Procurement Risk Management - 53929.RFT.100 - Asset evaluation and land use monitoring **ATTACHMENT C**

Risk Management Plan – Guide Notes

This Version 7.2 template has been developed in accordance with the ACTIA Risk Matrix template and the AS/NZS ISO 31000:2009 risk management standard.

The following pages will assist in the recording the results of the risk management process.

1. Title Page, setting the context:
   - Allows the project to be clearly identified and the project outcomes/objectives to be defined.
   - Identifies the Directorate, Directorate contact person and the Directorates' decision maker.
   - Includes a basic stakeholder analysis to determine the interested parties and the level of interest held by each stakeholder.

2. Risk Criteria – Risk Matrix
   - Sets out the criteria for measuring **consequence** and **likelihood** and how they combine to form the level of risk.
   - Includes definitions of **consequence**
   - Includes definitions of **likelihood**
   - Provides measurements for the **control effectiveness rating** – how good our controls or risk mitigation strategies are at managing the risk.

3. More Sample Consequences:
   - Provides more examples of how the consequence rating can be arrived at. This list is not exhaustive; it is a guide to use when determining the level of consequence.

4. Risk Register
   - Tool to use to record the risks identified, their consequences, the control measures that manage the risk and how effective those measures are.
   - Template includes free text fields and drop down boxes. The drop down boxes include the **consequence, likelihood, level of risk** and **risk control effectiveness ratings** that are used within Chief Minister, Treasury and Economic Development Directorate. (CMTEDD) ***Refer to the risk criteria / risk matrix.***

5. Risk Treatment Action Plan
   - A risk treatment action plan is required for all risks rated as **"Extreme"** or where the control effectiveness rating is **"room for improvement"** or **"inadequate."**
   - Abbreviations used in the drop box are:

Consequence	Likelihood	Level of Risk	Risk Effectiveness Rating
Insignificant – Insig.	Rare - Rare	Low – Low	Adequate – Adq.
Minor – Min	Unlikely – U/L	Medium – Med	Room for Improvement – RFI
Moderate – Mod	Possible – Poss	High – High	Inadequate – I/ad
Major – Maj	Likely – Lkly	Extreme – Ext.	

Analysing (rating) the risk under ISO 31000:2009

1. No longer accepted practice to rate "Raw risk".
   - *"Consequences, likelihoods and levels of risk will depend on the controls that are in place and their effectiveness. "* (SA/SNZ HB 89:2013).
   - Do not arrive at the risk level prior to treatment or inclusion of risk mitigation strategies
   - Must consider the current controls before rating the risk where a **Control** is a measure in place to manage risk. (ISO Guide 73:2009)

2. Must rate the consequence prior to the likelihood
   - *"Risk is analysed by determining consequences and their likelihood."* (ISO 31000:2009)

3. The consequence should be defined in its most normal form and not an extreme version of the risk.
   - For example a personal injury as a result of a paper cut would result in a minor injury not requiring medical treatment.
   - It would not in the normal form result in blood poisoning and death.

4. Following the process of ISO 31000:2009 there are three questions to ask:
   1) What is the consequence that the risk would take in its "most normal form" (not an extreme form) should the risk occur?
   2) What is the likelihood of that consequence? (How likely it the consequence to occur?)
   3) How good are the existing controls at managing the risk?

5. Make an assessment as to the effectiveness of current controls
   - Adequate – doing everything we can
   - Room for improvement – more that could be done
   - Inadequate – controls do not treat the root cause of the risk.

Control: A measure that is modifying risk	**Treatment:** A process to modify risk.
A control can include any process, policy, practice or other action which modify risk. (ISO Guide 73:2009) ***This is something that is currently modifying the risk or managing the risk.***	Treatment can involve avoiding the risk, taking the risk to pursue an opportunity, removing the risk source, changing the likelihood, changing the consequence, sharing the risk or retaining the risk by informed decision. (ISO Guide 73:2009). ***A treatment is a future planned action or process to be put in place to manage the risk.***

NOTE TO USERS – Pages 1 – 4 are guide notes and can removed from the document to be presented for approval by Delegate or GPB.

