

## **Shire of Dumbleyung**

**2020 Operational Audit and Asset Management System Review  
Water Services Licence WL16**

**Final Report**

**Economic Regulation Authority  
March 2021**

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Quantum Management Consulting and Assurance

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

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

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

**E.** [mail@quantumassurance.com.au](mailto:mail@quantumassurance.com.au) **W.** [www.quantumassurance.com.au](http://www.quantumassurance.com.au)

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**Limitations of this Report**

This report was prepared for distribution to the Economic Regulation Authority and the Shire of Dumbleyung for the purpose of fulfilling the Shire of Dumbleyung'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 Dumbleyung 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 Dumbleyung (the 'Shire') has a Water Services Licence (WL16) (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 town of Dumbleyung 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 (WL16) 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 Dumbleyung 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 Dumbleyung did not comply with applicable licence obligations as outlined below:

Reporting Manual number and Licence condition	Issue
<b><i>The following obligations were assessed as "Non-Compliant – Minor Impact".</i></b>	
<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>	
100	<b><i>Water Services Code of Conduct (Customer Service Standards) 2013 - Clause 12(3)</i></b> <i>Each bill must contain the prescribed information.</i>  From review of a sample of Rates Notices issued in 2018/19, 2019/20 and 2020/21, the auditor found that the Rates Notices included the prescribed information except for: <ul style="list-style-type: none"><li>• The nature and amount of any applicable concession, discount or rebate (included from 2020/21);</li><li>• Contact details for account, payment and general enquires for use by customer with hearing or speech impairment; and</li><li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review.</li></ul> This information is included in the Customer Service Charter for the Scheme.
102 <i>(to April 2018)</i>	<b><i>Water Services Code of Conduct (Customer Service Standards) 2013 - Clause 12(3)</i></b> <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 did not include a statement that the Rates

Reporting Manual number and Licence condition		Issue
102A (from May 2018)	<p><b>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(6)</b></p> <p><i>Each bill must inform the customer of the specified information and where further details can be obtained and include the prescribed information.</i></p>	<p>Notices can be reviewed and where further information can be obtained.</p> <p>The Payroll &amp; Rates 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>However, this information is included in the Customer Service Charter and Bill Review Procedure for the Scheme available on the Shire's website.</p>
119	<p><b>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 24(1)</b></p> <p><i>The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.</i></p>	<p>The Shire has not amended the Rates Notices to include payment methods of Direct Debit and Centrepay to comply with the stipulations of the Code.</p> <p>The Payroll &amp; Rates 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>
154A	<p><b>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(3)</b></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>	<p>The auditor noted that the Customer Service Charter includes 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>
166 & 167	<p><b>Water Services Act 2012 Section 12</b></p> <p><i>The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.</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>	<p>The auditor reviewed the Compliance Reports submitted to the ERA for 2018/19, 2019/20 and 2020/21. All reports note a non-compliance re "bill must contain all prescribed information". Refer obligation 100 above..</p> <p>The auditor noted the 2019/20 report also states that the 2018/19 Compliance Report and Performance Report were submitted late.</p> <p>The auditor reviewed the reports and is satisfied the information reporting complies with the ERA's requirements.</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>

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 Dumbleyung has operated the scheme in a reliable manner and provided a good level of service to the Dumbleyung community.

The review found that the sewerage system is being generally well-managed and the asset management system has improved since the previous review. Further improvements to some work practices and documentation have been advised direct to the Licensee to fully meet the effectiveness criteria for the asset management system under the Licence obligations.

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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 15 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 Dumbleyung 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**

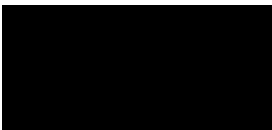
Our responsibility is to perform a reasonable assurance engagement in relation to the Shire's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

#### **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

18 March 2021



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## 2. Executive Summary

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### 2.1 Background

The Shire of Dumbleyung 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 town of Dumbleyung 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 WL16 in force over the audit period:

- Version 4 (From 1 July 2016 to 30 April 2020); and
- Version 5 (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 Dumbleyung has complied with its Water Services Licence obligations during the audit period from 1 December 2017 to 30 November 2020 with 10 non-compliances with a minor effect on customers.

Out of 158 applicable compliance obligations, the audit found:

- 65 obligations were rated compliant (63 with adequate controls and 2 with generally adequate controls);
- 10 obligations were rated non-compliant – with minor effect on customers (2 with adequate controls, 7 with generally adequate controls – improvement needed and 1 with inadequate controls); and
- 83 were not rated for compliance as no relevant activity took place during the audit period (56 with adequate controls and 27 not rated).

Of the 8 recommendations in the previous audit report (February 2018), 5 have been completed and 1 is partly completed and 2 are outstanding, with further 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 provide additional information on rates notices, provide a link to the water services code on the Shire website and improve the recordkeeping for the annual performance reporting to the ERA.

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### **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 Dumbleyung has operated the scheme in a reliable manner and provided a good level of service to the Dumbleyung community.

The review found that the sewerage system is being generally well-managed and the asset management system has improved since the previous review. Further improvements to some work practices and documentation have been advised direct to the Licensee to fully 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:

- 44 criteria were rated as performing effectively with adequately defined controls; and
- 13 were rated as opportunity for improvement to controls.

Of the 8 recommendations in the previous audit report (February 2018), 6 have been completed and 2 have been partly completed with further opportunities for improvement advised directly to the Licensee.

In terms of asset management processes, the asset creation/acquisition, environmental analysis, asset operations and asset maintenance are adequate with some processes requiring further improvement.

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## 3. Operational Audit

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### 3.1 Introduction

The Shire of Dumbleyung 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 town of Dumbleyung 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 WL16 in force over the audit period:

- Version 4 (From 1 July 2016 to 30 April 2020); and
- Version 5 (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 February 2018. Of the 8 recommendations in the previous audit report, 5 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
<b>A. Resolved during current audit period</b>						
1/2017	4, 5, 15, 16, 18, 20, 25, 28, 30, 33, 34, 35-41, 42-45, 63, 69, 74, 75, 89, 100, 102, 123, 128, 133, 145-146, 148-149, 152, 153, 154, 155, 160, 168, 169, 173, 175-180, 182 and 183	D1	<p><b>Compliance Schedule</b></p> <p>The previous auditor found the Shire has no systems and controls in place to manage compliance with section 22 of the Act. The Shire did provide The previous auditor with a document entitled: "2017/2019 Compliance Schedule" which records an insignificant number of the Shire's compliance obligations in terms of the:</p> <ul style="list-style-type: none"> <li>• <i>Water Services Act 2012</i>;</li> <li>• <i>Water Services Code of Conduct (Customer Service Standards) 2013</i>;</li> <li>• <i>Water Service Regulations 2013</i>; and</li> <li>• Water Services Licence WL16, Version 4, 1 July 2016. (hereinafter collectively referred to as the "Water Legislation").</li> </ul> <p>The previous auditor examined a "Compliance Schedule" complied by the Shire 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 entitles: "Shire of Dumbleyung – Council Policy Manual – 20 April 2017" ("Policy Manual") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation.</p>	<p>The Shire should expand its "Compliance Schedule" to record all its obligations in terms of the Water Legislation. This schedule should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" may help the Shire to develop its own compliance register.</p> <p><b>Status - Completed</b></p> <p>The Shire's Compliance Calendar has been updated to capture the major compliance obligations under the <i>Water Services Act 2012</i>. Other obligations applicable to the Shire are included in the Water Services Operating Licence Risks register.</p>	March 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 examined the Shire's Asset Management Plan which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation.</p> <p>The previous auditor examined the Shire's Customer Charter and found it does record a few of the Shire's compliance obligations in terms of the Water Legislation.</p>			
2/2017	49-57	D NR	<p><b>Entry to Property</b></p> <p>The previous auditor confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not enter a place.</p> <p>The previous auditor confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services and:</p> <ul style="list-style-type: none"> <li>All its sewerage works were located on Council property; and</li> <li>Property owners were responsible to maintain the sewerage works on their properties (for example: by using an independent plumber).</li> </ul> <p>Thus, the Shire would only have required entering a place in exceptional circumstances.</p> <p>The previous auditor regards application of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act to the Shire's operations will be rare events. However, the Shire's Customer Charter specifically addresses this matter in section 3.1 entitled: "Entry to Your Property" but, the information provided in this section is limited and does not address the Shire's responsibilities in terms of the above-mentioned sections of the Act in sufficient detail.</p>	<p>The Shire should update its Customer Charter to appropriately address the above-mentioned sections of the Act.</p> <p><b>Status - Completed</b></p> <p>The Customer Service Charter has been updated to include the obligations for entry to property.</p>	March 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
5/2017	117	D NR	<p><b>Outcome of Bill Review</b></p> <p>The previous auditor examined the Shire's Customer Charter which addresses the review of bills in section 2.7 entitled: "Review of Bill". The section states:</p> <p><i>"We will review your bill at your request in accordance with the requirements of the Water Services Code of Conduct (Customer Service Standards) 2013."</i>; and</p> <p>However, the Shire's Customer Charter does not explicitly state the licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.</p>	<p>The Shire should amend its Customer Charter to inform customers appropriately of the stipulations of clause 18(5) of the Cost of Conduct.</p> <p><b>Status - Completed</b></p> <p>The Customer Service Charter on the website includes a statement that any overcharges will be assessed and where applicable, refunded within 15 days.</p>	March 2018	No further action required.
7/2017	131	B 2	<p><b>Hardship Policy</b></p> <p>The previous auditor found the Shire's Financial Hardship Policy does not provide specified written information to customers about applying for:</p> <ul style="list-style-type: none"> <li>• Concessions or other financial relief to which the customer may be entitled under the Act; and</li> <li>• Any other financial assistance to which the customer may be entitled including from Government-funded grant schemes.</li> </ul>	<p>The Shire should inform its customers appropriately of the stipulations of clause 27(3)(c)(ii) and (v) of the Code of Conduct.</p> <p><b>Status - Completed</b></p> <p>The Shire updated the Financial Hardship Policy (October 2018) to comply with the Code of Conduct.</p>	October 2018	No further action required.
8/2017	146	D3	<p><b>Complaints Procedure</b></p> <p>The previous auditor confirmed by interview of the Shire's CEO that the Shire did not develop its complaints procedure using as a minimum standard the relevant provisions of the AS/ISO 10002-2006 standard and the ERA's guidelines.</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><b>Status - Completed</b></p> <p>The Shire has reviewed the Customer Service Charter in respect of complaints</p>	April 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
				handling and has been reviewed and confirmed that it complies with the AS/ISO 10002-22006 standard and the ERA guidelines.		
<b>B. Unresolved during current audit period</b>						
3/2017	100	D2	<p><b>Rates Notices</b></p> <p>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) in the Code of Conduct. The examined "Rate Notices" did not disclose:</p> <ul style="list-style-type: none"> <li>The nature and amount of any applicable concession, discount or rebate;</li> <li>Contact details for account, payment and general enquires for use by customer with hearing or speech impairment; and</li> <li>A statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> <p>The previous auditor examined the Shire's Customer Charter which in section 2.6 entitled: "Charges and Accounts" states: "Charges for services to customers shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995."</p>	<p>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.</p> <p><b>Status: Partly Completed</b></p> <p>The Rates Notices issued for 2020/21 included the nature and amounts of concessions available.</p> <p>Apart from this, the Rates Notices have not been updated for:</p> <ul style="list-style-type: none"> <li>Contact details for account, payment and general enquires for use by customer with hearing or speech impairment; and</li> <li>A statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> <p>This information is included in the Customer Service Charter for the Scheme.</p>	-	<i>Refer recommendation 1/2020.</i>
4/2017	102	D2	<p><b>Rates Notices – Review and Complaints</b></p> <p>The previous auditor examined a sample of "Rate Notices" issued after this date and found these notices, did not disclose:</p>	The Shire should amend its "Rate Notices" to comply with the stipulations of clauses	-	



