



Quantum
Assurance



Gascoyne Water Co-operative Ltd

**2022 Operational Audit and Asset Management System Review
Water Services Licence WL38**

Report

**Economic Regulation Authority
August 2022**



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Limitations of this Report

This report was prepared for distribution to the Economic Regulation Authority and Gascoyne Water Co-operative Ltd for the purpose of fulfilling Gascoyne Water Co-operative Ltd'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 Gascoyne Water Co-operative Ltd 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

Gascoyne Water Cooperative Ltd ('GWC') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of non-potable water supply and irrigation water services within the area specified in the licence.

GWC is required to comply with the terms and conditions of their licence. There were two versions of licence WL38 in operation during the audit and review period:

- Version 7 (From 1 May 2019 to 30 April 2020); and
- Version 8 (1 May 2020 to 30 April 2022 and onwards).

We have performed a reasonable assurance engagement on GWC's compliance, in all material respects, with the conditions of WL38 and the *Water Services Act 2012* for the period from 1 May 2019 to 30 April 2022.

Our evaluation was made against the licence obligations listed in the Water Compliance Reporting Manual 2021 and previous versions May 2018 and May 2020; and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences.

The scope of this assurance work relates to assessing GWC'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 Act.

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, GWC has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period from 1 May 2019 to 30 April 2022.

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 and Review Plan and an associated work program, approved by the ERA on 20 June 2022;
- Interviewing relevant GWC staff to gain an understanding of process controls;
- Onsite visit to the water treatment facilities in Carnarvon, 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 included our Senior Engineer;
- 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 and Review 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 Licensee'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 GWC 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 Licensee and the ERA, or for any other purpose other than that for which it was prepared.

Management's responsibility

GWC'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 GWC'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 Assurance



Geoff White CA
Director

23 September 2022



2. Executive Summary

2.1 Background

Gascoyne Water Co-operative Pty Ltd ('GWC') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of non-potable water and irrigation supply in Carnarvon, Western Australia. This audit and review covers the period from 1 May 2019 to 30 April 2022.

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 GWC has fully complied with its Water Services Licence obligations during the audit period from 1 May 2019 to 30 April 2022 with the exception of:

- Four minor non-compliances (obligations 32, 49, 50 and 51) relating to giving occupants at least 48 hours written notice of entry to proposed entry to a property and this was also a minor non-compliance re overall compliance with the licence (obligation 159A). This exception was identified in the previous audit in 2019 and there were some instances in the current audit period until rectified in August 2020. These non-compliances had minimal impact on customers.

Out of 95 applicable compliance obligations, the audit found:

- 29 obligations were rated compliant (with adequate controls);
- 5 were rated non-compliant - minor impact (with adequate controls); and
- 61 were not rated for compliance, as no relevant activity took place during the audit period (37 with adequate controls, 1 with generally adequate controls and 23 where controls were not reviewed).

The audit confirmed that GWC has complied with its information reporting obligations for the period from 1 May 2019 to 30 April 2022.

The control environment is considered to be effective to manage compliance with the licence conditions. There has been a substantial improvement with the development of the Customer Services & Water Services Procedures Manual that documents the procedures to maintain compliance with the licence obligations.

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 GWC has operated the scheme in a reliable manner and provided a good level of service to the customers in Carnarvon.

The review found that GWC has established an adequate control environment for ongoing compliance in respect of the asset management system.

For the review period from 1 May 2019 to 30 April 2022, the non-potable water and irrigation system servicing the non-residential customers and members in Carnarvon is assessed as being well constructed, well maintained, in good working order and operated with a professional approach

Out of 58 effectiveness criteria for the asset management system, the review found:

- 54 criteria were rated as performing effectively (50 with adequately defined processes and 4 with processes that require some improvement);
- 4 were rated as opportunity for improvement (1 with processes that require some improvement and 3 with processes that require significant improvement).

There were two recommendations relating to environmental analysis. These had no impact on the services provided.



3. Operational Audit

3.1 Introduction

Gascoyne Water Cooperative Ltd ('GWC') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of non-potable water supply and irrigation water services within the area specified in the licence.

GWC is required to comply with the terms and conditions of their licence. There were two versions of licence WL38 in operation during the audit and review period:

- Version 7 (From 1 May 2019 to 30 April 2020); and
- Version 8 (1 May 2020 to 30 April 2022 and onwards).

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 Assurance') to undertake an audit and review of GWCs water supply services, to comply with the licensing requirements of the ERA.

This audit covers the period from 1 May 2019 to 30 April 2022. The previous audit and review was from 1 May 2015 to 30 April 2019.

The audit approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2021 and previous versions 2020) 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 highest priority areas (priority 1, 2 or 3) based on inherent risk were:

- Cut off water supply to occupied dwelling (obligation 21).

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

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 from 1 May 2015 to 30 April 2019 and was reported in July 2019. Recommendations from the previous audit are listed in the following table together with the current status of actions to address the recommendations.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
A. Resolved before end of previous review				
	Nil			
B. Resolved during current review period				
01/2019	<p>Policies and Procedures</p> <p>Rating: D1 to D2</p> <p>All Policies and Procedures included within this manual are marked as being 'Draft' documents;</p> <p>Page 4 of manual refers to '<i>Water Services Regulations 2010</i>'; and</p> <p>No reference to compliance with section 21(1)(b) of the Act within the manual.</p>	<p>The GWC's Policies and Procedures Manual should be finalised and its contents approved, including:</p> <ul style="list-style-type: none"> • Correct references to the <i>Water Services Regulations 2013</i>; and • Include appropriate references to all compliance obligations which originate from its water services licence. <p>Status: Completed</p> <p>GWC has updated and improve its Water Services Policies and Procedures Manual as recommended above. A draft manual was provided to the Co- operative in October 2020. Review and changes to the manual have occurred and the Manual was approved by the Board in July 2021.</p>	<p>Draft - October 2020.</p> <p>Final - July 2021</p>	<p>No further action required</p>
02/2019	<p>Notice of Entry</p> <p>Process: Asset Maintenance</p> <p>Rating: A2</p> <p>The GWC Management team stated verbal notice was given to owners or occupiers but only in cases of more extensive works (not for smaller works).</p>	<p>GWC must comply with its obligations in terms of section 173(4) of the Act and provide 48 hours' notice of proposed entry to a place for the purposes of doing works.</p> <p>GWC have taken the proactive step, prior to the final Audit Report being received, to obtain 'signed authority' to access" from all customers to carry</p>	<p>August 2020</p>	<p>No further action required</p>



Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
		<p>out minor repairs, maintenance and monthly meter reading, negating the need to provide 48 hours' notice.</p> <p>GWC will only provide notice to its customers when a major break-down/burst or planned maintenance works occurs as all other works are covered by the 'signed authority to access' as per section 173(4) which states "unless the owner agrees otherwise".</p> <p>Customers who chose not to provide a 'signed authority to access' will be provided with 48 hours' written notice of routine maintenance as per template.</p> <p>Status: Completed <i>Confirmed during review.</i></p>		
3/2019	<p>Notice of Entry in Writing Rating: A2</p> <p>During the Audit Period, GWC mostly provided verbal notice for proposed entry.</p>	<p>GWC must provide written notice of proposed entry to a place in compliance with section 174(1) of the Act.</p> <p>Status: Completed <i>Confirmed during review (as above).</i></p>	December 2019	No further action required



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 95 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					
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated
A -Adequate	29	5	-	-	37	71
B – Generally adequate	-	-	-	-	1	1
C - Inadequate	-	-	-	-	-	-
D – No controls	-	-	-	-	-	-
NP – Not performed	-	-	-	-	23	23
Total	29	5	-	-	61	95



Detailed Audit Ratings of Control and Compliance by Obligation

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Obligation Not Applicable	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
					A	B	C	D	NP	1	2	3	4	NR
Water Services Act 2012														
2	Terms of service	Sec. 21(1)(b)	4		✓					✓				
3	Provision of services	Sec. 21(1) (c)	4		✓					✓				
4	Operating area	Sec. 22	4		✓					✓				
5	Outsourcing of services	Sec. 23	4					✓						✓
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		✓					✓				
10	Code of practice	Sec. 26(3)	4					✓						✓
13	Termination of service	Sec. 36	4					✓						✓
14	Supplier of last resort	Sec. 60	4					✓						✓
15	Ombudsman scheme	Sec. 70(2)	4		✓					✓				
16	Interruption of water supplies	Sec. 77(3)	4		✓									✓
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		✓									✓
21	Cut off water supply	Sec. 95(3)	2		✓									✓
22	Fire hydrants for reticulation works	Sec. 96(1)	4		✓									✓
23	Requests from FESA or local government	Sec. 96(5)	4		✓									✓
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4		✓					✓				
29	Review of decisions	Sec. 122(2)	4		✓					✓				
30	Apportionment of fees between properties	Sec. 125(2)	4		✓									✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	4		✓					✓				
32	Notice to property owner - entry	Sec. 129(5)	4		✓						✓			

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

² Refer Controls and Compliance Rating Scales in Section 3.3.