Categories of Risk	Sample Consequence				
	Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
Assets	Loss or destruction of assets up to $2,000	Loss or destruction of assets $2,000 to $10,000	Loss or destruction of assets $10,000 to $100,000	Loss or destruction of assets $100,000 to $5M	Loss or destruction of assets greater than $5M
Compliance/ regulation	Non-compliance with work policy and standard operating procedures which are not legislated or regulated	Numerous instances of non-compliance with work policy and standard operating procedures which are not legislated or regulated	Non-compliance with work policy and standard operating procedures which require self reporting to the appropriate regulator and immediate rectification.	Restriction of business operations by regulator due to non-compliance with relevant guidelines and / or significant non-compliance with policy and procedures which threaten business delivery.	Operations shut down by regulator for failing to comply with relevant guidelines and /or significant non-compliance with internal procedures could result in failure to provide business outcomes and service delivery.
People	Injuries or ailments not requiring medical treatment.	Minor injury or First Aid Treatment Case.	Serious injury causing hospitalisation or multiple medical treatment cases.	Life threatening injury or multiple serious injuries causing hospitalisation.	Death or multiple life threatening injuries.
Environment	Limited effect to something of low significance	Transient, minor effects	Moderate, short-term environmental harm	Significant, medium-term environmental harm	Long term environmental harm
Financial	1% of Budget	2.5% of Budget	> 5% of Budget	> 10% of Budget	>15% of Budget
Technology	Interruption to electronic records and data access less than ½ day.	Interruption to electronic records and data access ½ to 1 day	Significant interruption (but not permanent loss) to data and electronic records access, lasting 1 day to 1 week	Complete, permanent loss of some electronic records and/or data, or loss of access for more than one week	Complete, permanent loss of all electronic records and data
General management activities	No impact on business outcomes and strategic objectives.	Minor impact on business outcomes and strategic objectives. Non-essential or subsidiary services experience minor disruptions.	Moderate impact on business outcomes and strategic objectives. A number of objectives not met, minor or subsidiary services impaired.	Significant impact on business and strategic objectives. Key service delivery impaired.	Strategic business outcomes processes fail and business objectives not met. Unable to delivery necessary services.
Reputation & Image	Internal Review	Scrutiny required by internal committees or internal audit to prevent escalation.	Scrutiny required by external committees or ACT Auditor General's Office, or inquest, etc.	Intense public, political and media scrutiny. E.G.: front page headlines, TV, etc.	Assembly inquiry or Commission of inquiry or adverse national media.
Cultural & Heritage	Low-level repairable damage to commonplace structures	Mostly repairable damage	Permanent damage to items of cultural significance	Significant damage to structures or items of cultural significance	Irreparable damage to highly valued items of cultural significance
Business Process & Systems	Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall schedule.	Policy procedural rule occasionally not met or services do not fully meet needs.	One or more key accountability requirements not met. Inconvenient but not client welfare threatening.	Strategies not consistent with Government's agenda. Trends show service is degraded.	Critical system failure, bad policy advice or ongoing non-compliance. Business severely affected.

Risk Matrix

ACT Government
Chief Minister, Treasury and Economic Development

Risk Matrix Program / Project

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
People	Injuries or ailments not requiring medical treatment.	Minor injury or First Aid Treatment Case.	Serious injury causing hospitalisation or multiple medical treatment cases.	Life threatening injury or multiple serious injuries causing hospitalisation.	Death or multiple life threatening injuries.
Reputation & Image	Internal Review	Scrutiny required by internal committees or internal audit to prevent escalation.	Scrutiny required by external committees or ACT Auditor General's Office, or inquest, etc.	Intense public, political and media scrutiny. Eg: front page headlines, TV, etc.	Assembly inquiry or Commission of inquiry or adverse national media.
Environmental	Limited effect to something of low significance	Transient, minor effects	Moderate, short-term environmental harm	Significant, medium-term environmental harm	Long term environmental harm
Cultural & Heritage	Low-level repairable damage to commonplace structures	Mostly repairable damage	Permanent damage to items of cultural significance	Significant damage to structures or items of cultural significance	Irreparable damage to highly valued items of cultural significance
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Financial	1% of Budget	2.5% of Budget	> 5% of Budget	> 10% of Budget	>15% of Budget

