ACT Government
Chief Minister, Treasury and Economic Development

# Risk Management Plan

## 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. <u>Title Page, setting the context:</u>
   - 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. <u>Risk Criteria – Risk Matrix</u>
   - 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. <u>More Sample Consequences:</u>
   - 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. <u>Risk Register</u>
   - 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. <u>Risk Treatment Action Plan</u>
   - 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)<br>***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).<br>***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 |
| 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. |
| 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 |

**Priority 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**<br>Detailed action plan required | | | Director- General Under-Treasurer |
| High | Medium term – normally within three months<br>Needs senior management attention | | | Senior Executive |
| Medium | Normally within 1 year<br>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.<br>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.

| **Project Details** | | | | | |
|---|---|---|---|---|---|
| **Project** | GS2481704 – Lake Tuggeranong and Catchment Research | | | | |
| **Project Objectives** | • Through field-based research investigations, identify the source and contribution of pollutants entering Lake Tuggeranong from its surrounding catchments, with the aim to inform the ongoing management of water quality in Lake Tuggeranong<br>• Through field-based research investigations, further our understanding of the lake's response to internal and external loading of nutrients and pollutants, which in turn is driving the growth of blue-green algae blooms in urban lakes, with the goal being to inform the future management of catchments, water quality and blue-green algae in urban lakes. | | | | |
| **Contact Details:** | | | | | |
| **Directorate** | EPSDD | **Business Unit** *(If applicable)* | ACT Healthy Waterways | | |
| **Name of Contact** | Ralph Ogden | | | **Phone no.** | 62072207 |
| **Name of Decision Maker / Authority Holder** | Ian S Walker | | | | |

**Created by:** Danswell Starrs **Date:** 21 May 2021 **Reviewed by:** Ralph Ogden **Date:** 25 May 2021

**Approved by:** Chris Glennon **Date:** 22 May 2021 **Signature:** ___________________________________

| | | |
|---|---|---|
| **Internal and External**<br>[Name and Agency/Organisation] | **Level of Influence**<br>[Ability to influence project outcomes] | **Level of Interest**<br>[Level of interest in the project outcome] |
| TCCS: City Presentation | Low | **Low**: TCCS are the manager of Lake Tuggeranong |
| Access Canberra: EPA | Low | **Low**: pollution regulation is within their remit |
| Tuggeranong Community Council | Low | **High**: TCC have a high level of interest, and are publicly vocal regarding issues of poor water quality in Lake Tuggeranong |
| | | |

## 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)**<br><br>The risk event, source and cause<br>What can happen (that will affect our ability to meet our objectives) and how it comes about. | **Describe the consequence**<br><br>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.**<br><br>How are risks to be Managed?<br>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 | Supplier unable to deliver project (loss of critical staff) | • Research delivery delayed, or quality of research is diminished | • Key personnel is confirmed/assessed at time of RFQ response consideration.<br>• Flexible research delivery times allow for recruitment of new staff, or to sub-contract additional staff | UCanberra | Mod | Pos | Med | Adq |
| 2 | Project Delivery delayed (slow approvals/administration processes) | • Field season for research gets missed, delaying research outcomes | • The proposed contract method (standing offer + work orders) is intended to largely mitigate this issue | EPSDD | Mod | U/L | Med | Adq |
| 3 | Research findings do not adequately inform management strategies/actions (unfavourable climatic conditions) | • Drought conditions/lack of rain impede developing an proper understanding of catchment nutrient sources | • Flexible research delivery times allow for avoidance of unfavourable conditions.<br>• Creative research methodologies (eg. watering) will be implemented to mitigate against dry periods.<br>• Use of lab-based research to complement field-based work | UCanberra | Mod | Pos | Med | Adq |
| 4 | Insufficient research expertise or equipment to undertake research (staff and equipment required for research not immediately available) | • Research findings delayed, quality of research reduced | • Scope for UCanberra contract to allow procurement of equipment if required.<br>• Contract permits the Sub-contracting of additional staff if required | UCanberra | Mod | U/L | Med | Adq |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 5 | Injury to research staff (accident occurs during field-based or lab-based research) | • A staff member is seriously injured while undertaking field-based or lab-based research | • Field staff work in pairs.<br>• SOPs are required to be in place for field-work and lab-work procedures that may cause significant harm to staff or the public.<br>• Safe Work Method Statements (SWMS) for identified high risk activities | UCanberra | Mod | Rare | Med | Adq |
| 6 | Project Delivery delayed or incomplete (insufficient funds to deliver project) | • Research findings either not delivered, delayed or quality reduced | • Clearly defined research projects to be managed via work orders.<br>• Work orders developed once funding is available.<br>• Payment to occur after delivery of key milestones | EPSDD | Mod | Rare | Med | Adq |
| 7 | Loss of information and knowledge (research findings not delivered to ACT Government) | • ACT Government does not learn from the research findings | • Payment for services to be undertaken after delivery of key milestones.<br>• ACT Government to acquire data to support future analysis and generation of knowledge. | EPSDD | Min | U/L | Low | Adq |

## 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."**

| **Risk Ref. No.** | **Risk Description (source/ Cause)**<br><br>*The risk event, source and cause. (Copied from above)*<br><br>*What can happen (that will affect our ability to meet our objectives) and how it comes about.* | **Additional Risk Treatments or actions to be taken: to Manage the risk.**<br><br>*(In addition to the Business as Usual Controls listed above.)*<br><br>*Could include a different treatment action for a new procurement (new technology) or an unusual project with different installation or construction techniques. For example: may include additional processes and procedures for sites that are known to contain asbestos.* | **Consequence** | **Likelihood** | **Residual Risk Rating** | **Control effectiveness** | **Implementation and Reviewing**<br>**Responsible Officer** *(Officer responsible for implementation and ongoing review )* | **Implementation and Reviewing**<br>**Implementation Date** *(Date to be completed by)* | **Emergency Response Should Control Measures Fail.**<br><br>*(The risk is realised.)*<br><br>*Contingency Plan.* |
|---|---|---|---|---|---|---|---|---|---|
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