No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Obligation Not Applicable	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
					A	B	C	D	NP	1	2	3	4	NR	
33	Notice to property owner – removal of fence	Sec. 139(3)	4		✓										✓
34	Notice to roads authority	Sec. 141(1)	4		✓						✓				
35 36 37 38 39	Proposal for major works	Sec. 142, 143(2) & (3), 144(3), 145(2)	4		✓										✓
40 41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	4		✓										✓
42 43 44 45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4		✓										✓
46 47 48	Interest in land	Sec. 166(5) - (6), 170	4						✓						✓
49 50	Notice of entry to property and authority to enter	Sec. 173(4) & 174 (1)	4		✓							✓			
51	Notice of entry after entry without notice	Sec. 174 (3)	4		✓							✓			
52 53 54 55 56 57	Notice of entry to property and authority to enter dwelling	Sec. 175(2) & (5), 176(1), (3) & (4) 181	4		✓										✓
58 59 60 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)	4		✓						✓				
64	Physical damage	Sec. 218(3)	4		✓										✓
Water Services Regulations 2013															
65	Meter testing – multi-unit	Reg. 23(2)	4		✓										✓
66	Meter testing - compliance	Reg. 24(4)	4		✓										✓
67	Meter access - compliance	Reg. 26(3)	4		✓						✓				
68	Meter testing – tolerance	Reg. 26(5)	4		✓										✓
69	Lot development	Reg. 29(1)	4		✓										✓



No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Obligation Not Applicable	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
					A	B	C	D	NP	1	2	3	4	NR
70	Backflow prevention devices - install	Reg. 42(2),	4		✓					✓				
71	Backflow prevention devices - testing	Reg. 43(3),	4		✓									✓
72	Backflow prevention devices - compliance	Reg. 43(6).	4		✓					✓				
74	Work affecting roads	Reg. 60(2)	4		✓									✓
75	Breaks to road surface	Reg. 63	4		✓									✓
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4		✓					✓				
Licence Conditions – Specific Clauses														
155	Fees to regulator	Cl. 4.2.1	4		✓					✓				
159	Direction from ERA	Cl. 4.1.2	4					✓						✓
159A	Comply with terms and conditions of licence	Cl. 4.1.3	4		✓						✓			
160	Compliance with Accounting Standards	Cl. 4.6.1	4		✓					✓				
161	Compliance with performance standards	Cl. 5.2.1	4		✓					✓				
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 (<i>Applicable to April 2020</i>)	Cl. 3.8.2	4		✓					✓				
167	Performance reporting to ERA	Cl. 4.8.2	4		✓					✓				
168	Publishing information	Cl. 3.8.1 & 3.8.2	4					✓						✓
169	Notices in writing	Cl. 3.7.1	4		✓					✓				
170A	Notify ERA of asset management system (AMS) (<i>Applicable from May 2020</i>)	Cl. 5.1.1 (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 172B	ERA direction re condition of service (<i>Applicable from May 2020</i>)	Cl. 6.1.1-6.1.2	4					✓						✓



No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Obligation Not Applicable	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
					A	B	C	D	NP	1	2	3	4	NR	
173	Ombudsman scheme <i>(Applicable to April 2020)</i>	Cl. 5.5.1	4		✓						✓				
175	Customer contract direction by ERA <i>(Applicable to April 2020)</i>	Cl. 5.1.1	4						✓						✓
176	Customer contract guidelines <i>(Applicable to April 2020)</i>	Cl. 5.1.2	4						✓						✓
177 178 179 180	Customer contract approval and amendment <i>Applicable to April 2020)</i>	Cl. 5.1.3, 5.1.5, 5.3.1, 5.3.2, 5.3.4	4						✓						✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4						✓						✓
182	No services outside operating area	Cl. 4.4.1(b)	4		✓										✓
190	Service and performance standards (if applicable)	Schedule 2	4		✓						✓				



3.6 Detailed Audit Observations

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
Water Services Act 2012							
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 GWC's Chief Executive Officer ('CEO') that the water service is provided to customers within the operating area. This obligation is documented in the Asset Management Manual and the Customer Service & Water Services Procedures Manual	A	1
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 purpose of section 11(3).	4	The operation and maintenance of the water service works was confirmed by this audit. This obligation is documented in the Asset Management Manual and the Customer Service & Water Services Procedures Manual.	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.	4	The auditor confirmed with the CEO, Operations Manager and field observation that the licensee does not provide a water service outside of the operating areas set out in Plan Number OWR-OA-177(E).	NP	NR
5	Section 23	Clause 4.5.1	All water service works used by the licensee in the provision of a water service must be held by the licensee or	4	The auditor confirmed by discussion with the CEO and review of the Asset Management Plan that the water service assets are owned by the parent company, Gascoyne Water Asset Mutual Co-	A	1

³ The number refers to the item reference in the Water Compliance Reporting Manual 2021, ERA or if applicable, 2020 and/or 2018 manuals.

⁴ The highest priority areas (priority 1, 2 or 3) based on inherent risk and expected controls/processes are highlighted in **RED**.

⁵ Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

⁶ Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			must be covered by a works holding arrangement.		operative and the irrigation business is operated by GWC. This obligation is documented in the Asset Management Plan.		
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	This audit confirmed the licensee has an asset management system (AMS). This obligation is documented in the Asset Management Plan.	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 CEO and field observations that no changes have been made to the Asset Management System (AMS) during the audit period. The requirement to notify the ERA of any material change to the AMS within 10 days of the change is included in the Asset Management Plan.	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	Reviews of the asset management system have been completed as required by the ERA. The requirement to complete reviews is documented in the Asset Management Plan and the Compliance 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	Operational audits have been completed as required by the ERA. The requirement to complete audits is documented in the Asset Management Plan and the Compliance Register.	A	1
10	Section 26(3)	Clause 4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	The auditor confirmed here have been no codes of practice issued by the Minister.	NP	NR



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
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 CEO and field observation that the licensee did not cease to provide a water service in the area.	NP	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 CEO that GWC is not a supplier of last resort.	NP	NR
15	Section 70(2) <i>(previously 66 until April 2020)</i>	Clause 6.2.1	The licensee must not supply water services to customers unless the licensee: <ul style="list-style-type: none"> • is a member of the water services ombudsman scheme; and • is bound by the scheme; and • will comply with any decision or direction of the water services ombudsman under the scheme. 	4	The auditor confirmed with the CEO that during the audit period, GWC was a member of the water services ombudsman scheme and was bound by the scheme and complied with any directions. The membership was also confirmed by the Energy and Water Ombudsman website. This obligation is stated in the Customer Service & Water Services Procedures Manual.	A	1
16	Section 77(3)	Clause 4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	The auditor confirmed by review of the Performance and Compliance Reports provided to the ERA for 2019/20 and 2020/21 and discussion with the CEO that there have been one unplanned interruption of services in the audit period is period. There was one unplanned interruption due to an Allwest drill incident. The auditor confirmed that reasonable action was taken to minimise the extent and duration of the interruption.	A	1



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					The obligation to minimise any unplanned or planned interruptions is stated in the Asset Management Plan and the Customer Service & Water Services Procedures Manual.		
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 CEO there has been no major work on the Water Treatment Plan or mains pipe infrastructure since construction. The procedures for building works are included in the Customer Service & Water Services Procedures Manual.	A	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 GWC's CEO that no notices were given in the audit period for any additional water service works. The procedures for building works are included in the Customer Service & Water Services Procedures Manual.	A	NR
19	Section 87(2)	Clause 4.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until	4	As per obligation 18 above.	A	NR



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			the application has been finally dealt with, except in limited circumstances.				
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	As per obligation 18 above.	A	NR
21	95(3)	Clause 4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	The auditor confirmed with GWC's CEO that, during the audit period, the licensee did not cut off the supply of water to any occupied dwelling. The policy is to not cut off the water supply. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	NR
22	96(1)	Clause 4.1.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	4	The auditor confirmed with GWC's CEO that there have been no requests from the Department of Fire and Emergency Services (DFES) to instal additional fire hydrants. The auditor sighted examples of the fire hydrants currently in place around the town. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	NR
23	96(5)	Clause 4.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the	4	GWC's Director advised that no formal requests have been received from DFES or the local government authority.	A	NR