Likelihood		Frequency		Matrix	1	2	3	4	5
Almost Certain	Is expected to occur in most circumstances	Once a quarter or more	>1 in 10	5	Medium	High	High	Extreme	Extreme
Likely	Will probably occur	Once a year or more	1 in 10 - 100	4	Medium	Medium	High	High	Extreme
Possible	Might occur at some time in the future	Once every 1 - 5 years	1 in 100 – 1,000	3	Low	Medium	Medium	High	Extreme
Unlikely	Could occur but doubtful	Once every 5 - 20 years	1 in 1,000 – 10,000	2	Low	Medium	Medium	High	High
Rare	May occur but only in exceptional circumstances	Once every 20 - 100 years	1 in 10,000 – 100,000	1	Low	Low	Medium	Medium	High

Priotity for Attention

Priority	Suggested Timing of Treatment	Authority for continued tolerance of risk Program	Authority for continued tolerance of risk Project	Authority for continued tolerance of risk Enterprise
Extreme	Short term – normally within one month** Detailed action plan required			Director- General Under-Treasurer
High	Medium term – normally within three months Needs senior management attention			Senior Executive
Medium	Normally within 1 year Specify management responsibility			Managers
Low	Ongoing control as part of a management system Manage by routine procedures			All staff

Control Effectiveness Rating

Control Effectiveness	Guide
Adequate	Nothing more to be done except review and monitor the existing controls. Controls are well designed for the risk, are largely preventative and address the root causes and Management believes that they are effective.
Room for improvement	Most Controls are designed correctly and are in place and effective however there are some controls that are either not correctly designed or are not very effective. There may be an over-reliance on reactive controls. Some more work to be done to improve operating.
Inadequate	Significant control gaps or no credible control. Either controls do not treat root causes or they do not operate effectively. Controls if they exist are just reactive. Management has no confidence that any degree of control is being achieved due to poor control design and/or very limited operational effectiveness.

Priority for Attention - Action

Every care should be taken to act as soon as possible to implement risk control measures where ever possible or to take action to fix the problem. Extreme Risks and High Risks especially where the risk relates to people & personal injury require us to act immediately to take steps to fix the problem.

** The suggested timing of treatment does not mean that immediate action ought not be taken or that the timing can not be completed sooner than suggested.

Note:
When identifying, analysing and rating risk consideration should be given, but not necessarily limited to, the attached categories of risk and the suggested examples of frequency and consequences.

ACT Government
Chief Minister, Treasury and Economic Development

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Project Details			
Project	Asset evaluation and land use monitoring		
Project Objectives	The objective of this procurement is to engage Sentinel Pty Ltd through a Single Select procurement to manage the movement of existing waterway monitoring equipment to recently constructed ACT Healthy Waterways (ACT HW) water quality assets, monitor the performance of these assets, and monitor the water quality associated with the ACT HW landuse monitoring program.		
Contact Details:			
Directorate	The Environment, Planning and Sustainable Development Directorate	**Business Unit:**	Infrastructure Delivery
Name of Contact	Danswell Starrs	**Phone no.**	(02) 6207 7032
Name of Decision Maker / Authority Holder	Ralph Ogden		

Created by: Haytham Alaiek **Date:** 23/11/2021 **Reviewed by:** Sri Tharan **Date:** 23/11/2021

Approved by: Ralph Ogden **Date:** 03/12/2021 **Signature:** Ralph W Ogden

Internal and External [Name and Agency/Organisation]	**Level of Influence** [Ability to influence project outcomes]	**Level of Interest** [Level of interest in the project outcome]
MPC	MPC is responsible for the procurement process implementation and project management in accordance with the procurement policies	High
EPSDD	The ultimate asset owner of the waterways monitoring component. Responsible for ensuring compliance with the Territory's Guidelines and asset maintenance	High
TCCS	TCCS is funding this work, and have a high interest in the level of performance of the assets they are responsible for.	High

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Risk Register

This risk register is consistent with AS/NZS ISO 31000:2009 risk management standard and the CMTEDD Risk Management Framework and Policy Statement; and Risk Management Policy.

