured and monitored.	<p>The operational and maintenance costs are budgeted annually and actual expenditure is reported in the Shire's Annual Report. Monthly actual to budget costs for the scheme are monitored monthly as part of the Finance procedures. Any significant variances are investigated.</p>			
5.6	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<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 who undertook the role during a period of leave. As referred to at 5.1 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>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
		<p><u>Recommendation 7/2020</u></p> <p>a) <i>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.</i></p> <p>b) <i>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.</i></p> <p>c) <i>There should be some brief documentation to formalise the process of condition assessments and decision making.</i></p> <p>d) <i>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.</i></p> <p>e) <i>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.</i></p>		
6	ASSET MAINTENANCE		C	2
6.1	Maintenance policies and procedures are documented and linked to service levels required.	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). Refer criteria 5.1 above.		
6.2	Regular inspections are undertaken of asset performance and condition.	<p>Information was also sought regarding review of the treatment function of the pond system as part of the desludging works. The ponds were discharging to an adjacent creek and the water quality does not appear to be of a standard suitable for discharge. Testing of the inflow and outflow water quality is required to support a review of the treatment performance, along with assessing dry weather and wet weather flows. Discussion with DWER about the discharge and its quality is also required.</p> <p>The scheme is a septic tank effluent discharge system which relies on septic tanks for sludge digestion. This requires regular pump out of septic tanks which is generally the homeowners' responsibility. If this is not occurring, this may be contributing to poor performance of the pond treatment. Assessing the raw water inflow quality should provide an indication of this. If septic tank pump out cannot be managed, the treatment process is likely to need considerable expansion.</p> <p>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>		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>At the time of the inspection access covers were in good condition, the wastewater treatment ponds were clear of vegetation, the connecting pipes were clear and the fencing was secure. These are typical of the items the operator is checking on a daily basis. However, the pond walls are being eroded, the vegetation outside the fence is overgrown, effluent discharge is ponding inside and outside the fence and the water in the ponds does not look to be clear and ready for discharge to the environment (to be confirmed with testing). A procedure for assembling and review of maintenance plans beyond the capability of the daily operator tasks should be developed.</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. <i>Refer criteria 9.1 below.</i></p>
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	There have been no recent failures. An updated AMP should include a brief procedure outlining who and how failure events are analysed and learnings put in place (including adjustment of O&M plans).
6.5	Risk management is applied to prioritise maintenance tasks.	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 5.2 above.</i>
6.6	Maintenance costs are measured and monitored.	<p>The operational and maintenance costs are budgeted annually and actual expenditure is reported in the Shire's Annual Report. Monthly actual to budget costs for the scheme are monitored monthly as part of the Finance procedures. Any significant variances are investigated.</p> <p><u>Recommendation 8/2020</u></p> <ul style="list-style-type: none"> a) <i>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.</i> b) <i>A monthly list of the above should be prepared to allow the tasks to be ticked off and filed.</i> c) <i>A procedure for assembling and review of maintenance plans beyond the capability of the daily operator tasks should be developed.</i> d) <i>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).</i>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
7	ASSET MANAGEMENT INFORMATION SYSTEM		C		2
7.1	Adequate system documentation for users and IT operators.	<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>			
7.2	Input controls include appropriate verification and validation of data entered into the system.	<p>The input controls for the Synergy finance system require appropriate verification and validation of data entered into the system.</p>			
7.3	Logical security access controls appear adequate, such as passwords.	<p>Access to the sewerage system data and the Synergy finance requires approved user access levels and passwords. A review of cyber security controls was in progress at the date of the audit.</p>			
7.4	Physical security access controls appear adequate.	<p>The Shire has a contract with an external provider to maintain the Shire's server at an external location.</p>			
7.5	Data backup procedures appear adequate and backups are tested.	<p>Data is backed up by the external service provider and tested on a weekly basis.</p>			
7.6	Key computations related to licensee performance reporting are materially accurate.	<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>			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	<p>The operational audit found that the management reports to monitor licence obligations are generally adequate with some improvements recommended in the 2021 Operational Audit report.</p>			
7.8	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	<p>The reviewer confirmed there were generally adequate controls in place to protect asset management data from unauthorised access or theft by persons outside the Shire.</p> <p><u>Recommendation 9/2020</u></p> <p><i>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.</i></p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
8	RISK MANAGEMENT		C	2
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	The Shire has a Risk Management Policy in the Council Manual that was reviewed in 2019. 2013 AMP section 5.2.3 provides a risk assessment for the sewerage scheme. This requires review and update.		
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	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.		
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The 2013 AMP section 5.2.3 provides a risk assessment for the sewerage scheme including the probability and consequences of asset failure. This requires review and update.</p> <p><u>Recommendation 10/2020</u></p> <p><i>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.</i></p>		
9	CONTINGENCY PLANNING		C	2
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<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><u>Recommendation 11/2020</u></p> <p>a) <i>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.</i></p> <p>b) <i>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.</i></p> <p>c) <i>The availability and location of the Department of Health Wastewater Overflows Procedure should be included in the plan.</i></p>		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
10	FINANCIAL PLANNING		A	1
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	The Shire of Gnowangerup's Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40 (LTFP) 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.		
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	This LTFP demonstrates the Council's ability to fund the operations of the effluent system, including the replacement and renewal of associated infrastructure assets from the annual sewerage charges in the rates income and the accumulation of a sewerage replacement reserve to fund the capital replacements over the next 20 years. The LTFP concludes that the Shire will be able to fund all effluent system operational and maintenance costs, and set aside monies in the effluent reserve account to fund asset renewals and replacements due over the planning period.		
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	The LTFP includes annual projections of operating statements and the financial position of financial accounts relevant to the effluent system. It will also form the basis for the preparation of the Shire's annual budgets. These projections are reviewed annually as part of the budgeting process and are reported in the Shire's annual audited financial statements.		
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The Long Term Financial Plan covers a 20 year planning period, from 2019-20 to 2039-40. Projections contained in the schedules attached to this Plan reveal that over the next 20 years the Shire will require revenue from sanitary rates to grow at an average of 1.5% per annum over the life of the Plan.		
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The LTFP includes annual projections of operating statements and the financial position of financial accounts relevant to the effluent system. This includes operations and maintenance, administration and capital replacement expenditure for the effluent system.		
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	The LTFP projections are reviewed annually as part of the budgeting process and variances of actual to budget income and expenses are identified, reviewed and reported as part of the monthly financial statements and in the Shire's annual audited financial statements.		
11	CAPITAL EXPENDITURE PLANNING		C	2
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	The capital expenditure plan is included in the LTFP. It is based on modelling of renewal and replacement of assets over the next 20 years. The LTFP refers to an Asset Management Plan 2019 but his could not be located during the audit. Further details need to be included in an updated AMP.		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)																			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	<p>The LTFP provides for the following projects over the next 20 years:</p> <table border="1" data-bbox="801 320 1749 443"> <thead> <tr> <th>Project</th> <th>Year</th> <th>\$</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Replace fencing to wastewater ponds</td> <td>2019</td> <td>\$10,000</td> <td>Completed</td> </tr> <tr> <td>Replace vitreous clay pipes and clean 4 ponds</td> <td>2033</td> <td>\$276,000</td> <td>Not due</td> </tr> <tr> <td>Replace 25 access chambers</td> <td>2035</td> <td>\$100,000</td> <td>Not due</td> </tr> </tbody> </table> <p>Further details of the asset replacement lifecycle, estimated capital expenditure and timing should be included in an updated AMP.</p>				Project	Year	\$	Status	Replace fencing to wastewater ponds	2019	\$10,000	Completed	Replace vitreous clay pipes and clean 4 ponds	2033	\$276,000	Not due	Replace 25 access chambers	2035	\$100,000	Not due
Project	Year	\$	Status																		
Replace fencing to wastewater ponds	2019	\$10,000	Completed																		
Replace vitreous clay pipes and clean 4 ponds	2033	\$276,000	Not due																		
Replace 25 access chambers	2035	\$100,000	Not due																		
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	Refer criteria 11.1 and 11.2 above.																			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	<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 LTFP and annual budgeting process of the Shire.</p> <p><u>Recommendation 12/2020</u></p> <p>The replacement Asset Management Plan should include:</p> <ul style="list-style-type: none"> • The capital expenditure replacement schedule, estimated costs and justification to align with the Long Term Financial Plan for the Ongerup system. • The approach to future renewal/ refurbishment project evaluations and commissioning tests. • 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. 																			
12	REVIEW OF ASSET MANAGEMENT SYSTEM		C		3																
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	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.																			
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	This review is performed every 3 years or as required by the ERA. This is considered adequate, together with the annual desktop review referred to in criteria 12.1 above.																			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p><u>Recommendation 13/2020</u></p> <p><i>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.</i></p>