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			Act to the extent practicable and within a reasonable time.		This obligation is documented in the Customer Service & Water Services Procedures Manual.		
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	The auditor confirmed with GWC's CEO that in the audit period there were three compliance notices issued for non-complying pipework and two for Reduced Pressure Zone (RPZ) maintenance, all with the required information. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	1
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	As per item 28.	A	1
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> .	4	The auditor confirmed with GWC's CEO that no fees are charged or apportioned between any single connections. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	NR
31	Section 128(4)	Clause 4.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the	4	The auditor noted that memorials are lodged or withdrawn and the GWC Register of Memorials lodged with Landgate WA and GWC Register of	A	1



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			prescribed fee (if any) if the charge or contribution has been paid.		Memorials Withdrawn from Landgate are maintained. This obligation is documented in the Customer Service & Water Services Procedures Manual.		
32	Section 129(5)	Clause 4.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	4	There was a minor non-compliance reported in the previous audit. In the current audit period, GWC identified 12 breaches where a small disruption may have occurred to the occupant and 48-hours' notice was not provided. The breach could have caused 'minor' disruption to the customers' irrigation water supply. GWC has had changes to the Operations Manager and with these changes the requirement for the 48-hours' notice was overlooked. The required notice procedures were implemented from August 2020 and no further breaches were identified in this audit. The auditor confirmed with GWC's CEO and Operations Manager that if entry was required, at least 5 business days' notice is given unless there has been prior agreement from the customer to 48 hour notice. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	2
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.	4	The auditor confirmed with GWC's CEO that no building work was undertaken during the audit period. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	NR



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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 GWC's CEO that any road works would include giving at least 48 hours' notice to the local government authority. The auditor confirmed with the CEO that there was one incident in April 2022 relating to damage on the road verge related to drilling. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	1
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.	4	The auditor confirmed with GWC's CEO and review of the Asset Management System documentation that no major works have occurred during the audit period. The auditor confirmed that any major water works would include obtaining regulatory approvals and giving notice to the community and stakeholders. The procedures are documented in the Customer Service & Water Services Procedures Manual.	A	NR
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.	4	As per obligation 35	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	4	As per obligation 35	A	NR



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			143(4) to the persons and agencies specified.				
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	As per obligation 35	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.	4	As per obligation 35	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).	4	As per obligation 35	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.	4	As per obligation 35	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 proposed works and publish and make them available for inspection.	4	The auditor confirmed by interview with the CEO and the field visit that no general works have occurred during the audit period. The obligation for any general water works including obtaining regulatory approvals and giving notice to the community and stakeholders is documented in the Customer Service & Water Services Procedures Manual.	A	NR



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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.	4	As per obligation 42.	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).	4	As per obligation 42.	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.	4	As per obligation 42.	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 CEO advised that no advice re acquiring an interest in land, has been received from the Minister.	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	As per obligation 46.	NP	NR
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	As per obligation 46.	NP	NR



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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.	4	<p>There was a minor non-compliance reported in the previous audit. In the current audit period, GWC identified 12 breaches where a small disruption may have occurred to the occupant and 48-hours' notice was not provided. The breach could have caused 'minor' disruption to the customers' irrigation water supply. GWC has had changes to the Operations Manager and with these changes the requirement for the 48-hours' notice was overlooked. The required notice procedures were implemented from August 2020 and no further breaches were identified in this audit.</p> <p>The customer may also agree to less than 48 hours' notice being given as per the Customer Service Agreement or the Coral Coast Water Supply Contract or a separate letter giving approval. A Register of approvals is maintained.</p> <p>The obligation is documented in the Customer Service & Water Services Procedures Manual.</p>	A	2
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.	4	<p>There was a minor non-compliance as noted in obligation 49.</p> <p>The auditor confirmed with the CEO and the Operations and Manager and review of the procedures that 48 hours' notice was given in writing and set out the purpose of entry, for any entry to outside of dwellings since August 2020.</p> <p>The procedures are documented in the Customer Service & Water Services Procedures Manual.</p>	A	2
51	Section 174(3)	Clause 4.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when	4	<p>There was a minor non-compliance as noted in obligation 49.</p> <p>The auditor confirmed with the CEO that there were instances of unplanned entries to premises without</p>	A	2



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			practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.		giving notice when required. A file notice is provided to the customer and retained on file since August 2020. The procedures are documented in the Customer Service & Water Services Procedures Manual.		
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.	4	The auditor confirmed with the Operations and Customer Support Manager that no entry was required to any dwelling. This obligation is documented in the Customer Service Agreement and the Customer Service & Water Services Procedures Manual.	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.	4	As per obligation 52.	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.	4	The auditor confirmed with the Operations and Manager that there were no instances of this obligation having occurred or being required. This obligation is documented in the Customer Service & Water Services Procedures Manual.	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.	4	As per obligation 54	A	NR



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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.	4	As per obligation 54	A	NR
57	Section 181	Clause 4.1.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	4	As per obligation 54	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 CEO that no warrants had been applied for or issued during the 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	As per obligation 58.	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	As per obligation 58.	NP	NR



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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	As per obligation 58.	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 by interview with the CEO that there is a designated inspector or compliance officer being the Operations Manager or the contractor, CCP who have been provided with the required authority. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	1
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.	4	The auditor confirmed with the Operations and Customer Support Manager that this obligation was complied with in the entry to any premises during the audit period. This obligation is documented in the Customer Service & Water Services Procedures Manual.	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 Operations and Customer Support Manager that there was no physical damage that would require compensation. This obligation is stated in the Customer Service & Water Services Procedures Manual	A	NR
Water Services Regulations 2013							
65	Regulation 23(2)	Clause 4.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity	4	The audit confirmed with the CEO that there have been no requests to assess meters for multi-unit developments. This obligation is stated in the Customer Service & Water Services Procedures Manual	A	NR



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			or flow of water passing through a pipe supplying water to the unit.				
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	The audit confirmed with the CEO that there have been no compliance notices issued in respect of access to meters in the audit period. This obligation is stated in the Customer Service & Water Services Procedures Manual.	A	NR
67	Regulations 26(3)	Clause 4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure approved by the CEO for the purpose of this regulation.	4	The auditor confirmed with the CEO that there have been three requests for meter testing in the audit period and one had been sent to the Water Corporation Facility to confirm its accuracy. All tests found the meters were accurate. This obligation is stated in the Customer Service & Water Services Manual.	A	1
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	As per obligation 67.	A	NR
69	Regulation 29(1)	Clause 4.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	4	The audit confirmed with the CEO that there would be no requests from developers to pay an infrastructure contribution and therefore, no requests to defer payment.	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 which the device must be installed and	4	The audit confirmed with the CEO that GWC's standard water meters include backflow prevention devices.	A	1



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			tested (which must be at least 7 days after the order is given).		This obligation is stated in the Customer Service & Water Services Procedures Manual.		
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	The audit confirmed with the CEO that no compliance notices re backflow devices were issued in the audit period. This obligation is stated in the Customer Service & Water Services Procedures Manual.	A	NR
72	Regulation 43(6)	Clause 4.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given)	4	As per item 71.	A	1
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 CEO that any road works would include giving at least 48 hours' notice to the local government authority and the residents. The auditor confirmed with that no works had been carried out in the audit period. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	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 reinstate	4	As per obligation 74.	A	NR



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			and make good the road and must take all reasonable measures to prevent that part of the road from being hazardous.				
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 that the five non-compliance notices issued in the audit period for non-complying pipework (3) and RPZ maintenance (2) included the required information. This obligation is documented in the Customer Service & Water Services Procedures Manual.	A	1
Other License conditions							
155	<i>Water Services Act</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulation 2014.	4	The auditor confirmed the annual fees to the ERA for 2019/20 and 2020/21 have been paid by the due date. This obligation is stated in the Compliance Register.	A	1
159	<i>Water Services Act</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 CEO and by review of ERA's website that the ERA did not issue a direction in relation to a breach of applicable legislation during the audit period.	NP	NR
159A	<i>Water Services Act</i> Section 12 <i>(Applicable until April 2020)</i>	Clause 4.1.3	The licensee must comply with the terms and conditions of the license.	4	This audit has confirmed GWC's compliance with the licence with the exception of minor non-compliances of four obligations (32, 49, 50 and 51) relating to giving occupants at least 48 hours written notice of entry to proposed entry to a property. This non-compliance was identified in the previous audit in 2019 and the Annual Compliance Report for 2019/20 to the ERA. There were 12 instances of the required 48 hours' notice not being given in this audit period that had minor impact on customers.	A	2