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"> <li>Bills can be reviewed in accordance with the licensee's review procedure mentioned in clause 18; and</li> <li>Complaints about the provisions of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure mentioned in clause 35.</li> </ul>	<p>12(3)(e) and (f) of the Code of Conduct 2013.</p> <p><b>Status: Outstanding</b></p> <p>The Rates Notices issued in the audit period have not been updated for references to the bill review and complaints procedure.</p>		<i>Refer recommendation 1/2020</i>
6/2017	119	B2	<p><b>Payment Methods</b></p> <p>The previous auditor confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did allow customers to pay bills using any of the prescribed methods, excluding direct debit.</p> <p>The previous auditor examined a sample of "Rate Notices" issued during the Audit Period and found they provided for payment by:</p> <ul style="list-style-type: none"> <li>Direct credit/EFT;</li> <li>By mail;</li> <li>By phone; and</li> <li>In person.</li> </ul> <p>Thus, the Centrepay option was also not available to customers during the Audit Period.</p> <p>The previous auditor also examined the Shire's Customer Service Charter which in section 2.12(b) entitled: "<i>Bill Payment Options</i>" refer to the prescribed methods, excluding Centrepay.</p>	<p>The Shire should allow customers to pay bills using all the prescribed methods listed in Regulation 21(1). The Customer Charter and "Rate Notices" should refer to all these prescribed methods.</p> <p><b>Status - Outstanding</b></p> <p>The Shire has not amended the Rates Notices to include payment methods of Direct Debit and Centrepay to comply with the stipulations of clause 21(1) of the Code of Conduct.</p> <p>The Shire's Financial Hardship Policy does include these payment options, including Centrepay. The Customer Service Charter is considered adequate if the Rates Notices include the Centrepay option..</p>	-	Refer Recommendation 2/2020.

### 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	63	2			56	121
	B – Generally adequate	2	7				9
	C - Inadequate		1				1
	D – No controls						
	NP – Not performed					27	27
<b>Total</b>	<b>65</b>	<b>10</b>		-	<b>83</b>	<b>158</b>	

**Detailed Audit Ratings of Control and Compliance by Obligation**

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (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
<b>Water Services Act 2012</b>													
2	Terms of service	Sec. 21(1)(b)	4	✓									✓
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)	4	✓									✓
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	✓							✓		
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	✓						✓			

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

<sup>2</sup> Refer Controls and Compliance Rating Scales in Section 2.3.

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (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	
16	Interruption of water supplies	Sec. 77(3)	3	✓										✓
17	Notification of building works	Sec. 82(4) & (5)	4					✓						✓
18	Ensuring water service works are done	Sec. 84(2)	4					✓						✓
19	Review of decisions	Sec. 87(2)	4					✓						✓
20	Construction near water service works	Sec. 90(7)	4					✓						✓
24	Minister's direction re wastewater inlet	Sec. 98(3)	4					✓						✓
25	Compliance notice re failure to maintain fittings	Sec. 106(2)	4					✓						✓
28	Compliance notice issued by licensee rebuilding works	Sec. 119(2)	4					✓						✓
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)	4					✓						✓
32	Notice to property owner - entry	Sec. 129(5)	4					✓						✓
33	Notice to property owner – removal of fence	Sec. 139(3)	5					✓						✓
34	Notice to roads authority	Sec. 141(1)	4					✓						✓
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	4					✓						✓
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)	4					✓						✓
62	Compliance Officer	Sec. 210(5)	4					✓						✓
63	Minimum disruption	Sec. 218(2)	5	✓					✓					
64	Physical damage	Sec. 218(3)	4	✓					✓					
<b>Water Services Regulations 2013</b>														
65	Meter testing – multi-unit	Reg. 23(2),	4					N/A						N/A

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (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	
66	Meter testing - compliance	Reg. 24(4)	4					N/A						N/A
67	Meter access - compliance	Reg. 26(3)	4					N/A						N/A
68	Meter testing – tolerance	Reg. 26(5)	4					N/A						N/A
69	Lot development	Reg. 29(2)	4					✓						✓
70 - 72	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4					✓						✓
74	Work affecting roads	Reg. 60(2)	4					✓						✓
75	Breaks to road surface	Reg. 63	3	✓					✓					
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4					✓						✓
<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>														
92	Information for customers	Cl. 8(1)-(3)	4	✓					✓					
94	Annual service charges	Cl. 10(2)	4	✓					✓					
95-96	Usage bills at least 4 monthly	Cl.11(2) - (3)	4					N/A						N/A
97	Estimated Bill of Usage - Regulation	Cl. 11(4)	4					N/A						N/A
98 – 98A	Estimated Bill of Usage	Cl. 11(5) – (6)	4					N/A						N/A
99	Address for billing	Cl. 12	4	✓					✓					
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)	4					N/A						N/A
101A	Billing information - estimate	Cl. 13(5)	4					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)	4					N/A						N/A
104A	Tariff information	Cl. 15(3)	3					N/A						N/A
105	Request for meter reading	Cl. 16(1)	4					N/A						N/A
106	Higher than normal charge	Cl. 17(2)&(3)	4					N/A						N/A
107-110	Under and over charges	Cl. 18(2) - (5),	4	✓										✓
111	Over charges - refunds	Cl. 17(1) (to April 2018)	4	✓										✓
111A	Over charges - refunds	Cl. 19(2)	4	✓										✓
112	Over charges - refunds	Cl. 17(2) (to April 2018)	4	✓										✓
112A-C	Over charges - refunds	Cl. 19(3)-(5)	4	✓										✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (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		
113	Review of bill upon request	Cl. 20(1)	4	✓											✓
114	Review of bill procedure – written procedure	Cl. 20(2)	4	✓						✓					
115	Review of bill procedure – information	Cl. 20(3) & (6)	4	✓						✓					
116	Review of bill procedure – ombudsman	Cl. 20(4)	4	✓						✓					
117	Review of bill procedure – timeframe	Cl. 20(5)	3	✓											✓
117A	Notification of change in water service charge	Cl. 21	4	✓						✓					
118	At least 14 days for payment	Cl 23	4	✓						✓					
119	Payment methods - options	Cl. 24(1)	3		✓						✓				
120	Payment methods - fees	Cl. 24(2)	4	✓						✓					
121	Payment methods- direct debit authority	Cl. 25(1)	4	✓						✓					
122	Payment in advance	Cl. 26(1)	4	✓											✓
123	Redirection of bills	Cl. 27	3	✓						✓					
124	Payment plan	Cl. 25 (to April 2018)	4	✓						✓					
124A-C	Payment plan	Cl. 28(2) - (3) Cl. 29(1) - (2)	4	✓						✓					
125, 126A, 126B 127	Financial hardship policy	Cl. 29(1) - (5)	4	✓						✓					
126	Financial hardship policy (pre-Act)	Cl. 26(3) (to April 2018)	4	✓						✓					
128	Financial hardship policy - publicly available	Cl. 29(6)	3	✓						✓					
129	Financial hardship policy – review	Cl. 26(6) (to April 2018)	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) (to April 2018)	4	✓						✓					
130A, 130B, 131A, 131B, 131C	Financial hardship – payment variations	Cl. 30(2) - (3), 30(4)(a)-(c)	3	✓						✓					
131	Financial hardship – reducing bill	Cl. 27(3) (to April 2018)	3	✓						✓					

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (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	
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)	4		✓					✓				
151	No charge for information	Cl. 36(1) (to April 2018)	4		✓					✓				
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		✓						✓			
<b>Licence Conditions – Specific Clauses</b>														
155	Fees to regulator	Cl. 4.2.1	3					N/A						N/A
156	Compliance with legislation	Cl. 3.1.1 (to April 2020)	4		✓						✓			
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	4	✓						✓				
163	External administration	Cl. 4.7.1(a)-(c)	4	✓										✓
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		✓						✓			

