



**AEC**

Australian Electoral Commission

# PROCUREMENT AND CONTRACT RISK ASSESSMENT

for [insert description of Services]

[Procurement Reference/Contract] Number:  
AEC/[insert]

#### Note for drafters:

- Section 8 of the Commonwealth Procurement Rules (CPRs) provide that '*Relevant entities must establish processes for the identification, analysis, allocation and treatment of risk when conducting a procurement*'.
- Risk also needs to be considered when making decisions about the ongoing management of a contract.
- The CPRs also require that '*Relevant entities should consider and manage their procurement security risk in accordance with the Australian Government's Protective Security Policy Framework*.'
- The effort directed to risk assessment and management should be commensurate with the scale, scope and risk of the procurement or contract.

#### WHEN TO USE THIS TEMPLATE

- **Note:** Risk should be considered at all stages during procurement and contract management stages. This template can be used for completing both procurement risk assessments, and contract risk assessments.
- This template is mandatory for completion for all:
  - **procurements and contracts** valued at or above \$10,000 (GST inclusive);
  - vehicle hires of any value;
  - non-election premises of any value; and
  - contracts of any value containing contingent liabilities.
- For election premises, the [Premises Suitability Inspection Tool \(EF005\)](#) has a risk assessment already incorporated.
- This template can also be used for procurements and contracts below \$80,000 (GST inclusive).
- This risk assessment is incorporated into the Contract Management Plan (CMP) template, which should be updated regularly during the term of the Contract. This template does not need to be completed in addition to the CMP.
- For Indemnities granted by the AEC, insurance may cover up to \$5 million, contact [Commercial Law and Procurement](#) if additional coverage is required.
- If the procurement/contract is a covered procurement, i.e. an open tender or limited tender valued at \$80,000 and above, then you should use the AEC Risk Management System (ARMS).

#### COMPLETING THIS TEMPLATE

To prepare this template for use:

- address and delete all purple drafting notes (including this one) and yellow highlighted notes throughout this document;
- arrange approval by the relevant AEC official (eg. owner or manager responsible for delivering the services);
- consider the risk examples for guidance; and
- ensure the latest version is attached to the Procurement Plan and/or Spending Proposal for auditing purposes.

Further information on conducting Risk Management can be found in the:

- [AEC's Procurement Contract Management Procedures](#); and
- [AEC risk management intranet page](#)

The Risk and Assurance section within the AEC also provides advice and assistance to AEC officials on how to undertake risk assessments. For assistance contact [s22](#) or [s22](#).

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# Procurement and Contract Risk Assessment

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## 1. Key details

Description	Details
Title	[insert]
[Procurement Reference / Contract] Number	[insert]
Value	[insert]
Commencement date	[insert]
End date	[insert]
Option periods	[insert]
AEC Financial Delegate	[Name]
Contract Manager (AEC)	[Name] [Phone] [Email] Phone

## 2. Risk Assessment

Note to drafter: In accordance with paragraph 8.3 of the Commonwealth Procurement Rules, procurement security risk should be considered and managed in accordance with the [Australian Government's Protective Security Policy Framework](#).

Identified risk	Who	Current controls	Current risk rating	Risk Treatment	Residual Risk Rating	Risk Owner/s & Risk Actionee /s
Identify the Risk Event and its identified causes and effects	Identify who may be affected by the identified risk	Identify the measures currently in place to reduce the likelihood and/or the consequence of the identified risk.	Rating of the identified risk taking into account controls already in place	Additional measures to reduce risk to tolerable level? Mandatory for risks with a residual rating of High/Extreme.	Rating of the identified risk after treatments (if any)	Identify who is accountable for managing risk (Owner), and who is responsible for implementing treatment (Actionee).
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
Causes: <b>RISK EVENT:</b> Consequences:			<b>Likelihood:</b> <b>Consequence: Rating:</b>		<b>Likelihood:</b> <b>Consequence:</b> <b>Rating:</b>	
<b>Overall current risk rating</b>	Note to drafter: use the highest identified current risk rating (eg. if you have 3 low risks and 1 medium risk, the overall current risk rating will be medium).					