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					This non-compliance was rectified in August 2020. As this has been rectified, no further recommendation is made. <i>Refer status of previous audit recommendations 02/2019 and 03/2019 in Section 3.4 above.</i>		
160	<i>Water Services Act</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.	4	The auditor reviewed GWC's Financial Statements for 2019/20 and 2020/21 that are independently audited and that confirmed the accounting records comply with accounting standards. The obligation to maintain accounting records and comply with accounting standards is stated in the financial management procedures of GWC.	A	1
161	<i>Water Services Act</i> Section 12	Clause 5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	The auditor confirmed the performance standards in Schedule 2 of the licence were complied with during the audit period. The required performance standards are documented in the Asset Management Manual.	A	1
162	<i>Water Services Act</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	This audit/review is designed in accordance with the Audit Guidelines. The licensee has fully co-operated with this audit.	A	1
163	<i>Water Services Act</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 confirmed by interview of the CEO and review of GWC's Financial Reports for the audit period that it was not under external administration during the audit period.	NP	NR



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
165	<i>Water Services Act</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	In accordance with the Water Compliance Reporting Manual 2021 and previous versions, GWC is required to submit to the ERA: <ul style="list-style-type: none"> • Annual performance reports no later than 31 August for the reporting year ending 30 June; and • Annual compliance reports by 31 August for the year ending 30 June. • Annual standing charge customer data by 31 August for the year ending 30 June. The auditor reviewed GWC's correspondence with the ERA and the Compliance and Performance Reports for 2019/20 and 2020/21 and confirmed the reports had been submitted by the due dates. This obligation is documented in the Compliance Register and the Customer Service & Water Services Procedures Manual.	A	1
166	<i>Water Services Act</i> Section 12 <i>(Applicable until April 2020)</i>	Clause 3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	4	The auditor reviewed GWC's correspondence with the ERA and the Compliance and Performance Reports for 2019/20 and 2020/21 and confirmed the reports had been submitted by the due dates. The auditor also confirmed with the CEO that there were no other information reporting requirements prescribed by the ERA in the audit period. This obligation is documented in the Compliance Register and the Customer Service & Water Services Procedures Manual.	A	1
167	<i>Water Services Act</i>	Clause 4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in	4	The auditor reviewed GWC's correspondence with the ERA and the Performance Reports for 2020/21	A	1



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
	Section 12		the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.		and confirmed the reports had been submitted with the required data. This obligation is documented in the Compliance Register and the Customer Service & Water Services Procedures Manual.		
168	<i>Water Services Act</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.	4	The auditor confirmed with the CEO that there were no directions from the ERA to publish information.	NP	NR
169	<i>Water Services Act</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	The auditor reviewed GWC's correspondence with the ERA in the audit period and confirmed compliance. All correspondence observed was in hardcopy letter or email.	A	1
170A	<i>Water Services Act</i> Section 12 (Applicable from May 2020)	Clause 5.1.1(a) and (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 ERA has been notified of and has approved the asset management system as part of the licence approval. The requirement to have an asset management system is stated in the legislative section of the Asset Management Manual.	A	1
171	<i>Water Services Act</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 CEO and field observations that no material changes have been made to the Asset Management System (AMS) during the audit period. A minor issue is that the requirement to notify the ERA of any material change to the AMS within 10 days of the change should be stated in the Customer Service & Water Services Procedures Manual	B	NR



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
172	<i>Water Services Act</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	This review is being undertaken in accordance with the Audit and Review Guidelines. The licensee has fully co-operated with this asset management review.	A	1
172A	<i>Water Services Act</i> Section 12 <i>(Applicable from May 2020)</i>	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	GWC's Director confirmed there has been no directive from the ERA.	NP	NR
172B	<i>Water Services Act</i> Section 12 <i>(Applicable from May 2020)</i>	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	GWC's Director confirmed there has been no directive from the ERA.	NP	NR
173	<i>Water Services Act</i> Section 12 <i>(Applicable until April 2020)</i>	Clause 5.5.1	The licensee must not supply water service to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	The auditor confirmed by review of the Energy and Water Ombudsman (WA) website, that the licensee is a member of the Energy and Water Services Ombudsman Scheme. This obligation is documented in the Customer Service & Water Services Procedures Manual	A	1



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
175	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	The auditor confirmed with the CEO that there has been no directive from the ERA to submit a draft customer contract for approval.	NP	NR
176	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.2	The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	4	The auditor confirmed with the CEO that there has been no directive from the ERA to submit a draft customer contract for approval. Therefore this obligation was not rated.	NP	NR
177	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	The auditor confirmed with the CEO that there has been no directive from the ERA to amend a customer contract in the audit period.	NP	NR
178	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	The auditor confirmed with the CEO that there has been no directive from the ERA to amend a customer contract in the audit period.	NP	NR
179	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.3.1 and 5.3.1	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 Code of	4	The auditor confirmed with the CEO that the licensee did not enter into an agreement with any customers to exclude, modify or restrict the terms and conditions of the licence or the requirements of the Code of Conduct.	NP	NR



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			<i>Conduct</i> without the prior approval of the ERA.				
180	<i>Water Services Act</i> Section 12 (Applicable until 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.	4	Refer obligation 179.	NP	NR
181	<i>Water Services Act</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 CEO that GWC was not appointed as a supplier of last resort.	NP	NR
182	<i>Water Services Act</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.	4	The auditor confirmed with the CEO and by review of Asset Management System documentation and observation that GWC does not provide a water service outside of the operating area set out in Plan Number: OWR-OA-177 (E). This obligation is documented in the Customer Service & Water Services Procedures Manual	A	NR
190	<i>Water Services Act</i> Section 12	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	Schedule 2 includes the following Irrigation service standards: <ul style="list-style-type: none"> The licensee must supply water that is suitable for irrigation purposes. 	A	1



No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<ul style="list-style-type: none">• The licensee must provide at least 5 business days' notice to a customer of any planned service interruption.• Irrigation service standards:<ul style="list-style-type: none">• Irrigation water quality <1,200mg/L TDS.• Over 90% of customers given 5 days' notice of a planned interruption. <p>From review of the Performance Reports to the ERA for 2019/20 and 2020/21, and by discussion with the GWC Management Team, the auditor confirmed that the performance standards have been complied with.</p> <p>The required performance standards per the licence are documented in the Asset Management Plan.</p>		



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
	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
	Nil		



4. Asset Management System Review

4.1 Description of Infrastructure

Gascoyne Water Co-operative Pty Ltd ('GWC') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), The licence commenced on 23 June 2003 for the provision of non-potable water and irrigation supply in Carnarvon, Western Australia.

Structurally GWC comprises two private irrigator cooperatives: one to own and manage the infrastructure assets (Gascoyne Water Asset Mutual Co-operative); and one to manage the irrigation business (Gascoyne Water Co-operative). The business has been operated by the local growers since it was transferred from government ownership in 2001. The ownership of the distribution assets was transferred in 2004.

GWC supplies local growers with irrigation water and distributes stock and garden water to lifestyle blocks in the community. Water is extracted from borefields upstream (east) of the plantations. Water Corporation runs the borefield on the south of the river, while GWC runs the one on the north. There were 114 connected properties at 30 June 2021.

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 were:

- Asset management planning (high inherent risk).
- Environmental analysis (high inherent risk).
- Capital expenditure planning (Previous review rated this C3).

The review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2021 and previous versions May 2020 and May 2018) and the 2019 Audit and Review Guidelines: Water Licences.

This review covers the period from 1 May 2019 to 30 April 2022. The previous audit and review was from 1 May 2015 to 30 April 2019.

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

Asset Management Performance Ratings

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



4.4 Status of Previous Review Recommendations

The previous review covered the period from 1 May 2015 to 30 April 2019 and was reported in July 2019. Recommendations from the previous review are listed in the following table together with the current status of actions to address the recommendations.