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (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	
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	3	✓						✓				
170A	Notify ERA of asset management system (AMS)	Cl. 5.1.2 (a) & (b)	4	✓						✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	4	✓										✓
172	AMS review	Cl. 5.1.7	4	✓						✓				
172A-B	ERA direction re condition of service	Cl. 6.1.1-6.1.2	4	✓										✓
173	Ombudsman scheme	Cl. 5.5.1 <i>(to April 2020)</i>	3	✓						✓				
175-180	Customer contract approval and amendment	Cl. 5.1.1 to 5.1.5, 5.3.1 & 5.3.2, 5.3.4 <i>(to April 2020)</i>	3	✓										✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4					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 <i>(to April 2020)</i>	3	✓						✓				
184A -B, 185, 186, 187, 188	MOU with Department of Health	Cl. 7.1	4					N/A						N/A
190	Service and performance standards (if applicable)	Schedule 2	4					N/A						N/A

### 3.6 Detailed Audit Observations

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			<b>Water Services Act 2012</b>				
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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period there were two request for services to be connected and these were approved.  This obligation is stated in the Customer Service Charter and the Water Services Operating Licence Risks register.	A	NR
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purposes of section 11(3).	4	The provision, operation and maintenance of water service works during the Audit Period are covered in comprehensive detail in the Review section of this report. The auditor rated the asset management system across all 12 key asset management system processes. This obligation is stated in the Water Services Operating Licence Risks register.	A	1
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 Manager of Works & Services that no water services were provided outside the operating area . This would be a rare event and formal procedures and controls are not expected to be put in place.  The auditor confirmed an “As Constructed” map of the scheme is held at the Shire office as per the Asset Management Plan – Dumbleyung Town Sewerage Scheme (‘Asset Management Plan’). This obligation is stated in the Water Services Operating Licence Risks register.	A	NR

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

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

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



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 Manager of Works & Services 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 Water Services Operating Licence Risks register.	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).	4	The auditor confirmed with the Manager of Works & Services that, during the audit period, there were no changes to its asset management system. This obligation is stated in the Shire's Compliance Schedule.	A	NR
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 Compliance Schedule and the Water Services Operating Licence Risks register.	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 February 2018. The next audit is the subject of this report. This obligation is stated in the Shire's Compliance Schedule and the Water Services Operating Licence Risks register.	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.	A	2

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					This obligation is stated in the Water Services Operating Licence Risks register.		
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 Water Services Operating Licence Risks register.	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 Manager of Works & Services that during the audit period, the Shire has not ceased the provision of the water service. This obligation is stated in the Water Services Operating Licence Risks register.	A	NR
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 Manager of Works & Services 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"> <li>• a member of the water services ombudsman scheme; and</li> <li>• is bound by the scheme; and</li> <li>• will comply with any decision or direction of the water services ombudsman under the scheme.</li> </ul>	3	The auditor confirmed with the Manager of Works & Services 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 Water Services Operating Licence Risks register and the Customer Services Charter.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 Manager of Works & Services 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 Water Services Operating Licence Risks register.	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 provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	4	The auditor confirmed with the Manager of Works & Services 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.  As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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.	4	The auditor confirmed with the Manager of Works & Services 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.  As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	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	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no applications to the State Administrative Tribunal.	NP	NR

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			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.		As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.		
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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no compliance notices issued.  As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required.	NP	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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no requests by the Minister to connect a wastewater inlet on land to the sewerage works.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no compliance notices issued.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR

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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).	4	Refer obligation 25 above.	NP	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 Manager of Works & Services that during the audit period, there were no applications to the State Administrative Tribunal. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	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 Manager of Works & Services that during the audit period, the only apportionment of fees was consistent with agreements related to the provision of such services or the <i>Strata Titles Act 1985</i> . This obligation is stated in the Shire's finance procedures..	A	1
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 prescribed fee (if any) if the charge or contribution has been paid.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no memorials or withdrawals lodged with the Registrar. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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	4	The auditor confirmed with the Manager of Works & Services 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	NP	NR

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			to the occupier of the place unless the occupier agrees otherwise.		give 48 hours' notice of proposed entry to the occupier of a place; As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required. As entry did not occur in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.		
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 Manager of Works & Services 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.. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, all road works related to Shire roads. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
35	Sections 142	Clause 4.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required by section 148.	3	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no major works undertaken for the Scheme. The overall procedures are stated in the Asset Management Plan.	A	NR

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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 section 143(3), the licensee must resubmit the proposal.	3	Refer obligation 35 above.	A	NR
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	3	The auditor confirmed with the Manager of Works & Services and by review of the Shire's Annual	A	NR

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			proposed works and publish and make them available for inspection.		Reports, that during the audit period, there were no general works undertaken to the Scheme. The overall procedures are stated in the Asset Management Plan.		
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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no advices from the Minister to acquire an interest in land.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	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.	4	Refer obligation 46 above.	NP	NR



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48	Section 170	Clause 4.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no sales of interest in lands for the Scheme.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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 Manager of Works & Services 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.  The Manager of Works & Services confirmed that during the audit period, the Shire only provided sewerages services and: <ul style="list-style-type: none"> <li>All its sewerage works were located on Council property; and</li> <li>Property owners were responsible to maintain the sewerage works on their properties (for example: by using an independent plumber).</li> </ul> Thus, the Shire would only have required entering a property in exceptional circumstances.  The Customer Service Charter has been updated to include the obligations for entry to property.	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	3	Refer obligation 49 above.	A	NR

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			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.				
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 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.	3	Refer obligation 49 above.	A	NR
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

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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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no applications for a warrant.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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.	4	Refer obligation 58 above.	NP	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.	4	Refer obligation 58 above.	NP	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.	4	Refer obligation 58 above.	NP	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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no persons designated as an inspector or compliance officer.	NP	NR

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					As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.		
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 Manager of Works & Services 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 Customer Service Charter.	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.	4	The auditor confirmed with the Manager of Works & Services 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 Customer Service Charter..	A	1
			<b>Water Services Regulations 2013</b>				
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.	4	The auditor confirmed with the Manager of Works & Services that, during the audit period, the Shire only provided sewerage services. As the Shire did not use meters in respect of the water services it provided to customers during the audit period, this obligation is not applicable.	N/A	N/A
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access	4	Refer obligation 65 above.	N/A	N/A

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			to meters, the notice must specify the specified information.				
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.	4	Refer obligation 65 above.	N/A	N/A
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).	4	Refer obligation 65 above.	N/A	N/A
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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no infrastructure contributions required from a developer. The infrastructure is only on Shire property. Any property developments are limited to Shire property.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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).	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no orders issued for the installation of backflow devices for the Scheme.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had	NP	NR

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					been no non-compliance in the previous audit period.		
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).	4	Refer obligation 70 above.	NP	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).	4	Refer obligation 70 above.	NP	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.	4	The auditor confirmed with the Manager of Works & Services that, during the audit period, no works power was exercised in a road which necessitated altering the position of infrastructure.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
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	3	The auditor confirmed with the Manager of Works & Services that, during the audit period, the Shire did not open or break up a road without reinstating the	A	1

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			reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.		road and preventing any hazards. There was some road re-sealing in part of the operating area during the audit period. This obligation is stated in the Water Services Operating Licence Risks register.		
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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, there were no compliance notices issued.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place. The audit priority per the Audit Plan was also amended from 3 to 4 as there had been no non-compliance in the previous audit period.	NP	NR
			<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>				
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 Corporation and Busselton Water Corporation only and the information required by clause 8(2)(g) applies only to licensees that supply potable water).	4	The auditor confirmed with the Manager of Works & Services that, during the audit period, customers employed independent plumbers to connect to the Shire's sewerage infrastructure.  The information stipulated in the Code of Conduct about services available and connection, is included in the Customer Service Charter.	A	1
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.	4	The auditor confirmed with the Payroll & Rates Officer and by review of a sample of Rates Notices issued in the audit period that a bill for the fixed charge for the sewerage services is issued every 12 months.  This obligation is included in the Shire's Compliance Schedule.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	The auditor confirmed with the Payroll & Rates 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.	4	The auditor confirmed with the Payroll & Rates 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).	4	Refer obligation 96 above.	N/A	N/A
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.	4	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.	4	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	4	The auditor confirmed with the Payroll & Rates Officer and by review of a sample of Rates Notices issued in the audit period that bills are sent to the	A	1



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			nominates another address, to the nominated address.		property address unless another address is nominated. This obligation is included in the Customer Service Charter for the Scheme.		
100	Clause 13(1)	Clause 4.1.1	Each bill must contain the prescribed information.	3	<p>From review of a sample of Rates Notices issued in 2018/19, 2019/20 and 2020/21, the auditor found that the Rates Notices included the prescribed information except for:</p> <ul style="list-style-type: none"> <li>• The nature and amount of any applicable concession, discount or rebate (included from 2020/21);</li> <li>• Contact details for account, payment and general enquires for use by customer with hearing or speech impairment; and</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> <p>This information is included in the Customer Service Charter for the Scheme.</p> <p><b><u>Recommendation 1/2020</u></b></p> <p><i>As recommended in the previous audit, the Rates Notices should be updated to include:</i></p> <ul style="list-style-type: none"> <li>• <i>Contact details for account, payment and general enquires for use by customer with hearing or speech impairment;</i></li> <li>• <i>A statement that the website contains information about estimates, meter reading and testing, complaints and review.; and</i></li> <li>• <i>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).</i></li> </ul>	B	2