### 3. Risk Matrix

1. Assess risk ratings based on first selecting the relevant Consequence Criteria and level of severity, followed by the Likelihood Rating.
2. Use the *Risk Acceptance and Escalation Table* to evaluate the risk and determine which path to take to manage the risk (e.g. accept, monitor, treat).

LIKELIHOOD	CONSEQUENCE				
	Negligible	Minor	Moderate	Major	Severe
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Medium	Medium	Medium	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

**NOTE:** the assessment of a risk occurring (likelihood) or the impact of an event (consequence) can be subject to personal bias. For this reason every step in the assessment requires communication and consultation. Risk Management best practice is that assessments are collaborative exercises best undertaken in a stakeholder risk workshop.

RISK TOLERANCE		
CATEGORY	UPPER RISK THRESHOLD	
Service, Delivery and Performance	Refer to Risk Appetite Statement	Medium
Capability and Resources		Medium
Security		Medium
Compliance, Governance and Integrity		Low
Safety		Low

LIKELIHOOD RATING		
DESCRIPTOR	QUALITATIVE	PROBABILITY
Almost Certain	It is almost certain that the event or described result will occur.	91% and above
Likely	A strong possibility that the event or described result will occur.	61-90%
Possible	The event or described result could occur.	31-60%
Unlikely	It is unlikely that the event or described result will occur.	5-30%
Rare	The event may occur but only in rare and exceptional circumstances.	Less than 5%

## 4. Consequence criteria

**Instructions for using consequence criteria:** Select the highest credible consequence.  
If your risk event occurred, which of the following criteria would apply?

Consequences							
SCALE	SERVICE DELIVERY	FINANCIAL	PRIVACY	COMPLIANCE	REPUTATION AND IMAGE	FRAUD	WORK HEALTH AND SAFETY (WHS)
Negligible	Outcomes and objectives are substantially met. Minor delays in performance have no or little impact on delivery of business processes.  No measurable operational impact to ICT services.	Total dollar loss and/or potential overspend is less than or equal to \$50,000	Information is already in the public domain. No loss of public confidence	Minor technical breach of an internal policy or guideline.	Incidental media coverage. Little, if any, impact on stakeholder confidence.	Not Applicable	Injury to workers or other parties may require the attention of first aid officer. Comcare not notified.
Minor	Outcomes and objectives are substantially met with partial delay or variation. Some interruptions in performance having a minor and temporary impact on business delivery of processes.  Minor downtime or outage in single area of agency. Minimal loss of data.	Total dollar loss and/or potential overspend is greater than \$50,000 and less than or equal to \$1 million.	Small number of individuals affected and limited (non-sensitive) information involved (e.g. name, contact details, email). Limited risk of harm to small number of individuals including financial/reputational risk.	Failure to comply with internal policy and legislation. Accountable Authority Instructions (AAI), resulting in a minor breach of Commonwealth Acts, including the Commonwealth Electoral Act (CEA).	Isolated media coverage, limited to local media. Isolated or minimal impact to stakeholder confidence. Can be resolved within a short timeframe.	Isolated incident, may result in minor disciplinary action	One-off or near miss Work Health and Safety incident occurs. Only minor injury, if any, to workers or other parties. May require the action of a medical doctor. Comcare not notified.
Moderate	Delivery of key outcomes and objectives substantially delayed or varied. Some interruptions to time critical service delivery. Extended period of downtime or outage in multiple services.	Total dollar loss and/or potential overspend is greater than \$1 million and less than or equal to \$5 million.	Large number of individuals affected, with limited release of additional information to what is already in the public domain.	A breach of Commonwealth Acts or Regulations or failure to comply with PGPA Act, CEA and the Public Service Act.	Strong media interest. Moderate or broader damage to stakeholder confidence with short to medium outcomes and ramifications. Requires Executive attention.	Fraudulent activities resulting in disciplinary actions.	Multiple Work Health and Safety near miss incidents. Potentially a notifiable incident to Comcare under WHS Act. Medical treatment required for workers or other parties; and/or a dangerous incident as defined under the WHS Act (section 37).