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor’s Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
A. Resolved before end of previous review				
	Nil			
B. Resolved during current review period				
01/2017	<p>Regular Annual Testing of Contingency Plan <i>Rating: C3</i></p> <p>GWC is looking to carry out an emergency incident to test the procedures included in its updated Contingency Plan.</p>	<p>GWC should develop an annual testing plan to make sure these tests are carried out on a regular basis. GWC will develop an annual desk-top testing plan which will consider two or three specific broad ranging scenarios.</p> <p>This will include group participation and evaluation and participants will include GWC staff, two members of the Board and where applicable operations contractor and other specialists identified depending on the scenarios chosen, who can provide knowledgeable input to the scenarios selected for evaluation.</p> <p>Status: Completed</p> <p><i>GWC completed a desktop scenario with the Field Service Provider using simulated damage to pipeline infrastructure and responses by all parties involved.</i></p>	November 2020	No further action required.
4/2019	<p>5 Year Plan of Capital Expenditure Capital Expenditure <i>Rating: C3</i></p> <p>The reviewer was expecting to review a standard minimum five- year rolling plan of capital expenditure items, and their estimated costs. However, there appears to be no such documentation in support of the AMP.</p>	<p>That GWC includes a rolling five-year list of anticipated renewable and new works capital expenditure costs with each future Asset Management Plan.</p> <p>Gascoyne Water has been negotiating with successive State Governments on becoming the single irrigation water service provider in Carnarvon. Once these negotiations are complete Gascoyne Water commit to producing an annual Capital Expenditure plan as part of the budget process for board approval. The Capital Expenditure plan will be incorporated in the annual budget review.</p>	May 2020	No further action required



Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
		Status: Completed <i>GWC has an Asset Management Plan which provides justification for projects and estimates ready for presentation to the Board and is inclusive of anticipated renewable and new works capital expenditure. The Asset Management was Plan updated in 2020/21 and annually. Confirmed during review.</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 4.3, is shown in the table below.

Section 4.6 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	50	-	-	-	-	50
B – Requires some improvement	4	1	-	-	-	5
C – Requires significant improvement	-	3	-	-	-	3
D – Inadequate	-	-	-	-	-	-
Total	54	4	-	-	-	58

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
1. Asset planning	A				1				
1.1 Asset management plan covers the processes in this table.	✓				✓				
1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning.	✓				✓				
1.3 Service levels are defined in the asset management plan.	✓				✓				
1.4 Non-asset options (e.g. demand management) are considered.	✓				✓				
1.5 Lifecycle costs of owning and operating assets are assessed.	✓				✓				
1.6 Funding options are evaluated.	✓				✓				



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
1.7 Costs are justified and cost drivers identified.	✓				✓				
1.8 Likelihood and consequences of asset failure are predicted.	✓				✓				
1.9 Asset management plan are regularly reviewed and updated.	✓				✓				
2. Asset creation/ acquisition		B				2			
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	✓				✓				
2.2 Evaluations include all life-cycle costs.	✓				✓				
2.3 Projects reflect sound engineering and business decisions.	✓				✓				
2.4 Commissioning tests are documented and completed.		✓				✓			
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.			✓			✓			
3. Asset disposal	A				1				
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	✓				✓				
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	✓				✓				
3.3 Disposal alternatives are evaluated.	✓				✓				
3.4 There is a replacement strategy for assets.	✓				✓				
4. Environmental analysis			C			2			
4.1 Opportunities and threats in the asset management system environment are assessed.			✓			✓			
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	✓				✓				
4.3 Compliance with statutory and regulatory requirements.			✓			✓			
4.4 Achievement of customer service levels.	✓				✓				



ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
5. Asset operations	A				1				
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.	✓				✓				
5.4 Accounting data is documented for assets.	✓				✓				
5.5 Operational costs are measured and monitored.		✓			✓				
5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.	✓				✓				
6. Asset maintenance		B			1				
6.1 Maintenance policies and procedures are documented and linked to service levels required.	✓				✓				
6.2 Regular inspections are undertaken of asset performance and condition.		✓			✓				
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	✓				✓				
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.		✓			✓				
6.5 Risk management is applied to prioritise maintenance tasks.	✓				✓				
6.6 Maintenance costs are measured and monitored.	✓				✓				
7. Asset Management Information System	A				1				
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 Security access controls appear adequate, such as passwords.	✓				✓				



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
7.4 Physical security access controls appear adequate.	✓				✓				
7.5 Data backup procedures appear adequate and backups are tested.	✓				✓				
7.6 Computations for licensee performance reporting are accurate.	✓				✓				
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	✓				✓				
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	✓				✓				
8. Risk management		B			1				
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.		✓			✓				
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.	✓				✓				
8.3 The probability and consequences of asset failure are regularly assessed.	✓				✓				
9. Contingency planning	A				1				
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	✓				✓				
10. Financial planning	A				1				
10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those.	✓				✓				
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.	✓				✓				



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
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	✓				✓				
10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	✓				✓				
11. Capital expenditure planning	A				1				
11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	✓				✓				
11.2 The capital expenditure 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 implemented.	✓				✓				
12. Review of asset management system	A				1				
12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	✓				✓				
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	✓				✓				



4.6 Detailed Review Observations

Process and Policy Rating		Performance Rating	
A	Adequately defined	1	Performing effectively
B	Requires some improvement	2	Opportunity for improvement
C	Requires significant improvement	3	Corrective action required
D	Inadequate	4	Some action required

Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
1	ASSET PLANNING	Overall Rating	A	1
1.1	Asset management plan covers the processes in this table	<p>The reviewer was provided with the GWC Cooperative Limited (GWC) Asset Management Plan (AMP) – document number 6A, dated 11 August 2021. It is in the form of an Excel spreadsheet and is available on the GWC document portal.</p> <p>The AMP is at an appropriate level for the water assets managed by GWC. It addresses the components of asset planning, asset creation, asset disposal, asset operations, asset maintenance, asset management information system, risk management, contingency planning, financial & capital planning and asset management system review. The AMP was reviewed in April 2021.</p> <p>There is also an Asset Management Manual (AMM) which provides all the guidance and processes used by GWC in its day to day management of the irrigation water production, collection and distribution systems.</p>	A	1
1.2	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	The AMP identifies the primary GWC stakeholders as the GWC Asset Mutual Cooperative Limited (GWAMCO), Department of Water and Environmental Regulation (DWER), Economic Regulation Authority (ERA) and Department of Health (DoH).	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		<p>GWAMCO is a locally owned and self-funded cooperative and is the asset custodian and licence holder issued by DWER to abstract approximately 5.56 GL/yr. from the groundwater aquifer.</p> <p>GWAMCO has a Services Agreement with GWC, and this agreement allows GWC to operate and manage GWAMCO's assets in accordance with the DWER licence conditions to abstract water from the groundwater aquifer and deliver water to the GWC's members via the GWC distribution system.</p>		
1.3	Service levels are defined in the asset management plan	<p>A Customer Service Charter – Version 2, dated July 2017 – is available on the GWC document portal. The AMM also outlines the Customer and Service Levels. Service levels are defined in the Charter in Section 2, including:</p> <ul style="list-style-type: none"> • Availability of service (pressure and flow ranges) • Service interruption notification and response targets for planned and unplanned events • Failure or complaint response time targets <p>GWC supplies water for irrigation purposes only (Section 2.3). It reinforces this fact in writing on every monthly bill. However, it is aware that some customers may use the water for domestic purposes.</p>	A	1
1.4	Non-asset options (e.g. demand management) are considered	<p>Various options have been utilised. These include:</p> <ul style="list-style-type: none"> • Installation of pressure valves to regulate supply pressures at the property; • Shifting demand to night time so as to even out the supply requirements; • Onsite conversations regarding irrigation usage and other ways to reduce demand, such as covering storage tanks and ensuring leaks are repaired; and • An Excel spreadsheet is used to monitor all the metered sites and volumes used. This gives GWC an instantaneous picture of where water is being used across the network. 	A	1
1.5	Lifecycle costs of owning and operating assets are assessed	<p>The AMP contains tabs (AMP Budget, Strategic and Risk Need and Infrastructure Planning) which describe a future capital works and replacement program.</p>	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		<p>The AMP Budget tab forecasts expenditure of \$6.6 million for FY21/22, reducing annually to \$2.9 million from FY26/27 until FY31/32. This tab details all likely expenditures for the next ten years.</p> <p>The “Infrastructure Planning” tab outlines the GWC defined “Needs Statements” which summarise the required items and their expected scheduling and costings.</p>		
1.6	Funding options are evaluated	<p>GWC receives the majority of its funding from water sales to customers. As reported in the 2020-21 Annual Report, GWC also has \$3.4 million of cash reserves.</p> <p>Funding has also received from state and federal government bodies.</p>	A	1
1.7	Costs are justified and cost drivers identified	<p>The understanding and justification of costs is demonstrated in the “AMP Budget” tab of the AMP. In this tab, the costs for each item are outlined and explained.</p>	A	1
1.8	Likelihood and consequences of asset failure are predicted	<p>GWC has prepared a risk assessment “GWC Risk Model (14)” which is available on the GWC document portal. This assessment assesses strategic, financial, regulatory (compliance), management and operational (technical) risks. The risk assessment is used to inform the operation and maintenance plans of the AMP.</p>	A	1
1.9	Asset management plan is regularly reviewed and updated	<p>The reviewer was provided with the GWC Cooperative Limited (GWC) Asset Management Plan (AMP) – document number 6A, dated 11 August 2021.</p> <p>The Asset Management Manual includes a revision history page. The current version was adopted on 3 August 2021. The Asset Management Plan is reviewed and updated annually.</p> <p>The Asset Management System is also reviewed on a 6 yearly cycle by an independent party. If during this 6 year cycle, an ERA audit identifies deficiencies, where corrective or serious action is required, then the independent review shall be brought forward and conducted soon after the ERA audit. The recommendations and improvement suggestions from this review may require update of the AMP.</p>	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
2	ASSET CREATION/ ACQUISITION	Overall Rating	B	2
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	Section 7.1 of the AMM discusses Asset Creation and Acquisition. It refers to procedures used to ensure an economic and efficient asset acquisition framework and to ensure projects are evaluated to ensure the most appropriate solution is chosen. The “Infrastructure Planning” tab in the AMP evaluates identified asset creation items.	A	1
2.2	Evaluations include all life-cycle costs.	The “Infrastructure Planning” tab in the AMP evaluates identified asset creation items. It is done as Needs Statements and investigates capital and operational costs, as well as risks and constraints and its impact.	A	1
2.3	Projects reflect sound engineering and business decisions.	Design documents for the existing facilities were not reviewed. However at a site visit on 21 June 2022, the infrastructure was inspected and discussed. Sound engineering and business decisions were demonstrated through the continued profitability and expansion of the business, as well as the existence of \$3.4 million of cash reserves for GWC. The expansion of the horticultural area under the Gascoyne Foodbowl Initiative is supported by various State government agencies and GWC will add assets to support this expansion.	A	1
2.4	Commissioning tests are documented and completed.	No new assets or infrastructure were installed or commissioned over the audit period, consequently there were no commissioning records provided. GWC will be installing and commissioning assets in both the production system and the distribution systems over the next 18 months and the scope of works for these jobs requires commissioning plans and provision of commissioning records on completion of the works. An improvement is to ensure that commissioning records are retained as part of the asset information package.	B	2
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Section 2.1 of the Asset Management Manual references that the Gascoyne Irrigation Area is approved by DWER and Department of Primary Industries and Regional Development (DPIRD). Section 7.3.1 refers to the legislative requirements of the <i>Water Services Act 2012</i> as the overarching legislation covering the licensing of water services in Western Australia. There is also reference made to the requirement for groundwater monitoring to check groundwater levels and salinity.	C	2