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					<i>The Payroll &amp; Rates Officer has prepared a draft of the update of Rates Notices for 2021/22 that includes the required information.</i>		
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 Payroll & Rates 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.	4	The auditor confirmed with the Payroll & Rates 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.	4	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	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 where further information can be obtained.  This information is included in the Customer Service Charter for the Scheme available on the Shire's website.  <b>Refer Recommendation 1/2020</b>	B	2
102A	Clause 13(6)	Clause 4.1.1	Each bill must contain the prescribed information.	3	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.	B	2

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					This information is included in the Customer Service Charter for the Scheme available on the Shire's website. <b>Refer recommendation 1/2020</b>		
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.	4	The auditor confirmed with the Payroll & Rates 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.	4	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 Payroll & Rates 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
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.	4	Refer obligation 104A 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	4	Refer obligation 104A above.	N/A	N/A

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			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.				
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.	4	The auditor confirmed with the Payroll & Rates 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.	4	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.	4	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 duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.	4	Refer obligation 107 above.	A	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	The auditor confirmed with the Payroll & Rates 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.	4	Refer obligation 111 above.	A	NR
112	Water Services Code of Conduct (Customer Service Standards) 2013 Clause 17(2) (to April 2018)	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.	4	Refer obligation 111 above.	A	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	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.	4	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).	4	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.	4	The auditor confirmed with the Payroll & Rates Officer that, during the audit period, there were no request for review of the sewerage charges on a Rates Notice.  The Customer Service Charter includes a bill review procedure that complies with the Code of Conduct and is available on the Shire's website.	A	NR
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.	4	The Customer Service Charter 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.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	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.	4	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).	4	The auditor confirmed with the Payroll & Rates 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. This obligation is included in the Council Policy Manual.	A	1
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.	4	The auditor confirmed with the Payroll & Rates 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 Council Policy Manual.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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	<p>The auditor confirmed with the Payroll &amp; Rates Officer that during the Audit Period, the Shire did allow customers to pay bills using any of the prescribed methods, excluding direct debit.</p> <p>The auditor examined a sample of "Rate Notices" issued during the audit period and found they provided for payment by:</p> <ul style="list-style-type: none"> <li>• Direct credit/EFT;</li> <li>• By mail;</li> <li>• By phone; and</li> <li>• In person.</li> </ul> <p>The Shire has not amended the Rates Notices to include payment methods of Direct Debit and Centrepay to comply with the stipulations of clause 21(1) of the Code of Conduct.</p> <p>The Payroll &amp; Rates Officer has prepared a draft of the 2021/22 Rates Notices that includes the prescribed methods.</p> <p>The Shire's Financial Hardship Policy does include these payment options, including Centrepay. The Customer Service Charter is considered adequate if the Rates Notices include the Centrepay option..</p> <p><b><u>Recommendation 2/2020</u></b></p> <p><i>The Shire should amend the Rates Notices to include payment methods of Direct Debit and Centrepay to comply with the stipulations of clause 21(1) of the Code of Conduct.</i></p>	B	2
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.	4	<p>The auditor confirmed with the Payroll &amp; Rates 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.</p>	A	1



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					The Customer Service Charter includes a section on Methods of Paying Bills that states there are no additional costs for payment options.		
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.	4	The auditor confirmed with the Payroll & Rates Officer that any payments by direct debit require the signed direct debit authority to be completed. The Customer Service Charter includes a section on Methods of Paying Bills that complies with the Code.	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.	4	The auditor confirmed with the Payroll & Rates Officer that there were no payments in advance in the audit period. The Customer Service Charter includes a statement that payments in advance will be accepted but no credit interest will be applied.	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 Payroll & Rates Officer that a customer's bill will be redirected upon request and at no charge.  The <i>Shire's Financial Hardship Policy</i> states under the heading: " <i>Useful Information</i> ": <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>  The Hardship Policy is also referred to in the Customer Service Charter for the Scheme.	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.	4	The auditor confirmed with the Payroll & Rates 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

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
	2013 Clause 25 (to April 2018)				This obligation is documented in the Customer Service Charter and the Rating Information sheet on the Shire's website..		
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.	4	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.	4	The auditor confirmed with the Payroll & Rates 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.	4	The auditor confirmed with the Payroll & Rates 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 <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 Customer Service Charter.	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 in February 2014 which was within 6 months after the Act took effect on 18 November 2013. This obligation is included in the Customer Service Charter.	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 Customer Service Charter.	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 <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 in February 2014 which was within 6 months after the Act took effect on 18 November 2013. This obligation is included in the Customer Service Charter.	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.	3	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 Customer Service Charter.	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 Financial Hardship Policy..	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 Payroll & Rates 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 Financial Hardship Policy.	A	NR
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 <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			formulating or reviewing its financial hardship policy.		included consultation with relevant consumer organisations. This obligation is included in the Water Services Operating Licence Risks register.		
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 Payroll & Rates 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 Customer Service Charter and the Rating Information sheet on the Shire's website..	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.	3	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	3	The auditor confirmed with the Payroll & Rates 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 <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			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.	3	The auditor confirmed with the Payroll & Rates 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.	3	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.	3	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.	3	The auditor confirmed with the Payroll & Rates 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.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	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 Payroll & Rates 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 Payroll & Rates 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 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).	4	The auditor confirmed with the Manager of Works & Services that there were no complaints received in the audit period and none were recorded in the Complaints Register for the Scheme. This obligation is documented in the Customer Service Charter..	A	NR
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 Manager of Works & Services 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.	A	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 Asset Management Plan for the scheme includes Section 7 – Contingency Plan with detailed incident and emergency procedures related to pipe collapse, blockage, explosion, earthquake, electrical failure, pump failure and extreme rainfall. The plan includes contact details for Shire staff, supply authorities electrical and plumbing trade companies, equipment hire, liquid waste removal and the pump manufacturer's service agent.	A	1
144D	Clause 44(2)	Clause 4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	As per obligation 144C above. The procedures cover the prescribed matters.	A	1
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 the expected duration of, any unplanned service interruption.	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 emergency contact number is included in the Customer Service Charter for the Scheme which is on the Shire's website.	A	1
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. The requirements of the Code are also documented in the procedure.	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	3	The Customer Service Charter includes a complaints procedure that complies with the relevant provisions of AS/NZS 10002-2014.	A	1



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			AS/NZS 10002-2014 and the ERA's guidelines (if any).				
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 procedure in the Customer Service Charter complies with the Code of Conduct requirements. The requirements of the Code are also documented in the procedure.	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 they use the complaint resolution procedure or instead of the procedures under the Act.	3	The complaints procedure in the Customer Service Charter includes the matters stipulated in Clause 35(4) of the Code of Conduct. Also, the Council Policy Manual has a section on Complaints Handling which includes the recording of any complaint..	A	1
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 procedure for the Scheme includes procedures for a review or appeal to the Shire and/or the ombudsman. The control is the documented procedure in the Customer Service Charter.	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 is available on the Shire's website and if requested, in hardcopy at no charge.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 Manager of Works & Services and by review of the Complains Register that there were no reported complaints in the audit period. The control is the documented procedure in the Customer Service Charter.	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.	4	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 A large print version of any publicly available documents is also available from the Shire office upon request and at no charge. However, the Rates Notices have not been updated for: <ul style="list-style-type: none"> <li>• Contact details for account, payment and general enquires for use by customer with hearing or speech impairment; and</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> <b>Refer recommendation 1/2020.</b>	B	1
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	4	Refer obligation 150 above.	B	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 including information about the previous billing was disclosed thereon. Information about previous bills is also available by enquiry to the Shire office upon request and at no charge.  This obligation is included in the Customer Service Charter.	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 Customer Service Charter includes 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.  <b><u>Recommendation 3/2020</u></b>  <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>  <a href="#">Western Australian Legislation - Water Services Code of Conduct (Customer Service Standards) 2018</a>	B	2

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			<b>Other License conditions</b>				
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 151 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.	4	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 auditor confirmed with the Manager of Works & Services that there had been no breaches they were aware of in the audit period that were subject to directions from the ERA.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	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 Compliance Calendar.	A	1
161	<i>Water Services Act 2012</i> Section 12	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 the licence. Therefore, this obligation is not applicable.	N/A	N/A

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	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 Asset Management Plan for the Wastewater Services.	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.	4	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 to report is included in the Shire's Compliance Schedule.	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.	4	The auditor confirmed with the Manager of Works & Services that the information required by the ERA during the audit period had been submitted.  The auditor noted the 2018/19 Compliance Report and the 2018/19 Performance Report were submitted late. The audit sighted the Compliance Report for 2019/20 which was submitted by the due date. .  The obligations to provide information in the manner and form specified by the ERA is included in the Shire's Annual Compliance Calendar.	A	1
166	<i>Water Services Act 2012</i> Section 12 (to April 2020)	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 reviewed the Compliance Reports submitted to the ERA for 2018/19, 2019/20 and 2020/21. All reports note a non-compliance re "bill must contain all prescribed information". Refer obligation 100 above..  The auditor noted the 2019/20 report also states that the 2018/19 Compliance Report and Performance Report were submitted late.	B	2

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
					<p>The auditor reviewed the reports and is satisfied the information reporting complies with the ERA's requirements.</p> <p>As the 2019/20 report was submitted by the required date and the obligation to provide annual Compliance Reports to the ERA is included in the Shire's Annual Compliance Calendar, no further recommendation is made.</p>		
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	<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><b><u>Recommendation 4/2020</u></b></p> <p><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. A separate digital folder should be set up for all correspondence with the ERA.</i></p>	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	<p>The auditor confirmed with the Manager of Works &amp; Services that the ERA did not direct the Shire to publish any information under this clause.</p> <p>This obligation is included in the Water Services Operating Licence Risks register.</p>	A	NR
169	<i>Water Services Act 2012</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	3	<p>The auditor noted that notices were given in writing during the audit period.</p> <p>This obligation is included in the Water Services Operating Licence Risks register.</p>	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	The auditor confirmed with the Manager of Works & Services 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 Water Services Operating Licence Risks register.	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.	4	The auditor confirmed with the Manager of Works & Services that, during the audit period, there were no changes to its asset management system. This obligation is stated in the Water Services Operating Licence Risks register.	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.	4	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 Compliance Schedule and the Water Services Operating Licence Risks register.	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.	4	The auditor confirmed with the Manager of Works & Services 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 Water Services Operating Licence Risks register.	A	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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.	4	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.	3	The auditor confirmed with the Manager of Works & Services 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 Water Services Operating Licence Risks register.	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 <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 Manager of Works & Services that there were no contracts entered into in the audit period for sewerage services. This obligation is stated in the Water Services Operating Licence Risks register.	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.	4	The auditor confirmed with the Manager of Works & Services that during the audit period, the Shire was not a supplier of last resort.	N/A	N/A