Risk Ref. No.	**Risk Description (source/ Cause)** The risk event, source and cause What can happen (that will affect our ability to meet our objectives) and how it comes about.	**Describe the consequence** If what can happen does happen what is the impact or outcome? (In its most '**normal**' form – not an extreme form)	**Risk controls – what is in place to manage the risk.** How are risks to be Managed? What ordinary policies, procedures and actions (BAU) are to be taken to manage the risk?	**Risk Owner** *(person or entity who manages the risk)*	Consequence	Likelihood	Current risk rating	Control effectiveness
1	Inadequate Budget to meet required project outcomes	• Historical water monitoring rates may not be adequate to estimate the current local market prices • Possible future budget cuts proposed by Treasury • Reduce database development affecting decisions	• Additional funding sought • Scope of Contract to be reduced to available funding	EPSDD	Moderate	Possible	Medium	Adequate
2	Excessive administration effort and cost	• Over administration and management of contract creating unnecessary paperwork	• Change Delegation of Authorities to streamline administration, if needed • Change contractual reporting arrangements, if needed	EPSDD	Minor	Possible	Medium	Adequate
3	Major safety incident occurs on work site involving contractor staff or EPSDD staff.	• Injury to persons involved	• Include WHS as a key item the service agreement.	MPC/ EPSDD	Major	Possible	High	Adequate
4	Changes in personnel	• Affects background knowledge and retraining required	• Use of common work directory with joint access to all works, handover briefings and backup staff. Audit of project management processes.	EPSDD/ Supplier	Minor	Possible	Medium	Adequate

5	Poorly defined staff roles and functions for efficient and effective delivery of services	• Failure of contractor to deliver efficient and effective services during the life of the contract	• Develop, resource and implement staff management plan. • Increase internal skills capacity Align the roles for the effective management of the contract. • Create roles, responsibilities and position descriptions for positions working with the new contract if necessary. • Process Mapping to define requirements.	MPC/ EPSDD/ Supplier	Minor	Unlikely	Low	Adequate
6	Lack of Contractors interest in tendering for this work over long period, or no suitable tender received	• Need review scope and retender • Tender process runs over time • Run some negotiation with Sentinel	• Clarify the assigned budget to all tenderers interested in the project. • The rates payable under the Contract shall be subject to rise and fall calculation after the 12th month of the Services and annually thereafter	MPC/ EPSDD	Major	Possible	High	Adequate
7	Delays in receiving project information or reports	• Reduce data set for business purposes	• Contractors required to have a fully functioning Quality System which is self-managed by them • EPSDD to carry out appropriate verification and auditing to ensure that required performance requirements are met • Regular meetings of working groups and steering committee to keep the project on track and to address resource deficiencies • Issue NCR and or Improvement Notice for poor performance	MPC/ EPSDD	Moderate	Unlikely	Medium	Adequate

8	Project requirements not defined adequately resulting from: • Poor project brief inadequate scope definition. • Relevant Agencies/ stakeholders not having the opportunity or sufficient time to provide input into and/or review the draft documentation.	• Multiple addenda issued to resolve confusion in market. • Delay in closing tenders and tender process runs over time. • Tender response and price vary over a wide spectrum demonstrating market confusion. • Tender received has flaws (where issues with the project brief are identified after the tender closing time). • Needing to be retendered. • Lack of detail will result in a high probability of scope and pricing variations.	• Ensure that the Statement of Requirements reviewed by senior manager within MPC and EPSDD • Compare with current methodology and contract to identify issues with current project delivery • Allow sufficient time for Agencies / Stakeholders reviews of the SOR • Review draft documents and sign off on final Brief by the Client representative • Provide adequate time in tender period to respond any questions asked by the tender	MPC/ EPSDD	Moderate	Possible	Medium	Adequate
9	The evaluation process failed to identify appropriate contractor at the required level of expertise.	• Delays in the project program.	• Ensure the TET has the right level of expertise to assess the tender submission and conduct appropriate evaluation. • Seek additional technical advice, if needed	MPC/ EPSDD	Moderate	Possible	Medium	Adequate

10	• Non-compliance by Contractors with Timeframe and Contract Conditions	• Contractor does not possess sufficient or adequately trained staff to safely undertake the works. • Criticism directed at Government from a variety of sources (other businesses, the Opposition and the general public) over construction work practices.	• Qualified Supervisor to ensure TTM's and WHS plans are developed and implemented and that all nominated staff and/or sub-contractors are appropriately qualified and trained prior to the conduct of any work	MPC/ Suppler	Moderate	Unlikely	Low	Adequate