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		<p>Water sampling, vegetation management and bore production results are kept in the Document Portal under “Bore Production and Statutory Data”. There is also a folder titled “Salinity” where monthly readings of salinity are recorded.</p> <p>No Work, Health and Safety Policy or Job Safety Analysis forms were sighted for either GWC or their contractors.</p> <p><u>Recommendation 1/2022</u></p> <p><i>It is recommended that Workplace Health and Safety documents be prepared and made available for all who work on GWC’s assets.</i></p>		
3	ASSET DISPOSAL	Overall Rating	A	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	The AMP has a tab titled “Asset Disposal” which outlines the disposal of unneeded assets. It assesses the risk and costs associated with disposal of each item. Section 7.2 of the AMM is entitled “Asset Disposal” and outlines the process for disposing of GWC assets.	A	1
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	This activity is acknowledged in the AMP titled “Asset Disposal”. Evidence was sighted during the site visit.	A	1
3.3	Disposal alternatives are evaluated.	A risk assessment is undertaken as part of the asset disposal considerations.	A	1
3.4	There is a replacement strategy for assets.	There is no specific asset replacement tab in the AMP. However there is detailed information in the AMP that outlines anticipated asset lives, describes the planned frequency of condition assessments to determine maintenance or renewal/replacement requirements. Considered adequate.	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
4	ENVIRONMENTAL ANALYSIS	Overall Rating	C	2
4.1	Opportunities and threats in the system environment are assessed.	<p>GWC has prepared a risk assessment “GWC Risk Model (14)” which is available on the GWC document portal. This assessment assesses strategic, financial, regulatory (compliance), management and operational (technical) risks. Currently, system environmental risk is considered under the Community/Political category. The risk assessment is used to inform the operation and maintenance plans of the AMP.</p> <p>The environmental risk assessment should be a separate category.</p> <p><u>Recommendation 2/2022</u></p> <p><i>It is recommended that the risk assessment in the GWC Risk Model be updated to include environmental risk as a category to be assessed and reviewed annually.</i></p>	C	2
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	<p>A Customer Service Charter – Version 2, dated July 2017 – is available on the GWC document portal. The AMM also outlines the Customer and Service Levels. Service levels are defined in the Charter in Section 2, including:</p> <ul style="list-style-type: none"> • Availability of service (pressure and flow ranges) • Service interruption notification and response targets for planned and unplanned events • Failure or complaint response time targets <p>Performance standards are monitored online and achieved with isolated minor exceptions.</p>	A	1
4.3	Compliance with statutory and regulatory requirements.	<p>Section 2.1 of the Asset Management Manual references that the Gascoyne Irrigation Area is approved by DWER and Department of Primary Industries and Regional Development (DPIRD). Section 7.3.1 refers to the legislative requirements of the <i>Water Services Act 2012</i> as the overarching legislation covering the licensing of water services in Western Australia. There is also reference made to the requirement for groundwater monitoring to check groundwater levels and salinity.</p> <p>As part of its licence requirements GWC samples annually all the production bores in the Northern borefield and obtains NATA accredited analysis results on the water produced from</p>	C	2



