|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Risk #** | **Risk Category (optional)** | **Risk Name** | **Description of Consequence** | **Inherent Risk Assessment** | | | **Current controls** | **Residual Risk Assessment** | | | **Risk Tolerance** | **Treatments** | **Responsibility** | **Treatment Implementation date** | **Risk Review date** | **Monitoring notes / treatment effectiveness** |
| **Consequence** | **Likelihood** | **Risk rating** | **Consequence** | **Likelihood** | **Risk rating** |
| *1* | *[public authorities may choose to group/categorise the identified risks. For example:*  *- planning*  *- goods/services*  *- procurement process*  *-industry/ suppliers*  *- stakeholders*  *- contract*  *- political* | *[what could happen and why? This may include risks that are common to all procurement processes and risks that are specific to this procurement]* | *[summarise consequence of the identified risk. And consider what/who the risk could impact e.g. the procurement objective, client/end-user, employees, the public authority, suppliers or other stakeholders]* | *[Insignificant*  *Minor*  *Moderate*  *Major*  *Critical]* | *[Rare*  *Unlikely*  *Possible*  *Likely*  *Almost Certain]* | *[Low*  *Medium*  *High*  *Extreme]* | *[summarise how the risk is currently managed]* | *[Insignificant*  *Minor*  *Moderate*  *Major*  *Critical]* | *[Rare*  *Unlikely*  *Possible*  *Likely*  *Almost Certain]* | *[Low*  *Medium*  *High*  *Extreme]* | *[Accept*  *Avoid*  *Transfer*  *Reduce]* | *[summarise additional controls/future actions/strategies to be implemented that will lower the likelihood of the risk occurring, or the consequence if the risk did occur]* | *[summarise who has responsibility for managing/monitoring the risk, and implementing treatments (these may be different functions)]* |  |  | *[provide status update of risk treatment as at review date. This may include a reassessment of risk (therefore increase or decrease of risk rating), and updated review date. If treatments are effective, this may change the risk tolerance level]* |
| *2* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *3* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**APPENDIX 1 - RISK ASSESSMENT EXAMPLE**

| **Risk #** | **Risk Category (optional)** | **Risk Name** | **Description of consequences** | **Inherent Risk Assessment** | | | **Current controls** | **Residual Risk Assessment** | | | **Risk Tolerance** | **Treatments** | **Responsibility** | **Treatment Implementation date** | **Risk Review date** | **Monitoring notes / treatment effectiveness** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Consequence** | **Likelihood** | **Risk rating** |  | **Consequence** | **Likelihood** | **Risk rating** |
| 1 | Political | Change in government policy / political demands | * Complaints from Sector / Industry / Community * Impact on public authority reputation. * Uncertain monitoring of performance * Client/end-user dissatisfaction due to service disruption | Minor | Possible | Medium | * Adherence to Communications policies/procedures * Robust contract management and administration process including regular meetings to manage any potential contract impact | Minor | Possible | Medium | Accept & Manage | * Keeping up-to-date with any policy changes or issues that impact the Sector | * Contract Manager * Senior Manager / Executive |  |  |  |
| 2 | Political / Stakeholders | Public sensitivity and/or a high level of media scrutiny | * Embarrassment and surprises for Minister * Adverse publicity for both supplier and the public authority | Major | Likely | High | * Adherence to Communications policies/procedures. * Robust contract management and administration process including verification of processes for management of high-risk issues/incidents and media involvement | Minor | Likely | Medium | Reduce | * Being prepared for the need to respond to media / minister etc – contract manager to ensure they are across all issues occurring * Consistent and regular monitoring and reporting of known issues * Regular contact with supplier * Prioritise issue without delay depending on the risk involved | * Contract Manager * Senior Manager / Executive |  |  |  |
| 3 | Suppliers | Insurances not current or do not have the required cover when contract period commence. | * No public liability cover if incident occurs * No Workcover for workers injuries * Financial liability for the supplier and public authority | Critical | Rare | Medium | * CPU responsible to request, receive, check, register and file insurance policies during tender process, and append to the contract * BU to review insurance for currency at regular intervals. | Insignificant | Rare | **nil** | Unacceptable & Avoid | * Required insurance is a mandatory criterion in tender evaluation * Insurances are appended in the contract prior signing | * Central Procurement Unit * Contract Manager |  |  |  |
