



# Busseton Water Post Operating Licence Audit and Asset Management Review Implementation Plan (PARIP)

March 2023

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## **1. Introduction**

In accordance with legislative obligations of Sections 24 and 25 of the Water Services Act 2012 and section 4 of Busselton Water's Water Services Licence, the Economic Regulation Authority (ERA) undertook an Operational Audit and Asset Management Review of Busselton Water by an independent expert.

The subsequent Audit/Review report by Paxon, March 2023, (BW ref D23/3502) identified a recommendation and it is Busselton Water's responsibility (under section 5.2 of the ERA's Audit Guidelines: Post-audit and post-review implementation plans) to address them appropriately.

According to the ERA's 2019 Audit and Review Guidelines section 5.1.8, the licensee must act on operational audit recommendations that are non-compliant i.e. rated 2-4, and those with control ratings C or D. The licensee must act on asset management review recommendations of performance ratings 3 or 4 and those with process and policy ratings of C or D.

Note: Both Asset Management Review recommendations for improvement were rated A2 and B2 and are therefore not included in this Post Audit Review Implementation Plan (PARIP).

## BW Post Operating Licence Audit and Asset Management Review

Implementation Plan March 2023

### 2. Operational Audit

Table 1 below refers directly to the recommendation rated B3 in section 2.4 of the Operational Audit and Asset Management Review Report by Paxon. The last three columns of the table comprise Busselton Water’s response to the recommendations. The rating scales used in the Audit/Review can be found as appendices to this document.

#### a. Table 1

Detailed Audit Observations			BW’s Plan		
No.	Adequacy of Controls and Compliance Rating	Auditor’s Recommendation	Management Action	Responsible Officer	Target completion date/Status
	Legislative Reference				
	Description				
117A	<ul style="list-style-type: none"> <li>B3</li> <li>Code of Conduct. Clause 21, Notification of change in water service charge</li> <li>The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2).</li> </ul>	<p>This obligation was not met in part, and was a finding in the previous Operational Review, recommendation 03/2019. BWC had no Tariff increases between 2019-20 and 2020-21, but an increase in 2021-22. This increase should have been advised in October 2021 newsletter. It was advised via its website and via the customer’s invoice.</p> <p><i>Recommendation 01/2022</i>  <i>BWC should ensure that any annual Tariff increases be notified in the public domain, via its website and also provided within its Customer Newsletter prior to the first bill which includes the new annual increased Tariff.</i></p>	<p>Include a news item for the annual fee increases on BW’s website and information about the annual fee increases in the October newsletter annually accompanying the first bill subsequent to the finalisation of fee increases.</p>	MCS	Target Oct 23

### **3. Asset Management System Review**

Both recommendations for improvement are rated A2 and B2 by the review. Therefore, in accordance with section 5.1.8 of the 2019 Audit and Review Guidelines, there are no listed recommendations and no action for Busselton Water to take.

Busselton Water will however review those recommendations internally and take appropriate action as a means of continual improvement.

#### 4. Appendix 1, Audit Compliance and Controls Rating Scale

The appropriateness of the controls and BWC compliance with the legislative obligations were reviewed against the following ratings scale.

Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improved needed	2	Non-compliant – minor effect on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate effect on customers or third parties
D	No controls evident	4	Non-compliant – major effect on customers or third parties
N/P	Not performed – A controls rating was not required	N/R	Not rated – No activity took place during the audit period

## 5. Appendix 2, Asset Management System Rating Scales

The asset management process and policy rating allocated to each asset management system component are set out in table below. These ratings were taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019" and are as follows:

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

## Asset Management Review Performance Rating Scales

The asset management performance ratings allocated to each asset management system component are set out in Table 14 below. These ratings were taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019" and are as follows:

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