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		<p>this borefield. Water Corporation also tests the raw water produced from the Southern borefield reports of which GWC receive as requested.</p> <p>Water sampling, vegetation management and bore production results are kept in the Document Portal under “Bore Production and Statutory Data”. There is also a folder titled “Salinity” where monthly readings of salinity are recorded.</p> <p>Water service compliance obligations are detailed in the Customer Service & Water Services Procedures Manual – 18 June 2021.</p> <p>No Work, Health and Safety Policy or Job Safety Analysis forms were sighted for either GWC or their contractors.</p> <p><u>Recommendation 1/2022</u></p> <p><i>It is recommended that Workplace Health and Safety documents be prepared and made available to all employees and contractors who work on GWC’s assets.</i></p>		
4.4	Achievement of customer service levels.	<p>A Customer Service Charter – Version 2, dated July 2017 – is available on the GWC document portal. The AMM also outlines the Customer and Service Levels. Service levels are defined in the Charter in Section 2, including:</p> <ul style="list-style-type: none"> • Availability of service (pressure and flow ranges) • Service interruption notification and response targets for planned and unplanned events • Failure or complaint response time targets <p>Customer service levels are monitored online.</p>	A	1
5	ASSET OPERATIONS	Overall Rating	A	1
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>Section 7.4 of the AMM outlines the policies and procedures for the water production, collection and distribution systems managed by GWC.</p> <p>To ensure effective operational management of these assets GWC has the following Operating Strategies in place.</p> <ul style="list-style-type: none"> • GWC Asset Mutual Co-operative Ltd Operating Strategy for the Northern Bore field • GWC Co-operative Ltd Operating Strategy for the GWC Distribution Line (GWDL) 	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		Supporting these strategies, the following operational procedures have been established: <ul style="list-style-type: none"> • Asset Operations - Contaminant Spills Emergency Response Procedure • Asset Operations - Extreme Weather Event Procedure • Asset Operations - NBF Monitoring • Asset Operations - Power Consumption Monitoring • Asset Operations – SCADA • Asset Operations – Water Supply Agreement • Asset Operations – Asset Operations Procedure • Asset Operations – Operations action plan • Asset Operations – Scada Operating Manual • Peak Factor and Consumption Model • Minimum Pressure 		
5.2	Risk management is applied to prioritise operations tasks.	In the “Operations” tab of the AMP, a risk assessment is done for each operational task, along with the urgency and a financial impact assessment of the operational task.	A	1
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets’ physical/structural condition and accounting data.	The asset register is in the form of an Excel spreadsheet, located in the Document Portal entitled “Borefield Asset Register GWCs Rev (0.12)”. Condition information and accounting data/replacement value is included in the current asset register.	A	1
5.4	Accounting data is documented for assets.	The asset register is in the form of an Excel spreadsheet, located in the Document Portal entitled “Borefield Asset Register GWCs Rev (0.12)”. Condition information and accounting data/replacement value is included in the current asset register.	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
5.5	Operational costs are measured and monitored.	In the “Operations” tab of the AMP, the operational costs are measured and monitored. The operational costs are recorded as annual costs. A brief description of the process to prepare the operations budget, measure and monitor the actuals should be incorporated into section 7.4 of the AMP (Asset Operations). <i>An improvement opportunity is that whilst an annual O&M budget is prepared, the AMP should be updated to include a description of the process used to prepare the operations budget and how actual expenditure is measured and monitored.</i>	B	1
5.6	Staff resources are adequate and staff receive training commensurate with their responsibilities.	Resourcing currently consists of the staff at GWC and Coral Coast Plumbing who are contracted to undertake the inspection and plumbing work. Specialist resources are engaged when required. The level of staffing is considered adequate.	A	1
6	ASSET MAINTENANCE	Overall Rating	B	1
6.1	Maintenance policies and procedures are documented and linked to service levels required.	Section 7.5 of the AMM outlines the maintenance of the assets within the production, collection and distribution system based on the understanding of the degradation of the equipment made by GWC and the recommended intervals as provided by the original equipment manufacturers. The maintenance processes used by GWC are for the following assets; <ul style="list-style-type: none"> • Vegetation Management – Tree and undergrowth management; • Production Assets – Bore equipment and head works; • Collection System – Pipeline, air valves and valves; • Distribution System – Pipeline, air valve, valves and customer headworks; • Metering – Master and tariff metering; • Control System – SCADA and Communications; • Equipment – Diggers, Vehicles, Compactors, Welders and specialised tooling; and • Buildings and Grounds – Offices and Warehouse <p>GWC has different maintenance requirements for its equipment depending on whether it is above or below ground assets.</p>	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
6.2	Regular inspections are undertaken of asset performance and condition.	Coral Coast Plumbing inspect the bores on a fortnightly basis and report back to the Operations Manager. <i>An improvement opportunity is to create a folder in the Document Portal to store the fortnightly inspection reports.</i>	B	1
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	A comprehensive list of maintenance sheets has been prepared and stored in the Document Portal under "Maintenance Sheets". This includes the well cleaning procedure and the well disinfection procedure.	A	1
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	Discussions with the Operations Manager indicated that failures are rare but when they do occur, investigations into their cause are done and operational and maintenance plans are adjusted as necessary. One of the bores had been taken out of service due to iron bacteria deposits. The pump had been removed from the casing and water quality samples sent to Perth for analysis to confirm the cause. <i>An improvement opportunity is to maintain a register of failures and the outcome of the analysis.</i>	B	1
6.5	Risk management is applied to prioritise maintenance tasks.	In the "Maintenance" tab of the AMP, a risk assessment is done for each maintenance task, along with the urgency and a financial impact assessment of the operational task.	A	1
6.6	Maintenance costs are measured and monitored.	In the "Maintenance" tab of the AMP, the operational costs are measured and monitored. The operational costs are recorded as annual costs. Maintenance is incorporated into the annual operating budget which identifies monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals. A description of the process to prepare the maintenance budget, measure and monitor the actuals is incorporated into section 7.5 of the AMP (Asset Maintenance).	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
7	ASSET MANAGEMENT INFORMATION SYSTEM	Overall Rating	A	1
7.1	Adequate system documentation for users and IT operators.	The asset management system utilises a combination of related corporate systems, data and processes, as per the Asset Management Plan. These systems include: <ul style="list-style-type: none"> • SCADA control system with App on mobile devices. • Asset Register (Excel). • Reporting for Operating Licence Performance and Compliance reports compilation. The systems are documented within the system itself and for key functions in detailed operating procedures.	A	1
7.2	Input controls include appropriate verification and validation of data entered into the system.	Data accuracy is controlled by edit checks of data fields in the key systems and checks by the user when entering manually completed work order requests and updates. Considered adequate.	A	1
7.3	Logical security access controls appear adequate, such as passwords.	Access to all systems have restricted user access and require passwords that are regularly changed.	A	1
7.4	Physical security access controls appear adequate.	The physical access restrictions to the office complex in Carnarvon and the control centre at Carnarvon were confirmed during review of IT documentation and the field visit. All offsite assets (e.g. bores, pump stations, storage tanks, water treatment plant) are located in secure, fenced and locked compounds. Access to systems via Laptop PCs and mobile devices is controlled by passwords, which are required to be changed on a regular basis.	A	1
7.5	Data backup procedures appear adequate and backups are tested.	GWC own and operate a server which is located within the office complex at Carnarvon. The server is located in an air-conditioned room with the printers on the site. Access to the server room during the day is limited to staff members. At night the room is locked with access controlled. The server operates with a redundant system with backups occurring of the server software and data. The backups occur daily. Copies of the server and its data are maintained on a	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		backup system at a different location to the server to prevent the loss of the intellectual property being managed by GWC.		
7.6	Key computations related to licensee performance reporting are materially accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.	A	1
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	Service level data from the quarterly/annual drinking water quality reports and annual performance reports is tracked and reviewed on a monthly basis. This information is used in the development of the asset replacement strategy and the capital plans, and also in the ongoing review of maintenance plans. The licence compliance obligations including compliance reporting are documented in the Customer Service & Water Services Procedures Manual	A	1
7.8	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	Access to all systems have restricted user access and require passwords that are regularly changed. Data is continuously backed up to the onsite server. There is also a physical back up of the key data systems used by GWC that is kept at another location. Backups are tested and data backup procedures are sound. The risks and disaster recovery plans are documented in the Asset Management Plan.	A	1
8	RISK MANAGEMENT	Overall Rating	B	1
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	GWC has prepared a risk assessment “GWC Risk Model (14)” which is available on the GWC document portal. This assessment assesses strategic, financial, regulatory (compliance), management and operational (technical) risks. The risk assessment is used to inform the operation and maintenance plans of the AMP. There is no mention of environmental risk assessment. <i>Refer section 3 – Environmental Analysis.</i>	B	1
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	GWC has prepared a risk assessment “GWC Risk Model (14)” which is available on the GWC document portal. This assessment assesses strategic, financial, regulatory (compliance), management and operational (technical) risks. The risk assessment is used to inform the operation and maintenance plans of the AMP.	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
8.3	The probability and consequences of asset failure are regularly assessed.	The probability and consequences of asset failure are documented in the GWC Risk Model and reviewed annually.	A	1
9	CONTINGENCY PLANNING	Overall Rating	A	1
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>The AMP shows the predicted likelihood, consequence, and risk of various asset failures together with emergency management, incident management, communications and contingency plans (for possible failure events).</p> <p>GWC has prepared a risk assessment “GWC Risk Model (14)” which is available on the GWC document portal. This assessment assesses strategic, financial, regulatory (compliance), management and operational (technical) risks.</p> <p>The Customer Service & Water Services Procedures Manual documents the procedures for any service interruptions or other events such as low aquifer storage or damage to equipment or roads. The following operational procedures have also been established:</p> <ul style="list-style-type: none"> • Asset Operations - Contaminant Spills Emergency Response Procedure • Asset Operations - Extreme Weather Event Procedure. <p>For the production, collection and distribution system, the Contingency Plan details the policy and processes used for the management of emergencies and disasters. Scenarios exist within this plan, with detailed actions to be taken and accountabilities identified.</p> <p>Testing of the plan using a scenario is scheduled into The Businesses calendar with Board members (if applicable), key staff members and key service providers. The scenarios used to test the plan are taken from section one, Disaster Assessment, of the Contingency Plan and the highest risk event as detailed in the corporate risk register. Each year one of the eight disasters identified in the contingency plan are tested until the complete list of events has been finished and then the process starts again and the highest risk event is tested. Corrective actions are followed up.</p>	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
10	FINANCIAL PLANNING	Overall Rating	A	1
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	An overview of GWC’s financial planning processes is included in the AMP, including objectives, strategies and actions to achieve these objectives.	A	1
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	The AMP contains tabs (AMP Budget, Strategic and Risk Need and Infrastructure Planning) which describe a future capital works and replacement program. The “Infrastructure Planning” tab outlines the GWC defined “Needs Statements” which summarise the required items and their expected scheduling and costings. The AMP Budget tab forecasts expenditure of \$6.6 million for FY21/22, reducing annually to \$2.9 million from FY26/27 until FY31/32. This tab details all likely expenditures for the next ten years. The source of funds is from loan funds from Gascoyne Water Asset Management Company (the parent entity) for the next 5 years, operating income from water service charges and a capital grant of \$2.48 million from the National Water Grid Authority to cover 50% of project costs.	A	1
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	The AMP Budget Tab shows the 10 year budget forecast, including the estimated capital and recurrent expenditure from 2022/23 to 2031/32. This is reviewed and updated annually. The previous review and approval by the Board was in August 2021.	A	1
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The audited Financial Statements show annual funding from water supply services to customers to cover the forecast expenditure in the Asset Management Plan over the next 10 years. GWC may look to adjust prices to the extent reasonably required if the financial forecasts indicate that costs or revenue will vary materially from the initial forecast.	A	1
10.5	The financial plan provides for the operations and maintenance, administration	The Financial Model provided demonstrates life-cycle costs have been considered in some detail for the existing infrastructure – incorporating upfront capital, staged upgrade, operations, maintenance and renewals expenditure.	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
	and capital expenditure requirements of the services.			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	An annual operating budget is prepared identifying monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals and corrective action being taken.	A	1
11	CAPITAL EXPENDITURE PLANNING	Overall Rating	A	1
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	<p>The AMP contains tabs (AMP Budget, Strategic and Risk Need and Infrastructure Planning) which describe a future capital works and replacement program.</p> <p>The "Infrastructure Planning" tab outlines the GWC defined "Needs Statements" which summarise the required items and their expected scheduling and costings for 10 years to 2032. To ensure that the capital plan remains relevant all works identified in the forward 5-year window is reviewed yearly.</p> <p>Projects identified in this document are for a 10 year window. Once the plan has been approved by the Board the work activities for the next two years are planned in detail. The coming years activities are considered to be approved from the cycle from the prior year. No major adjustments are made to the plan unless the Board or the businesses have identified an issue that requires immediate action. As a result of this new activity all expenditure is shifted to accommodate the new work. A business case is to be presented to the Board showing the impact on the spend plan and the risk changes to the business. If additional funding is required to mitigate the change in the businesses risk profile, then this funding will be sought from the Government through a grant, members or from a financial institution.</p>	A	1
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	<p>The AMP contains tabs (AMP Budget, Strategic and Risk Need and Infrastructure Planning) which describe a future capital works and replacement program.</p> <p>The "Infrastructure Planning" tab outlines the GWC defined "Needs Statements" which summarise the required items and their expected scheduling and costings for 10 years to 2032.</p>	A	1