| 4 | Procurement process | Lack of probity, unethical behaviour; fraud. | * Breaches – policy, audit findings, legal * Financial liability for the supplier and public authority. * Commitment to Govt compromised. | Major | Unlikely | Medium | * Adherence to policies/procedures relating to Probity, Finance, and Procurement. * Robust contract management and administration processes including regular meetings to manage any potential service impact | Moderate | Rare | Low | Reduce | * Apply public authority processes * Consistent and regular meetings, periodic assessment and reporting * Address financial and performance issues with the supplier immediately * Regular training for relevant procurement & contract management staff re probity requirements | * Central Procurement Unit * Finance Unit. * Contract Manager * BU Manager |  |  |  |
| 5 | Procurement planning / Contract | Dedicated Contract Manager not assigned | * Breach of contract * Impact on clients/end-users/community * Commitment to Govt compromised | Major | Unlikely | Medium | * Contract variation process undertaken * Implications on stakeholders assessed * Any impact on whole-of-life cost assessed | Moderate | Unlikely | Medium | Manage | * Ensuring resources are adequately allocated to assign a dedicated Contract Manager. | * Contract Owner |  |  |  |
| 6 | Contract Management | Contract is poorly managed | * Breach of contract * Ineffective service delivery * Adverse publicity for both the supplier and the public authority * Impact on clients * Commitment to Govt compromised | Moderate | Possible | Medium | * Contract complexity is regularly reassessed * Apply best contract management principles to align public authority’s Contract Management Framework * Ensure experienced contract manager manages the contract * Regular contract management meetings | Minor | Unlikely | Low | Reduce | * Ensure public authority Contract Management Framework is maintained and implemented * Apply public authority processes for workforce management and staff development * Succession planning and workforce management to encompass transitions/handover processes * Regular capability assessments * Regular professional development training opportunities | * Contract Owner * Contract Manager |  |  |  |
| 7 | Procurement planning | Changes to the scope/ specifications due to change in needs identification | * Ineffective delivery of outcomes * Adverse publicity for both supplier and the public authority * Impact on clients/end-users | Moderate | Possible | Medium | * Regular meetings with subject matter experts/internal stakeholders and industry/community stakeholders * Up to date communications plan | Minor | Possible | Medium | Reduce | * Briefing subject matter experts/internal stakeholders on supplier performance and feedback * Working collaboratively within public authority and industry on needs identification and market analysis | * Contract Manager * BU Manager. * Public authority Senior Management * Subject matter experts. |  |  |  |
| 8 | Contract Management / Supplier Performance | Supplier does not deliver obligations across the contract:   * Lack of capacity or capability of individual suppliers. * Complacency in long term supplier relationships. * Non-performance of supplier (e.g. KPIs not met/outcomes not achieved). * Inappropriately qualified or inadequate personnel. * Services ineffective or difficult to access. | * Breach of contract. * Ineffective delivery of contract outcomes. * Adverse publicity for both supplier and public authority. * Impact on clients/end-user. * Commitment to Govt compromised. | Major | Unlikely | Medium | * Apply best contract management principles to align with public authority Contract Management Framework. * Ensure experienced contract manager appointed to manage the contract. * Regular contract management meetings. | Moderate | Unlikely | Medium | Reduce | * Apply public authority processes * Consistent and regular monitoring and reporting * Robust performance management of KPIs through regular meetings, periodic assessment and reporting * Address poor performance indicators with the supplier immediately. * Succession planning and workforce management to encompass transitions/handover processes * Regular capability assessments * Regular professional development training opportunities | * Contract Manager * BU Manager |  |  |  |
| 9 | Supplier | Disputes occur between supplier and public authority that impact service delivery | * Time delays to critical milestones. * Quality of service less than expected. * Impact on clients/end-user. * Terminate contract. | Moderate | Possible | Medium | * Performance guidelines and rating are documented, and clear transition processes outlined with suppliers. * Negotiate as required with the supplier. | Insignificant | Rare | Low | Reduce | * Apply public authority processes. * Consistent and regular monitoring and reporting. * Robust performance management of KPIs through regular meetings, periodic assessment and reporting * Address poor performance indicators with the supplier immediately | * Contract Manager * BU Manager |  |  |  |