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
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 licence unless otherwise notified by the ERA.	3	The auditor confirmed with the Manager of Works & Services that no water services were provided outside the operating area . This would be a rare event and formal procedures and controls are not expected to be put in place.  This obligation is included in the Water Services Operating Licence Risks register.	A	NR
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 Water Services Operating Licence Risks register.	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.	4	The auditor confirmed with the Manager of Works & Services that there is no MOU with the Department of Health for the sewerage scheme. The licence Version 5 (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.	4	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.	4	Refer obligation 184A above.	N/A	N/A

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
186	<i>Water Services Act 2012</i> Section 12	Clause 7.1	The licensee must comply with the terms of a Memorandum of Understanding.	4	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.	4	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.	4	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		

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><b>B2</b>  <b>Obligations 100, 102, 102A, 150</b>  <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(6)</i></p> <p><b>Rates Notices</b>            Each bill must contain the prescribed information.            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:</p> <ul style="list-style-type: none"> <li>• Contact details for account, payment and general enquires for use by customer with hearing or speech impairment;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> <li>• A Statement that the Rates Notices can be reviewed in accordance with the Shire's review procedure.</li> </ul>	<p>As recommended in the previous audit, the Rates Notices should be updated to include:</p> <ul style="list-style-type: none"> <li>• Contact details for account, payment and general enquires for use by customer with hearing or speech impairment;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review.; and</li> <li>• 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).</li> </ul>	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
	The Payroll & Rates Officer has prepared a draft of the update of Rates Notices for 2021/22 that includes the required information.		
2/2020	<p><b>B2</b> <b>Obligation 119</b> <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(6)</i></p> <p><b>Payment Methods</b></p> <p>The previous auditor confirmed with the Rates &amp; Payroll Officer and by review of a sample of Rates Notices for 2018/19, 2019/20 and 2020/21 that the Shire did allow customers to pay bills using any of the prescribed methods of:</p> <ul style="list-style-type: none"> <li>• Direct credit/EFT;</li> <li>• By mail;</li> <li>• By phone; and</li> <li>• In person.</li> </ul> <p>As reported in the previous audit, the payment methods did not include payment by direct debit or Centrepay.</p> <p>The Shire has not amended the Rates Notices to include payment methods of Direct Debit and Centrepay to comply with the stipulations of clause 21(1) of the Code of Conduct.</p> <p>The Payroll &amp; Rates Officer has prepared a draft of the update of Rates Notices for 2021/22 that includes the required information.</p> <p>The Shire's Financial Hardship Policy does include these payment options, including Centrepay. The Customer Service Charter is considered adequate if the Rates Notices include the Centrepay option..</p>	The Shire should amend the Rates Notices to include payment methods of Direct Debit and Centrepay to comply with the stipulations of clause 21(1) of the Code of Conduct.	Nil

<b>B. Unresolved at end of current audit period</b>			
<b>Recommendation (no./year)</b>	<b>Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)</b>	<b>Auditor's Recommendation</b>	<b>Action taken by the licensee by end of audit period</b>
<b>3/2020</b>	<p><b>B2</b> <b>Obligation 154A</b> <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(3)</i></p> <p><b>Website Link to Code of Conduct</b></p> <p>The licensee must ensure that its website contains a link to the current version of this code appearing on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.</p> <p>The auditor noted that the Customer Service Charter 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: <a href="#">Western Australian Legislation - Water Services Code of Conduct (Customer Service Standards) 2018</a></p>	Nil
<b>4/2020</b>	<p><b>C2</b> <b>Obligation 167</b> <i>Water Services Act 2012 Section 12</i></p> <p><b>Annual Performance Report to ERA</b></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>	Nil

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## 4. Asset Management System Review

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### 4.1 Description of Infrastructure

The Shire of Dumbleyung 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 Dumbleyung as specified in the licence.

The town of Dumbleyung is located 267 kilometres south east of Perth. The scheme was constructed in 1969 and comprises 5,500m of vitreous clay sewerage pipe reticulation and one waste treatment plant, serving 158 properties and a population of approximately 200 people.

The Shire no longer irrigates its recreation areas with treated effluent, due to the cost of replacing chlorination facilities and the effluent available being insufficient to irrigate all recreation areas.

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 management planning (high inherent risk);
- Risk management (revise risk assessment); and
- Financial planning (develop long-term financial plan).

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

#### Asset Management Performance Ratings

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



#### 4.4 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 8 recommendations in the previous review report, 6 have been completed and 2 are partially completed.

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
<b>A. Resolved during current review period</b>					
1/2017 (Review)	B2	<p><b>Environmental Analysis</b></p> <p>The AMP incorrectly states that the Licence was originally granted in compliance with the <i>Water Services Act 2012</i> rather than the <i>Water Services Licensing Act 1995</i>.</p> <p>The current Licence was issued on 18 November 2013 under the <i>Water Services Act 2012</i> which replaced the 1995 Act.</p> <p>Also, the recommendation of the previous review regarding addition of references to <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> has not been included in the AMP.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> <li>The Shire corrects the heading and first paragraph of Item 5.1 of the AMP to read 5.1 – Water Services Act “On 26<sup>th</sup> April 1996, the Shire of Dumbleyung was granted an operating licence for Sewerage Services under the provisions of the <i>Water Services Licensing Act 1995</i>. The Licence is for a period of twenty-five years duration, with provision for a review to be conducted six months prior to the end of the licence term. The Licence was amended on the eighteenth of November 2013 in response to the <i>Water Services Act 2012</i>, which replaced the 1995 Act”; and</li> <li>Reference to the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> is added.</li> </ul> <p><b>Status: Completed</b></p> <p>The AMP was updated as recommended.</p>	March 2018	No further action
3/2017 (Review)	B2	<p><b>Asset Maintenance</b></p> <p>There are a series of discrepancies between some of the maintenance procedures scheduled in the AMP and those in the Shire’s “Sewerage Management Plan Plant Procedures” document, prepared (but undated) in 2016. Reviewer considers Item 6.3 – “Operating Rules” of the</p>	<ul style="list-style-type: none"> <li>It is recommended that Item 6.3 – “Operating Rules” of the AMP should be deleted and replaced with a corrected version of the “Sewerage Management Plan – Plant Procedures” document and attached as an Appendix to the AMP.</li> </ul>	March 2018	No further action

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
		AMP should be deleted and replaced with a reference to the "Sewerage Management Plan – Plant Procedures" document, which should be corrected as appropriate and attached as an Appendix;	<ul style="list-style-type: none"> <li>It is also recommended that the Shire should undertake an assessment of the condition of all Access Chambers while assessing the condition of collecting sewers. The condition of the pumping station and Treatment Plant should be undertaken annually.</li> <li>The condition of assets should be updated in asset performance and condition spread sheets immediately on completion of the relevant inspections.</li> </ul> <p><b>Status: Completed</b> The AMP was updated as recommended. The condition of assets has been assessed and updated in the Asset Register in 2018.</p>		
4/2017 (Review)	C3	<p><b>Risk Management</b></p> <p>The Excel based Risk Management worksheet lacks information regarding the risk being considered and therefore how the assessments are determined. The risk assessment is considered inadequate and has never been reviewed.</p> <p>The Reviewer noted that:</p> <ul style="list-style-type: none"> <li>Seven risks are listed for access chambers, but the nature of the risks is not stated;</li> <li>Six risks are listed for gravity, but the nature of the risks is not stated;</li> <li>Four risks are listed for the pumping station, but the nature of the risks is not stated;</li> <li>Two risks are listed for the Imhoff Tank and Ponds but the nature of the risks is not stated; and</li> <li>No risks are assessed for the rising main to the treatment plant. However, a collapse, or blockage</li> </ul>	<p>It is recommended that the assets section of the risk assessment specify the risks being assessed and extension of the range of risks considered.</p> <p><b>Status: Completed</b></p> <p>The AMP was updated with a more detailed risk assessment.</p>	March 2018	No further action

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
		could result in serious flooding. Earthquake could affect all areas listed above.			
6/2017 (Review)	C3	<p><b>Financial Planning</b></p> <p>The financial plan outlined in the AMP provides information only from the year 2015/16 budget indicating estimated income of \$87,966 and expenditure of \$43,757.</p> <p>The budgets for the following years i.e., 2016/17 and 2017/18 indicate estimated incomes of \$96,396 and \$106,890 and expenditures of \$96,496 and \$110,983.</p> <p>The above-mentioned information is out of date. The financial plan should be updated annually and predict income and expenditure for the forthcoming five to ten years. Broad detail should be provided of the makeup of amounts contributing to the income and expenditure allocated to each year.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> <li>The financial plan be updated annually and predict income and expenditure for the forthcoming five to ten years;</li> <li>Broad detail be provided of the amounts contributing to the income and expenditure allocated to each year; and</li> <li>Review and correct as applicable sections of the financial spreadsheet where valuation information is missing and capital expenditure for given years is missing.</li> </ul> <p><b>Status: Completed</b></p> <p>The financial information in the AMP was updated as recommended.</p>	March 2018	No further action
7/2017 (Review)	B2	<p><b>Capital Expenditure Planning</b></p> <p>The AMP capital works plan covers a period of five years and includes the new and replacement works in the financial spreadsheet. The period covered is five years from 2014/15, whereas the period should commence from the current year 2017/18 and should be updated annually to provide a rolling forecast of capital works. The plan is otherwise adequate. Reasons for capital expenditure are set out in documentation submitted to the Shire Council for approval.</p>	<p>It is recommended that the plan be updated annually to provide a rolling forecast of capital works for a period of five years commencing from the financial year in question.</p> <p><b>Status: Completed</b></p> <p>The AMP was updated in 2018 as recommended. There is a 10 year plan of capital expenditure which is reviewed annually as part of the Shire's budgeting process.</p>	March 2018	No further action