4.8 Review Recommendations

Table of Current Review Asset System Deficiencies and Recommendations

A. Resolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	Nil		
B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
5/2020 C3	<p>Asset Planning</p> <p><i>Asset management plan covers key requirements. Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning. 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 Shire should prepare a replacement AMP specifically for the Ongerup sewerage scheme which includes documentation relevant to other recommendations of this Report. This includes:</p> <ul style="list-style-type: none"> • Update references to the current legislation (Water Services Act 2012) and the obligations stated in the Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019. • Linking the AMP to the Shire of Gnowangerup's Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40. • Further details of the lifecycle costing approach, including the costs and their justification. 	Nil

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>The <i>Shire of Gnowangerup's Ongerup Effluent System Long Term Financial Plan 2019/20 to 2039/40</i> (LTFP) 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>	<ul style="list-style-type: none"> Review and update of the risk assessment of asset failure. 	
6/2020 C3	<p>Environmental Analysis</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 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>The replacement AMP should include:</p> <ul style="list-style-type: none"> 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 Sewerage and Effluent Reuse Scheme – January 2019</i>. Any requirements of the DoH or the DWER in respect of discharge from the scheme. 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. The customer service levels for the sewerage assets should be clearly documented. The latest dates of all reporting obligations should be listed and issued to responsible officers. 	Nil
7/2020 C2	<p>Asset Operations</p> <p><i>Operational policies and procedures are documented and linked to service levels required.</i></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</p>	Nil