| 10 | Procurement Planning / Resources | Turnover of procurement/contract management staff & loss of corporate knowledge relating to contract | * Loss of key skills, contract-specific knowledge and experience depart with the people who hold them * Reduction of performance due to inaccuracy of historical information | Moderate | Unlikely | Medium | * Implement Record Management processes * Regular updates to contract management plan and performance monitoring documents * Information sharing across the BU. | Minor | Rare | Low | Reduce | * Succession planning and workforce management to encompass transitions/handover processes * Regular capability assessments * Regular professional development training opportunities * Maintenance of internal reporting and records documents with critical performance and contextual data | * Central Procurement Unit Manager * Contract Manager * BU Manager |  |  |  |
| 11 | Procurement Process | Lack of properly maintained records | * Loss of time and resources. * breaches of confidentiality. * reputational damage. * legal action. * Loss of valuable information. * compromised accountability and transparency. * Fraud. | Moderate | Possible | Medium | * Adherence to internal policies/procedures Records Management * Robust contract management and administration process including regular meetings and targeted discussions relating to records management | Minor | Unlikely | Low | Manage | * Apply public authority processes * Engage in Transition Planning with suppliers in advance of contract transitions * Maintain strong relationship with records management and data system stakeholders | * Contract Manager * BU Manager * Public authority Policy team |  |  |  |

# APPENDIX 2 - RISK ASSESSMENT TABLES AND MATRIX

*The below Risk Assessment tables and matrices are examples only. Public authorities should review and implement their own specific risk assessment protocols*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood Table** | | | | |  | **Risk Decision Matrix** | | | | | | | | | | |
| **Likelihood** | | **Description** | | |  | | | | | | | | | | |
| Rare | | Once in ten years.  Event may occur in exceptional circumstances.  No known past occurrences.  < 1% chance the event will occur. | | | **Critical** | | **CONSEQUENCE** | | **High** | | **High** | **Extreme** | | **Extreme** | **Extreme** |
| **Major** | | **Medium** | | **Medium** | **High** | | **High** | **Extreme** |
| Unlikely | | Once in five years.  Event could occur but is not anticipated.  Very few known past occurrences.  1 - 25% chance the event will occur in foreseeable future. | | | **Moderate** | | **Medium** | | **Medium** | **Medium** | | **High** | **High** |
| **Minor** | | **Low** | | **Low** | **Medium** | | **Medium** | **Medium** |
| Possible | | Once a year.  Event could occur at some time.  Past occurrences have been minimal.  26 - 50% chance the event will occur in medium term. | | | **Insignificant** | | **Low** | | **Low** | **Low** | | **Low** | **Low** |
|  | | | | **LIKELIHOOD** | | | | | | |
| Likely | | Once a month.  Event could occur in most circumstances.  Past occurrences are known.  51 - 85% chance the event will occur in short term. | | | **Rare** | | **Unlikely** | **Possible** | | **Likely** | **Almost Certain** |
| **Required Actions** | | | | | | | | | | |
| Almost Certain | | Once a week or daily.  Event expected to occur in most circumstances.  Occurrences are happening now.  > 85% chance the event will occur. | | | **Risk Rating** | | | **Action Required** | | | | | | | |
| **Extreme** | | | Immediate action required with specific treatments required. Report action in risk management plan. | | | | | | | |
|  | | | | | **High** | | | Risk treatment should be a priority. Report action in risk management plan. | | | | | | | |
| **Medium** | | | Determine specific monitoring or response procedures and assign management responsibility. | | | | | | | |
| **Low** | | | Manage by routine procedures. Nominated officer should monitor. | | | | | | | |
| **Consequences Table** | | | | | | | | | | | | | | | | |
| **Category** | **Financial** | | **People** | **Procurement** | | | **Service Delivery** | | | | **Contractual** | | | **Objectives / Reputation** | | |
| **Critical** | Significant financial loss / impact upon budget. | | Fatality / fatalities or actual or severe permanent disability.  Inability to recruit staff / contractors with necessary skills resulting in contract failure or long-term skills, knowledge and/or expertise shortage. | Significant breakdown in governance structures.  Significant fraudulent/ corrupt activity.  Inability to procure a critical technology or services, with significant impact on clients/end-users and community.  Significant breakdown in industry/supplier relationship with public authority. | | | Systemic failure of procurement process and/or contract.  Significant impact upon service delivery (i.e. service failure or significant service disruption).  Significant intervention required by public authority (Minister/CE level) to address impact on service delivery. | | | | Significant contractual non-compliance or non-performance. Significant impact on clients/end-users and/or community.  Contract termination and sustained contract disputes almost certain. | | | Significant number of procurement objectives not achieved.  Sustained negative publicity / Parliamentary inquiry.  Long-term damage to public authority reputation. | | |