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
8/2017 (Review)	B3	<p><b>Review of Asset Management System</b></p> <p>The AMP contains a specific requirement for its review annually and for the ERA to be advised of any significant changes within ten days. Reviewer is aware of changes to the AMP over recent years – resulting from his review of the Shire’s operation and management of its sewerage system – as an ERA appointed Inspector; and The current AMP, dated 2016, includes minor corrections of the 2015 document and requires a series of amendment as noted in the recommendations of this report. There is no record on the current document setting out the review date, the name of the reviewer or the items included as a result of the review.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> <li>• A review of the AMP be undertaken annually as stated in the existing (2016) AMP; and</li> <li>• A review status table be included on the front cover of the document indicating the document version number, the name of the reviewer and date of the review, together with a statement of amendments made to the document as a result of the review.</li> </ul> <p><b>Status: Completed</b></p> <p>The AMP was updated in 2018 and the status recorded. The Plan is to be reviewed at least every three years which is considered adequate for the scheme which is very stable. This has been added to the Compliance Calendar.</p>	March 2018	No further action
<b>B. Unresolved during current review period</b>					
2/2017 (Review)	B2	<p><b>Asset Operations</b></p> <p>The previous reviewer noted that despite provision of hours run meters, the run hours of each pump is not recorded. A weekly record of pump run hours should also be recorded in order to indicate how balanced (or otherwise), the running hours of each pump is. MWS agreed to determine the elapsed time and volume pumped between pump “start” and “stop” levels and hence the flow rate of each pump.</p> <p>Using the flow rate and hours pumped annually for each pump will allow the total annual flow to be readily determined. Similarly, determination of the weekly flows will indicate the impact of rainfall events on flows i.e., an</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> <li>• The flow rate of each pump be determined;</li> <li>• The duty of the pumps be changed weekly, together with recording of the date, duty pump hours, resultant flows and entry on the Shire’s computer system;</li> <li>• The Shire should submit details of anticipated effluent overflow periods, quantity and water quality data to Department of Health and Department of Environmental Regulation with a view to obtaining approval for the continued disposal of wet weather effluent overflows within the WWTP property; and</li> </ul>	-	<i>Refer section 4.6 – Asset Operations for further comments.</i>

Reference (no./year)	Previous Compliance Rating	Process and Policy Deficiency	Auditors Recommendation and Action Taken	Date Resolved	Further Action Required
		<p>indication of storm water inflow to manholes or illegal connections of household storm water to sewer.;</p> <p>The Shire should determine the likely winter pattern of outflow from the WWTP (based on the existing pond area, net average monthly rainfall and evaporation and pumped inflows).</p> <p>The Asset Register does not appear to have been upgraded. The condition of assets is not stated for Access Chambers, Pipes, Pumping Station, or Treatment Plant.</p>	<ul style="list-style-type: none"> <li>The Asset Register be upgraded to indicate the condition of all assets.</li> <li></li> </ul> <p><b>Status: Partly Completed</b></p> <p>The AMP was updated as recommended.</p> <p>There has been no contact with DEWR as not required unless an overflow event occurs.</p> <p>The pumps are being monitored except the hours and flows are not recorded.</p>		
5/2017 (Review)	B2	<p><b>Contingency Planning</b></p> <p>The Shire's contingency plan is attached to the AMP as Appendix 11.3.</p> <p>The plan outlines procedures to address emergencies related to pipe collapse, blockage, explosion, earthquake, electrical failure and extreme rainfall. Pump failure is not addressed in the plan – although a spare pump is kept at the pumping station.</p> <p>The plan contains contact details for Shire staff, supply authorities electrical and plumbing trade companies, equipment hire and liquid waste removal. No details are provided for the pump manufacturer's service agent.</p> <p>The Department of Health Wastewater Overflows Procedure is referred to, but no information is provided regarding its basic procedures or the availability and location of the document in the Shire's document storage system.</p> <p>There are no minutes or other evidence that the contingency plans have been desktop tested by the staff group most prominent in the plans.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> <li>The contingency plan be expanded to include procedures to address equipment failure and contact details for the pump manufacturer's service agent;</li> <li>The availability and location of the Department of Health Wastewater Overflows Procedure be included in the plans; and</li> <li>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.</li> </ul> <p><b>Status: Partly Completed</b></p> <p>The AMP was updated with a more detailed contingency plan and procedures. The location of the Department of Health procedure is also stated in the procedure.</p> <p>There was no evidence in this review of an annual review of the contingency plan and procedures.</p>	-	<i>Refer section 4.6 – Contingency Planning for further comments.</i>

#### 4.5 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	44				44
	B – Requires some improvement		13			13
	C – Requires significant improvement					-
	D – Inadequate					-
	Total	44	13	-	-	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
	A	B	C	D	1	2	3	4	NR
<b>1. Asset planning</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				
<b>2. Asset creation/ acquisition</b>		<b>B</b>				<b>2</b>			
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.		✓				✓			
<b>3. Asset disposal</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				
<b>4. Environmental analysis</b>		<b>B</b>				<b>2</b>			
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
<b>5. Asset operations</b>		<b>B</b>				<b>2</b>			
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.		✓				✓			
<b>6. Asset maintenance</b>		<b>B</b>				<b>2</b>			
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.	✓				✓				
<b>7. Asset Management Information System</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				
<b>8. Risk management</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				
<b>9. Contingency planning</b>		<b>B</b>				<b>2</b>			
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.		✓				✓			
<b>10. Financial planning</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				
<b>11. Capital expenditure planning</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				
<b>12. Review of asset management system</b>	<b>A</b>				<b>1</b>				
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.	✓				✓				

#### 4.6 Detailed Review Observations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating <sup>6</sup>	A	Performance Rating <sup>7</sup>	1
1	<b>ASSET PLANNING</b>				
1.1	Asset management plan covers key requirements.	Future planning for the Shire for its sewerage scheme development is limited by stagnant growth of the town's population and connections to the sewerage scheme over recent years. The population, number of connections and sewage flows are expected to remain constant for the foreseeable future. Capital works are based on replacement of assets as required by age or condition rather than any increase in the capacity of the existing system or its assets. The Asset Management Plan (AMP) states (item 5.1) "There are no plans to increase the existing system at this time as there is minimal development within the town-site". The AMP was revised in March 2018 and covers the key requirements for the scheme.			
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	The AMP has been revised as part of the Shire's strategic long term planning. The planning process includes an Asset Management Plan 2018/19 to 2029/30 adopted by Council in May 2018. There is also a Long Term Financial Plan (LTFP) 2018/19 to 2029/30 that is part of the Corporate Business Plan 2018 -2022 and is reviewed at least every three years.			
1.3	Service levels are defined.	Section 3 of the 2018 AMP adequately outlines the 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 Dumbleyung is static with approximately 200 people.			
1.5	Lifecycle costs of owning and operating assets are assessed.	The life cycle costs have been assessed in the Shire's AMP and the LTFP.			
1.6	Funding options are evaluated.	The Shire's AMP and 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 AMP and the LTFP.			
1.8	Likelihood and consequences of asset failure are predicted.	The 2018 AMP includes a risk assessment with the likelihood and consequences of failure.			