Consequences							
SCALE	SERVICE DELIVERY	FINANCIAL	PRIVACY	COMPLIANCE	REPUTATION AND IMAGE	FRAUD	WORK HEALTH AND SAFETY (WHS)
Major	Unable to deliver outcomes without significant additional expense and/or variation. Breakdown in time-critical services.	Total dollar loss and/or potential overspend is greater than \$5 million and less than or equal to \$20 million	Risk of harm to large number of individuals including financial/reputational damage, or any release of sensitive information (e.g. silent electors, criminal records, health information, sexual orientation, TFNs).  Public exposure of incident and limited loss of public confidence.	Multiple breaches of Commonwealth Acts or Regulations with possible penalties under the CEA and Public Services Act.	Intense media attention with potential national coverage over current and future outcomes.  Widespread impact to stakeholders. Longer term impact to stakeholder perceptions.  Public perception severely damaged - considerable resources required to recover.	Clear, wilful fraudulent activities resulting in disciplinary actions with referral to the AFP.	Life threatening or a serious injury causing hospitalisation. A notifiable incident to Comcare under section 36 of the WHS Act. Major injuries of workers or other parties.
Severe	Unable to deliver outcomes in the foreseeable future. Unable to undertake time-critical and other services for a prolonged period.  Extensive and/or total loss of service delivery.	Total dollar loss and/or potential overspend is greater than \$20 million.	Serious risk of harm to large number of individuals including financial or reputational risk and loss of sensitive information. Significant public exposure of issues and loss of public confidence.	Significant and or protracted breach of law resulting in criminal charges.	Extreme or hostile media attention over long term. Reputation and relationship with key stakeholders irrevocably damaged resulting in a material change in AEC's public perception. AEC is unable to obtain ongoing support.	Identified fraudulent activities resulting in disciplinary actions and reputational risk to AEC with referral to the AFP and termination of employment.	Preventable Death and/or major injuries on a significant scale. A notifiable incident to Comcare under WHS Act.



## 5. Examples of possible risks

<b>Procurement</b>
Insufficient: funding; resources (e.g. personnel); time to conduct the procurement.
Inappropriate procurement method selected.
<b>Contract Management</b>
Goods damaged during transport.
Service Provider: not providing Services in accordance with the timeframes specified in the Contract; not meeting milestones; not meeting user acceptance testing.
<b>Contracts with contingent liabilities</b>
<p>An event occurs that triggers a contingent liability in the contract, resulting in the AEC assuming liability for any damages, expenses or losses of the Service Provider and/ or a third party. For example:</p> <ul style="list-style-type: none"> <li>• infringement of intellectual property rights;</li> <li>• loss, damage or destruction of data, materials goods or property; or</li> <li>• disclosure of commercial in confidence or personal information.</li> </ul>
<p>An event occurs that triggers a contingent liability in the contract, resulting in the AEC assuming liability for injury or death caused by the Service Provider and/or a third party. For example, failure to:</p> <ul style="list-style-type: none"> <li>• comply with the work health and safety requirements set out in legislation;</li> <li>• comply with the terms of the contract and/or any reasonable direction of the AEC; or</li> <li>• adequately maintain plant and equipment.</li> </ul>
Failure to comply with the terms of the contract and /or any reasonable direction of the AEC impacts on the delivery of the goods or services or delivery of an electoral event.
<b>Vehicle hire</b>
AEC official injured as a result of an accident or damage to the vehicle.
Election-related material lost, stolen or damaged during transport in vehicle.
<b>Non-election premises</b>
Public or AEC officials injured at the premises.
Premises damaged during the term of the lease arrangement.
Loss or damage to AEC equipment or materials.