| **Major** | Major financial loss / impact upon budget. | | No fatality but inpatient hospitalisation and actual or severe potential disability.  Widespread engagement issues resulting in potential contract failure or medium-term skills, knowledge and/or expertise shortage. | Systemic breakdown in governance structures, or one-off major breakdown in governance structures.  Systemic fraudulent/ corrupt activity, or one-off major fraudulent/ corrupt activity.  Inability to procure a technology or services, with major impact on clients/end-users and community.  Breakdown in industry/supplier relationship with public authority. | | | Continued viability of procurement process and/or contract is threatened.  Major impact upon service delivery (i.e. high risk of service failure or significant service disruption).  Intervention required by public authority (Executive) to address impact on service delivery. | | | | Systemic contractual non-compliance or non-performance, or one-off major contractual non-compliance or non-performance, having major impact on client/end-users and/or community.  Contract termination and contract disputes are likely. | | | Several procurement objectives not achieved.  Widespread negative publicity that lasts for months / Ministerial intervention.  Sustained damage to reputation and loss of confidence in public authority. | | |
| **Moderate** | Moderate financial loss / impact upon budget. | | Medical treatment required but no fatalities or potential disability.  Short-term skills, knowledge and/or expertise shortage. | Repeated breakdown in governance structures., or one-off moderate breakdown in governance structures.  Repeated mismanagement, or one-off moderate mismanagement of procurement activity resulting in probity breaches.  Delays/impacts on ability to procure a technology or services, with moderate impacts on clients/end-users and community.  Strained relationships between industry/supplier and public authority. | | | Effectiveness and efficiency of key elements of the procurement process and/or contract is reduced.  Moderate impact upon service delivery.  Executive/senior management intervention required. | | | | Repeated contractual non-compliance or non-performance, or one-off moderate contractual non-compliance or non-performance, with moderate impact on clients/end-users and/or community.  High level of performance improvement resources required. | | | Major components of procurement objectives not achieved.  Negative publicity that lasts for weeks.  Significant but short-term damage to public authority reputation. | | |
| **Minor** | Minor financial loss / impact upon budget. | | First aid treatment required but no fatalities or potential disability.  Minor skills shortage. | One-off minor breakdown in governance structures.  One-off minor mismanagement of procurement activity resulting in minor probity breaches.  Delays/ impacts on ability to procure a technology or services, with minor impacts on clients/end-users and community.  Supplier complaints. | | | Effectiveness and efficiency of elements of the procurement process and/or contract is reduced.  Minor impact upon service delivery.  Manager intervention required. | | | | One-off minor contractual non-compliance or non-performance. minor impact on clients/end-users or community.  Moderate performance improvement resources required. | | | Minor components of procurement objectives not achieved.  Some negative publicity that lasts for days.  Temporary minor negative impact upon public authority reputation. | | |
| **Insignificant** | Insignificant financial loss / impact upon budget. | | No injuries.  No skills shortage. | Immaterial breakdown in governance structures.  Immaterial mismanagement of procurement activity with no impact on probity matters.  Immaterial impacts on ability to procure a technology or services, with no impacts on clients/end-users and community. | | | Negligible impact upon effectiveness and efficiency of the procurement process and/or contract.  No impact upon service delivery.  No intervention required. Dealt with through normal operations. | | | | Immaterial contractual non-compliance or non-performance.  No impact on clients/end users and/or community. | | | No effect upon procurement objectives.  Potential for public interest.  No damage to public authority reputation. | | |