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

<sup>7</sup> 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)			
1.9	Plans are regularly reviewed and updated.	The AMP for the scheme was reviewed and updated in 2018. The AMP is reviewed every three years which is considered adequate for the scheme with no significant changes in the past three years or planned.			
<b>2</b>	<b>ASSET CREATION/ ACQUISITION</b>	Process Rating	<b>B</b>	Performance Rating	<b>2</b>
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>There has been limited opportunity to demonstrate full project evaluations given the limited capital investment during the review period.</p> <p>Since the last review, the Shire advised the only project undertaken is the current works replacing the pumps and switchboard at the wastewater pump station. This is an asset renewal project, not a capacity upgrade.</p> <p>As stated in the 2018 Asset Management Plan (AMP), growth in population is not expected at Dumbleyung so all future capital expenditure is anticipated to be for asset renewal and replacement. The 2018 AMP did not forecast any capital expenditure over the 5-year forecast period to 2021/22.</p> <p>Section 6 of the AMP provides an outline of the steps involved in developing the annual capital and maintenance programs. Noting the expectation of few capital investment projects, an improvement would be inclusion of the need to discuss viable alternative options when capital investment is required, including non-asset solutions. With an investment program focused on asset condition, typical options would include consideration of refurbishment/relining versus replacement.</p>			
2.2	Evaluations include all life-cycle costs.	There has been limited opportunity to demonstrate this with only a pump and switchboard renewal project undertaken. It is reasonable for the life-cycle cost evaluation effort to be scaled to the forecast of low/zero capital investment. As an example, pump selection for the current project provided an opportunity to question the supplier about different pump models and their life-cycle cost based on capital cost, asset life and power efficiency/power consumption.			
2.3	Projects reflect sound engineering and business decisions.	<p>There has been limited opportunity to assess this given only one project was available to assess. Provision of information about the project driver as discussed in 2.1 will assist demonstrating this criteria.</p> <p>Inspection of the pump station site where the new switchboard was installed and a replacement pump was ready for installation indicated the level of workmanship to be good with the works completed indicating sound engineering decisions.</p>			
2.4	Commissioning tests are documented and completed.	The topic of commissioning was not included in documentation sighted. An opportunity for improvement is inclusion of a commissioning checklist to verify the performance of delivered assets (refurbished or renewed) in comparison to expected performance. This could be incorporated into Appendix 11.2 of the AMP. Given the infrequent nature of capital investment for the scheme it is understood this will be rarely used. Commissioning of the new pumps and switchboard when complete should be carried out to verify the installed equipment performs to the requirements (flow rate, pumping head, power consumed).			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	<p>The AMP includes an Appendix 11.4 Safety Guidelines and Procedures regarding Confined Spaces and Safety of the Atmosphere (in accessing the sewer system and pump station). The Manager of Works &amp; Services also advised an external review had recently been undertaken of Shire facilities by an OSH consultant. From the brief review undertaken the documentation in the AMP indicated a good understanding of the key safety risks, but the field staff were not available during the site visit and it was not possible to interview them about how these safety procedures are put into action. Use of gas monitoring equipment, lone worker restrictions, safety harnesses for work in confined spaces and job safety planning are key areas to discuss.</p> <p>A pit located between the Imhoff tank and the first pond is uncovered and presents a safety hazard. The site is adequately fenced.</p> <p><b><u>Opportunity for Improvement 1/2020</u></b> (Opportunities for improvement are not required by the ERA to be reported as recommendations and are provided directly to the Licensee.</p> <p>a) <i>The Manager of Works &amp; Services should confirm with the field staff that the required safety procedures are put into action. Use of gas monitoring equipment, lone worker restrictions, safety harnesses for work in confined spaces and job safety planning are key areas to confirm.</i></p> <p>b) <i>A pit located between the Imhoff tank and the first pond is uncovered and presents a safety hazard. It is useful to be able to sight that there is no blockage so a grate should be fitted that allows observation rather than a cover that would be difficult to remove for inspection on daily basis.</i></p> <p><b><u>Opportunity for Improvement 2/2020</u></b></p> <p><i>The Asset Management Plan could be improved by:</i></p> <p>a) <i>Inclusion of the need to discuss viable alternative options when capital investment is required, including non-asset solutions (although noting the expectation of few capital projects).</i></p> <p>b) <i>Inclusion of a commissioning checklist to verify the performance of delivered assets (refurbished or renewed) in comparison to expected performance. This could be incorporated into Appendix 11.2 of the AMP</i></p>			
<b>3</b>	<b>ASSET DISPOSAL</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	The AMP outlines the 3 yearly activity of condition assessment and the budgeting for inspection of sewers and annual CCTV surveys. The process also identifies the Manager for Works & Services as responsible for reviewing the condition assessments to determine the actions required. An Excel spreadsheet (last updated in 2018) was provided showing the most recent condition assessment ratings.			
3.2	The reasons for under-utilisation or poor performance are critically	The process outlined in the AMP "Condition Inspection and Report" procedure identifies the Manager of Works & Services as responsible for reviewing the condition report and identifying actions. The condition assessment was completed in 2018 and is part of the ongoing weekly inspections of the assets.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	examined and corrective action or disposal undertaken.				
3.3	Disposal alternatives are evaluated.	Not applicable given the nature of the assets. It would be rare that there would be residual value from assets involved in wastewater with disposal prioritising health and safety. Options include disposal to landfill or in the case of buried pipes, leaving them in place and using alternative alignments for new pipelines where possible.			
3.4	There is a replacement strategy for assets.	The Asset Management Plan section 4 identifies the major assets with estimated economic lives and replacement cost. A reserve fund is being progressively built to fund future replacements, with a reported balance of \$349,278 in the June 2019 Annual Report. Appendix 10 of the AMP provides a forecast of the reserve fund balance to 2028/29..			
<b>4</b>	<b>ENVIRONMENTAL ANALYSIS</b>	Process Rating	<b>B</b>	Performance Rating	<b>2</b>
4.1	Opportunities and threats in the system environment are assessed.	<p>A physical inspection of the Waste Water Treatment Plan (WWTP) was completed during the review. The sludge drying bed contained dry sludge at the time of the visit and was clear of weed growth. The quality of the water in the ponds appeared clear. Weed growth around the edge of the second pond near the overflow point needs clearing.</p> <p>There is provision for overflow from the final pond into a drain that enters the adjacent airstrip site. The water level was approximately 100mm below the overflow level at the time of inspection, indicating the overflow is only likely to be occurring in winter. There is provision for overflow from the final pond into a drain that enters the adjacent airstrip site. The WWTP is of a capacity that does not require a licence however some sampling of the incoming and final water quality when discharging is recommended to understand what is being discharged to the environment.</p> <p>a) <b>Opportunity for Improvement 3/2020</b> <i>The operations and maintenance procedures should include the procedure for sludge disposal. It is assumed the Shire's Class 2 landfill site is the disposal site. Requirements to test the sludge to ensure it is acceptable to be disposed of to the Class 2 site should be established.</i></p> <p>b) <i>There should be some sampling of the incoming and final water quality when discharging from the WWTP to understand what is being discharged to the environment. The dates of any overflow and the sampling results should be recorded in the Asset Condition spreadsheet.</i></p> <p>c) <i>Contact with the Department of Water and Environmental Regulation (DWER) is also recommended to formalise understanding of the winter overflow and the water quality/monitoring requirements.</i></p>			
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	Section 3 of the 2018 AMP adequately outlines the customer service levels related to availability, capacity, continuity, odour control and emergency response.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
4.3	Compliance with statutory and regulatory requirements.	The AMP Section 2.2 Legislative and Regulatory Environment includes a summary of the statutory and regulatory requirements and these are supported by relevant compliance procedures. Also refer criteria 4.1 above.			
4.4	Achievement of customer service levels.	Section 3 of the 2018 AMP adequately outlines the customer service levels related to availability, capacity, continuity, odour control and emergency response. From review of documentation provided, discussion with the Manager of Works & Services and physical observation, the review confirmed the customer service levels are being achieved.			
<b>5</b>	<b>ASSET OPERATIONS</b>	Process Rating	<b>B</b>	Performance Rating	<b>2</b>
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>Appendix 11.3 of the AMP provides a comprehensive listing of the operation and maintenance procedures to be undertaken for operation of the WWTP. A checklist is also included summarising the daily, weekly, monthly, quarterly and annual tasks. However, there appear to be no records kept verifying the tasks are undertaken. The Administration Role procedure describes the Manager of Works &amp; Services as signing off on the checklist on a monthly basis to ensure the tasks are being completed. The reviewer was unable to sight any signed checklists.</p> <p>Limited inspection of the pump station site indicated the wet well is kept in a clean state, with the walls clear of debris and no obvious build-up of fats and greases. This showed some evidence of the scheduled maintenance practices.</p> <p>Limited inspection at the WWTP noted a significant scum layer on the surface of the Imhoff tank, which indicated the daily activities to breakdown and clear the scum may not be occurring. The operations and maintenance procedures for the Imhoff tank need to occur to properly manage the sludge.</p> <p>The sludge drying bed contained dry sludge at the time of the visit and was clear of weed growth.</p> <p>The quality of the water in the ponds appeared clear. Weed growth around the edge of the second pond near the overflow point needs clearing.</p> <p>Ongoing performance assessment of the pump station and treatment plant are other areas for attention. Monitoring of pump hours by recording readings on a weekly basis should be undertaken so performance over time can be assessed, particularly any increase in wet weather flows.</p>			
5.2	Risk management is applied to prioritise operations tasks.	The Asset Management Plan includes a procedure for review of asset risk assessments. The most recent risk assessment provided was contained in a spreadsheet dated 2018. The risk assessments include operation and maintenance activities as part of the existing controls. The procedure indicates on review of the risks and controls, the maintenance checklist should be updated.			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets'	<p>The Asset Management Plan provides an overview of the assets in section 4, and an Asset Register and Financial Planning spreadsheet is maintained with a detailed listing of the asset type, asset ID, description, location, construction date, condition assessment and replacement value.</p> <p>Reference to the Asset Register spreadsheet should be made in the Condition Inspection procedure to ensure the condition and remaining useful life fields are updated when the condition is reviewed. New/replacement assets need</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
	physical/structural condition and accounting data.	to be included in the Asset Register – a process needs to be included to trigger updating the asset register for the new pumps and switchboard currently being installed.
5.4	Accounting data is documented for assets.	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.
5.5	Operational costs are measured and monitored.	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.
5.6	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<p>The main field operator receives backup from one person and other external resources are able to be called upon as listed in section 7 of the AMP. Some tasks will require two people to be present for safety or requiring further backup resources to cover leave/unavailability.</p> <p>The AMP refers to the Shire's Employee Safety Manual Policies and Procedures (section 5.4), training in the Contingency Plans (section 6) and training in the Safety Guidelines (Appendix 11.4). A staff training register is also referred to in section 6. The identification of training has received good attention. However, records of delivering the training and refresher training were not available</p> <ul style="list-style-type: none"> <li>a) <b><i>Opportunity for Improvement 4/2020</i></b>The Operations and Maintenance procedures for the WWTP as outlined in the checklist need to be re-instated together with record keeping and monthly signoff by the Manager for Works &amp; Services.</li> <li>b) <i>Monitoring of pump hours by recording readings on a weekly basis should be undertaken so performance over time can be assessed, particularly any increase in wet weather flows.</i></li> <li>c) <i>Reference to the Asset Register spreadsheet should be made in the Condition Inspection procedure to ensure the condition and remaining useful life fields are updated when the condition is reviewed.</i></li> <li>d) <i>New/replacement assets need to be included in the Asset Register – a process needs to be included to trigger updating the asset register for the new pumps and switchboard currently being installed.</i></li> <li>e) <i>Staff training records should be updated/assembled with a focus on the safety training involved in accessing the pump station (confined space and atmosphere issues) and for operation of the Imhoff tank.</i></li> </ul>



Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
<b>6</b>	<b>ASSET MAINTENANCE</b>		<b>B</b>	<b>2</b>
6.1	Maintenance policies and procedures are documented and linked to service levels required.	Operation and maintenance procedures are combined in Appendix 11.3 of the AMP. The assessment of process and performance rating for this item (maintenance) is the same as item 5.1 (operations)		
6.2	Regular inspections are undertaken of asset performance and condition.	<p>The AMP includes a procedure for Condition Inspection and Report. This describes a three yearly inspection and CCTV survey by a contractor, being carried out using a rolling program that addresses all sewers in the town over a 3 year period. Provision also needs to be made for recording condition assessment of other assets such as the pump station, the Imhoff tank, the WWTP ponds and fences.</p> <p>The Manager of Works &amp; Services described some of the CCTV survey outputs but had concerns about how well the locations of the surveys had been recorded.</p> <p>Ongoing performance assessment of the pump station and treatment plant are other areas for attention. Monitoring of pump hours by recording readings on a weekly basis should be undertaken so performance over time can be assessed, particularly any increase in wet weather flows. Monitoring of the WWTP water quality should also be undertaken at the time of any overflow from the final pond. Keeping a record of when the pond overflows should also occur.</p> <p><b>Refer Opportunity for Improvement 4/2020</b></p>		
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>The schedule of required activities is well laid out in the Asset Management Plan (Section 5 and 6) and contingency plans (Section 7). However, there were no records available at the time of the inspection verifying completion of the maintenance schedule.</p> <p><b>Refer Opportunity for Improvement 4/2020.</b></p>		
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	An incident report was provided documenting a sewer blockage with the potential to cause an overflow from the sewer into private property. The process for review of the AMP includes review of failures/defects and operations and maintenance activities.		
6.5	Risk management is applied to prioritise maintenance tasks.	The Asset Management Plan includes a procedure for review of asset risk assessments. The most recent risk assessment provided was contained in a spreadsheet dated 2018. The risk assessments include operation and maintenance activities as part of the existing controls. The procedure indicates on review of the risks and controls the maintenance checklist should be updated.		
6.6	Maintenance costs are measured and monitored.	At a high level the combined operation and maintenance costs appear to be monitored on a monthly basis as shown in the budget updates accompanying council meeting papers.		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>7</b>	<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>		<b>A</b>		<b>1</b>
7.1	Adequate system documentation for users and IT operators.	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.. The system has generally adequate system documentation.			
7.2	Input controls include appropriate verification and validation of data entered into the system.	The input controls for the Synergy finance system require appropriate verification and validation of data entered into the system.			
7.3	Logical security access controls appear adequate, such as passwords.	Access to the sewerage system data and the Synergy finance requires approved user access levels and passwords.			
7.4	Physical security access controls appear adequate.	The Shire has adequate physical controls over IT infrastructure with restricted entry to the Shire's offices.			
7.5	Data backup procedures appear adequate and backups are tested.	<p>The AMP states: "All sewerage scheme documents are stored in a single file on the computer server with folder names to reflect creation/review years to allow ease of access and document version control."</p> <p>A copy of the documents is also stored on a cloud server that provides offsite backups as well as access to documents in an emergency. A physical copy is also stored in the fireproof safe located in the Shire office.</p> <p>Server backups are performed in accordance with the Shire's Record Keeping Plan. The Shire has obligations under the State Records Act 2000 and has a current Record Keeping Plan that was approved by State Records Office. Each quarter a backup restoration is performed to ensure that all data is backed up effectively.</p>			
7.6	Key computations related to licensee performance reporting are materially accurate.	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.			
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	The operational audit found that the management reports to monitor licence obligations are generally adequate with some improvements recommended in the 2020 Operational Audit report.			
7.8	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	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.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>8</b>	<b>RISK MANAGEMENT</b>		<b>A</b>		<b>1</b>
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 Asset Management Plan includes a procedure for review of asset risk assessments. The most recent risk assessment provided was contained in a spreadsheet dated 2018. The risk assessments include operation and maintenance activities as part of the existing controls. The procedure indicates on review of the risks and controls, the maintenance checklist should be updated.			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	The risk for the scheme are documented in the Water Services Operating Licence Risk Assessment including likelihood, consequences, controls, residual risk and any treatment actions required.			
8.3	The probability and consequences of asset failure are regularly assessed.	The risk for the scheme are documented in the Water Services Operating Licence Risk Assessment including likelihood, consequences, controls, residual risk and any treatment actions required. The risks were assessed in 2015 and 2018 which is considered adequate for the stable nature of the scheme.			
<b>9</b>	<b>CONTINGENCY PLANNING</b>		<b>B</b>		<b>2</b>
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>The Shire has a Business Continuity Management Procedures Manual (March 2019) for the overall management of any incidents affecting the Shire and a Local Emergency Evacuation Plan.</p> <p>The Asset Management Plan for the scheme includes Section 7 – Contingency Plan with detailed incident and emergency procedures related to pipe collapse, blockage, explosion, earthquake, electrical failure, pump failure and extreme rainfall. The plan includes contact details for Shire staff, supply authorities electrical and plumbing trade companies, equipment hire, liquid waste removal and the pump manufacturer’s service agent.</p> <p>The plan includes an annual Review and Test Contingency Plans activity assigned to the Manager of Works &amp; Services but there was no evidence this has been completed since the Plan was updated in 2018.</p> <p><b><i>Opportunity for Improvement 5/2020</i></b>The key Shire staff involved in the contingency plans should participate in an annual desktop review of each procedure; and update the Asset Management Plan and procedures with any amendments. Evidence of the desktop review should be retained.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>10</b>	<b>FINANCIAL PLANNING</b>		<b>A</b>		<b>1</b>
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	The Shire of Dumbleyung'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.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
<b>11</b>	<b>CAPITAL EXPENDITURE PLANNING</b>		<b>A</b>		<b>1</b>
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 10 years. The LTFP refers to an Asset Management Plan 2019 but this could not be located during the audit. Further details need to be included in an updated AMP.			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The asset replacement lifecycle, estimated capital expenditure and timing are included in the AMP.			
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. As stated in the 2018 Asset Management Plan (AMP), growth in population is not expected at Dumbleyung so all future capital expenditure is anticipated to be for asset renewal and replacement. The 2018 AMP did not forecast any capital expenditure over the 5-year forecast period to 2021/22.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	There is a process to review the capital expenditure plan as part of the LTFP and annual budgeting process of the Shire. The AMP also includes an adequate process for review, update and actioning of capital expenditure plans.			
<b>12</b>	<b>REVIEW OF ASSET MANAGEMENT SYSTEM</b>		<b>A</b>		<b>1</b>
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 for the scheme was reviewed and updated in 2018. The AMP is reviewed every three years which is considered adequate for the scheme with no significant changes in the past three years or planned.			
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	This review is performed every three years or as required by the ERA. This is considered adequate.			

#### 4.7 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			
	<p>Nil</p> <p><i>Note: As per the Audit and Review Guidelines, only recommendations for asset management components criteria that are rated 3 or 4 , C or D, are required to be included in this report. Other Opportunities for Improvement are provided direct to the Licensee.</i></p>		

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## Appendix A - Methodology

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### 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 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;

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- **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 W16 – Version 4 (From 1 July 2016 to 30 April 2020); and Version 5 (From 1 May 2020 and onwards; changes from the ERA's 2019 Water Licence Review).
- Map of Licence Operating Area OWR-OA-035
- 2017 Audit and Review Report – WL16 (22 February 2018)



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- Post Audit and Review Implementation Plan – March 2018
  - Compliance reports to ERA for 2017/18, 2018/19 and 2019/20
  - Performance reporting to ERA for 2017/18, 2018/19 and 2019/20
  - Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2019.

#### ***Operational Audit***

- Annual Reports for 2017/18, 2018/19, 2019/20.
- Budget for the years ended 30 June 2020 and 30 June 2021
- Budget review for the year ended 30 June 2020
- Corporate Business Plan 2018-2022
- Long Term Financial Plan (LTFP) 2018/19 to 2029/30
- Council Policy Manual 2020
- Business Continuity Management Procedures and Plan – March 2019
- Local Emergency Management Arrangements – Reviewed December 2015
- Schedule of Fees and Charges 2018-19
- RE Dumbleyung Wastewater and Rates Notice – change in 2021
- Shire of Dumbleyung - CONTACT FORM
- Shire of Dumbleyung\_ - PAY MY RATES 2020-21
- Sample of Rates Notices
- Customer Service Charter for Wastewater Services – Revised December 2015
- Financial Hardship Policy – WL016 – Shire of Dumbleyung – Updated December
- Water Services Operating Licence Risk Register
- Compliance Breach Register
- Compliance Schedule

#### ***Asset Management System Review***

- Shire of Dumbleyung – Asset Management Plan 2017-18 to 2029-30
- Asset Management Plan v3 2018.03.12
- Asset Management Plan v3 2016.15.07 – Local Evacuation Plan
- Asset Management Plan v3 2018.03.12 – Risk Assessment
- Asset Management Plan v3 2018.03.12 – Asset Register & Financial Planning
- 11 Bennet Street Dumbleyung
- Maintenance Management
- Risk Assessment
- Waste Site Plan
- Operations and Maintenance Procedures and checklist
- Asset Register spreadsheet.
- Site maps and photos.

### **A3. Key Contacts**

The licensee's representatives participating in the audit were:

- Peter Crispin – CEO
- David Gyford – Manager of Works & Services
- David Wall – General Maintenance Officer
- Mary-Ann Davidson - Payroll & Rates Officer
- Sarah-Jane Robertson-Hall - Administration Officer

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**A4. Consultants**

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

END OF REPORT