|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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. |