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<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 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. Refer criteria 8.1 below.</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</p>	<p>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>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>	

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>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 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>		
8/2020 C2	<p>Asset Maintenance</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</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>	Nil

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>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 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>		
<p>9/2020</p> <p>C2</p>	<p>Asset Management Information System</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>Nil</p>
<p>10/2020</p> <p>C2</p>	<p>Risk Management</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 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>Nil</p>

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>The Shire has a Risk Management Policy in the Council Manual that was reviewed in 2019.</p> <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>Contingency Planning</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>	Nil
12/2020 C2	<p>Capital Expenditure Planning</p> <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</p>	<p>The replacement Asset Management Plan should include:</p> <ul style="list-style-type: none"> The capital expenditure replacement schedule, estimated costs and justification to align with the Long Term Financial Plan for the Ongerup system. 	Nil

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	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.	<ul style="list-style-type: none"> The approach to future renewal/ refurbishment project evaluations and commissioning tests. 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. 	
13/2020 C3	<p>Review of Asset Management System</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>	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.	Nil

5. Appendix A - Methodology

A1. Audit and Review Approach

Our approach to meeting the requirements for the operational audit and asset management system effectiveness review is set out below.

Audit and Review Planning

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (*not required*).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes (*completed*).
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component). (*completed*).
- **Previous recommendations** – Review the recommendations from the previous audit and review and the actions taken by the licensee to address the recommendations. The outcome of this review has been considered in setting the audit priority of the licence obligations. (*completed*).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

Fieldwork

- Undertake a visit to the licensee's office and the Ongerup treatment plant and conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. ***The on-site visit will include our Senior Engineer.***
- Review the status of the previous audit and review recommendations and confirm any corrective action. The audit will consider the recommendations and any action taken since the previous audit and review.
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- The audit steps for the **Operational Audit** will include:
 - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
 - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
 - **control environment** – management's philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
 - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data, cyber security and documentation describing the information system;

- **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;
 - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management’s attitude towards compliance; and
 - **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee’s plan to ensure compliance and recommend any further improvements to achieve compliance.
- The activities in the **Asset Management System Review** will include:
 - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
 - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
 - physically inspect the key assets and infrastructure; and
 - assess the effectiveness of the processes and system in place.

Audit and Review Reporting

- Prior to the conclusion of the visit, the lead auditor will discuss any observations and recommendations with the licensee’s management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to the ERA for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to the ERA for review and feedback prior to finalising the report.
- Issue the final report to the ERA.
- The ERA will arrange responses to the proposed actions in the Post Audit Implementation Plan.

A2. Key Documents Reviewed

Regulatory Documents and Reports

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018
- Water Services Regulations 2013
- 2019 Audit and Review Guidelines: Water Licences
- Water Compliance Reporting Manual – October 2017
- Water Compliance Reporting Manual – May 2018
- Water Compliance Reporting Manual – May 2020
- Water Services Operating Licence W11 – Version 5 (From 1 July 2016 to 30 April 2020); and Version 6 (From 1 May 2020 and onwards; changes from the ERA’s 2019 Water Licence Review).
- Map of Licence Operating Area OWR-OA-090
- 2017 Audit and Review Report – WL11 (11 May 2018)
- Post Audit and Review Implementation Plan – October 2019.

- Compliance reports to ERA for 2017/18, 2018/19 and 2019/20
- Performance reports to ERA for 2017/18, 2018/19 and 2019/20
- Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2019.

Operational Audit

- Shire of Gnowangerup – Annual Report for 2017/18, 2018/19 and 2019/20
- Energy & Water Ombudsman membership and fees paid
- Relevant correspondence between the Licensee and the ERA
- Shire of Gnowangerup – Council Manual
- Shire of Gnowangerup Water Services Manual – Ongerup Sewerage and Effluent Reuse Scheme – January 2019.
- Shire of Gnowangerup – Compliance Calendar from 1 December 2017 to 30 November 2020
- Shire of Gnowangerup - Customer Service Charter
- Shire of Gnowangerup – Complaints Form
- Shire of Gnowangerup – Complaints Register from 1 December 2017 to 30 November 2020
- Shire of Gnowangerup - Financial Hardship Policy – Water
- Sample of Rates Notices.

Asset Management System Review

- 2013 Asset Management Plan – Ongerup Sewerage and Effluent Reuse Scheme Assets (part of NAMS 3 system)
- Shire of Gnowangerup - Long-Term Financial Plan 2019/20 to 2039/40
- Ongerup Site – Depot Staff Weekly Checklist (examples)

A3. Key Contacts

The licensee's representatives participating in the audit were:

- Bob Jarvis - CEO
- Ian Graham - Deputy CEO
- Geoff Carberry - Assets & Waste Management Coordinator
- Carol Shaddick - Senior Finance Officer

A4. Consultants

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	20
Geoff Hughes – Principal Planning Engineer	25
Susan Smith - Manager	15
TOTAL	60

END OF REPORT