Item no.	Component and Effectiveness Criteria (criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The reviewer confirmed the Capital Plan is based on review of the condition of the assets and the estimated life of the assets as recorded in the Asset Register. The Financial Model includes the expected capital expenditure to 2032.	A	1
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The AMP includes review and update as required or if major changes occur. The capital expenditure planning process is considered adequate for the water assets.	A	1
12	REVIEW OF ASSET MANAGEMENT SYSTEM	Overall Rating	A	1
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	The Plan 2023 to 2032 is reviewed in April/May each year and updated with the budget. The Plan is also reviewed and updated during the year if major changes occur.	A	1
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	Independent reviews of specific elements of the water activities have been conducted during the review period by external contractors as required. An independent review is performed (by the ERA appointed auditors) every 24 months as required by the licence or longer period as specified by the ERA.	A	1



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 review period
Nil			

B. Unresolved during current review period

Reference (no./year) Effectiveness rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of review period
1/2022 C2	<p>Work Health and Safety Obligations</p> <ul style="list-style-type: none"> • Asset Creation/Acquisition <i>Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.</i> • Environmental Analysis <i>Compliance with statutory and regulatory requirements.</i> <p>Section 2.1 of the Asset Management Manual references that the Gascoyne Irrigation Area is approved by DWER and Department of Primary Industries and Regional Development (DPIRD). Section 7.3.1 refers to the legislative requirements of the <i>Water Services Act 2012</i> as the overarching legislation covering the licensing of water</p>	It is recommended that Workplace Health and Safety documents be prepared and made available to all employees and contractors who work on GWC's assets.	Nil



B. Unresolved during current review period			
Reference (no./year) Effectiveness rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of review period
	<p>services in Western Australia. There is also reference made to the requirement for groundwater monitoring to check groundwater levels and salinity.</p> <p>Water sampling, vegetation management and bore production results are kept in the Document Portal under "Bore Production and Statutory Data". There is also a folder titled "Salinity" where monthly readings of salinity are recorded.</p> <p>No Work, Health and Safety Policy or Job Safety Analysis forms were sighted for either GWC or their contractors. .</p>		
<p>2/2022</p> <p>C2</p>	<p>Environmental Risks</p> <ul style="list-style-type: none"> Environmental Analysis <i>Opportunities and threats in the system environment are assessed.</i> <p>GWC has prepared a risk assessment "GWC Risk Model (14)" which is available on the GWC document portal. This assessment assesses strategic, financial, regulatory (compliance), management and operational (technical) risks. Currently, system environmental risk is considered under the Community/Political category. The risk assessment is used to inform the operation and maintenance plans of the AMP.</p> <p>The environmental risk assessment should be a separate category.</p>	<p>It is recommended that the risk assessment in the GWC Risk Model be updated to include environmental risk as a category to be assessed and reviewed annually.</p>	<p>Nil</p>



Appendix A - Methodology

A1. Audit and Review Approach

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

Audit and Review Planning

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (*not required*).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes.
- 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).
- 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 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.***
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- The audit steps for the **Operational Audit** will include:
 - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
 - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
 - **control environment** – management’s philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
 - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data, cyber security and documentation describing the information system;
 - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;
 - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management’s attitude towards compliance; and



- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee's plan to ensure compliance and recommend any further improvements to achieve compliance.
- The activities in the **Asset Management System Review** will include:
 - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
 - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
 - physically inspect the key assets and infrastructure; and
 - assess the effectiveness of the processes and system in place.

Audit and Review Reporting

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

A2. Key Documents Reviewed

Regulatory Documents and Reports

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018
- Water Services Operating Licence WL38 – Version 7 (From 1 May 2019 to 30 April 2020); and Version 8 (1 May 2020 to 30 April 2022 and onwards).
- Map of Licence Operating Area OWR-OA-177 - E
- Compliance reports to ERA for 2018/19, 2019/20 and 2020/21 (and evidence of receipt by ERA).
- Performance reports to ERA for 2018/19, 2019/20 and 2020/21 (and evidence of receipt by ERA).
- Performance reporting datasheets for 2018/19, 2019/20 and 2002/21.
- Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2019
- Department of Water – Groundwater Extraction Licence
- Summary to Department of Water and Environmental Regulation 2020/21
- Energy & Water Ombudsman membership;
- Relevant correspondence between the Licensee and the ERA and the Department of Environment.

Operational Audit

- Annual Reports for 2019/20 and 2020/21
- Relevant correspondence between the Licensee and the ERA
- Compliance Register



- Customer Supply Agreement
- Coral Coast Water Supply Contract
- Sample of water invoices to customers
- Customer Complaints Procedure (Latest version)
- Customer Complaints Reporting Register and complaint records for the period from 1 May 2019 to 30 April 2022
- Customer Service & Water Services Procedures Manual (18 June 2021).
- GWC website.

Asset Management System Review

- GWC Cooperative Limited (GWC) Asset Management Plan (AMP) – document number 6A, dated 11/8/21
- Asset Management Manual (AMM)
- Customer Service Charter – Version 2, dated July 2017
- Excel spreadsheet is used to monitor all the metered sites and volumes used
- GWC Risk Model (14)
- GWC Asset Mutual Co-operative Ltd Operating Strategy for the Northern Bore field
- GWC Co-operative Ltd Operating Strategy for the GWC Distribution Line (GWDL)
- Asset Operations - Contaminant Spills Emergency Response Procedure
- Asset Operations - Extreme Weather Event Procedure
- Asset Operations - NBF Monitoring
- Asset Operations - Power Consumption Monitoring
- Asset Operations – SCADA
- Asset Operations – Water Supply Agreement
- Asset Operations – Asset Operations Procedure
- Asset Operations – Operations action plan
- Asset Operations – Scada Operating Manual
- Peak Factor and Consumption Model
- Minimum Pressure
- Borefield Asset Register GWCs Rev (0.12)”.
• Customer Service & Water Services Procedures Manual (18 June 2021).

A3. Key Contacts

The licensee’s representatives participating in the audit were:

- Eddie Smith – Chief Executive Officer
- Justin Murphy - Operations Manager
- Genevieve Burnett - Executive Assistant

A4. Consultants

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	35
Geoff Hughes – Principal Planning Engineer	10
Mark Warner – Lead Environmental Engineer	15
TOTAL	60

END OF REPORT