



City of  
Mount Gambier



# Mount Gambier Regional, Sport and Recreation Centre

## Risk Management & Evaluation Plan

(DRAFT v1.0 - 16/4/2018)

## VERSION HISTORY

*This Draft Risk Management Plan for the Mount Gambier Regional, Sport and Recreation Centre has been prepared for the purpose of inclusion in an Expression of Interest for the Australian Government Regional Growth Fund.*

*Final drafting, approval and implementation of the **Risk Management Plan** will be subject to successful funding and Council resolution to endorse the progression of the Regional Sport and Recreation Centre Project.*

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	<i>Michael McCarthy</i>	<i>16/04/2018</i>			Draft Risk Management Plan for EOI purposes

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## INTRODUCTION

### Purpose of the Risk Management Plan

A risk is an event or condition that, if it occurs, could have a positive or negative effect on a project's objectives. Risk Management is the process of identifying, assessing, responding to, monitoring, and reporting risks. This Risk Management Plan defines how risks associated with the Mount Gambier Regional, Sport and Recreation Centre project will be identified, analysed, and managed. It outlines how risk management activities will be performed, recorded, and monitored throughout the lifecycle of the project and provides templates and practices for recording and prioritising risks.

The City of Mount Gambier has a Risk Management Framework (Policy) and Risk Register to guide and record the identification and management of organisational risks encountered in the activities of Council.

This Risk Management Plan has been created for use by the project manager in the project planning and initial preparation processes and is then to be monitored and updated throughout the implementation, delivery, review and evaluation of the project.

The intended audience of this document is the project team, project sponsor, management, Council and key stakeholders.

### Risk Management Framework

The City of Mount Gambier Risk Management Framework documents the commitment to Risk Management tools, systems, procedures and practices and developing a culture of continuous improvement that includes embedding risk management into all Council decisions and activities.

The Risk Management Framework does this by applying the following steps to managing risk:

- IDENTIFY
- EVALUATE
- ANALYSE
- TREAT
- MONITOR
- COMMUNICATE
- REVIEW
- IMPLEMENTATION

## RISK MANAGEMENT PROCEDURE

### Process

The project manager working with the project team and key stakeholders will ensure that risks are actively identified, analysed, and managed throughout the life of the project. Risks will be identified as early as possible in the project so as to minimize their impact.

This will be undertaken within the City of Mount Gambier Risk Management Framework and existing organisational processes.

The project manager will serve as the Risk Manager for this project.

The steps for accomplishing this are outlined in the following sections.

### Risk Identification

Risk identification will involve the project team and relevant stakeholders, and will include an evaluation of organisational and project specific factors based on the elements of the project management plan including the project objectives scope.

Consideration will be given to Council's organisational risk categories and cross-organisational business and project risks, with careful attention to the project deliverables, assumptions, constraints, cost estimates, project plan, and other key project plans and documents.

#### Risk Categories

Council's Risk Management Framework identifies the following organisational risk categories:

- Safety & Welfare
- Information services
- Procurement
- Project management
- Strategic management
- Environment
- Public relations
- Asset management
- Business development
- Compliance & Legal
- Financial
- Governance
- Human resources
- Political
- Interruption to Business

A Project Risk Log will be generated and updated as needed and will be stored electronically as an appendix to this document in Council's Electronic Document Records Management System in File AF18/112.

The Project Risk Log will form a component of Council's organisational Risk Register for the duration of the project. Top project risks and controls will be recorded in Council's Risk reporting system (ControlTrack) and allocated to the Project Manager/Project Team for recording and reporting purposes throughout the project.

## Risk Evaluation, Analysis and Treatment

All risks identified will be evaluated to identify the range of possible project outcomes.

Qualification will be used to determine which risks are the top risks for mitigation and contingency plans, and which risks can be managed, accepted and/or ignored.

### Qualitative Risk Analysis

The likelihood and consequence of occurrence will be assessed for each identified risk by the project manager using Council's Risk Rating Matrix, with input from the project team using the following approach:

#### Likelihood

- Almost Certain – Expected to occur in most circumstances during normal operations. Greater than 90% probability of occurrence
- Likely – In the circumstances will likely occur at some stage based on previous evidence. Between 60% and 90% probability of occurrence
- Possible – Not generally expected but might occur at some time under specific circumstances. Between 30% and 60% probability of occurrence
- Unlikely – Conceivable that it could occur but not likely under normal operations. Between 10 % and 30% probability of occurrence
- Rare – Only ever occurs under exceptional circumstances. Below 10% probability of occurrence

#### Consequence

- Catastrophic – Death, toxic release off-site with detrimental effect, huge financial loss, potential to severely jeopardise project costs, schedule or outcomes.
- Major – Extensive injuries, loss of production capability, off-site release with no detrimental effects, major financial loss, potential for major impact on project cost, schedule or outcomes
- Moderate – Medical treatment required, on site release contained with outside assistance, high financial loss, potential to moderately impact on project cost, schedule or outcomes
- Minor – First aid treatment, on-site release immediately contained, medium financial loss, potential for minor impact on project cost, schedule or outcomes
- Insignificant – No injuries, low financial loss, has relatively little impact on project cost, schedule or outcomes

### Quantitative Risk Analysis

Analysis of risk events that have been assessed using the qualitative risk analysis process and their effect on project activities. Assessed risks will have a level rating applied based on the following Risk Rating Matrix and will be documented as an Appendix of the risk management plan.

#### Risk Rating Matrix

Almost Certain	MED	HIGH	HIGH	EXTR	EXTR
Likely	LOW	MED	HIGH	EXTR	EXTR
Possible	LOW	LOW	MED	HIGH	EXTR
Unlikely	LOW	LOW	LOW	MED	HIGH
Rare	LOW	LOW	LOW	MED	HIGH
	Insignificant	Minor	Moderate	Major	Catastrophic

Risks will be ranked using the following risk level ratings:

- Low (GREEN)
- Medium (YELLOW)
- High (ORANGE)
- Extreme (RED)

Risks that fall in the RED (Extreme) and ORANGE (High) levels will necessitate treatment with a control which may include both a risk mitigation and a risk contingency plan, with a view to reducing the risk to a lower and more acceptable level for continued management throughout the project.

Risks that fall in the YELLOW (Medium) and GREEN (Low) levels should also be treated to reduce the risk to an acceptable level where they may be monitored or ignored.

## Risk Treatment (Actions & Controls)

Each extreme and high risk (those rated at the Red & Orange levels) will be assigned to a project team member to monitor and manage for the duration of the project to ensure that the risk will not “fall through the cracks”.

For each extreme and high risk, one of the following approaches will be selected to address it:

- **Avoid** – eliminate the threat by eliminating the cause
- **Mitigate** – Identify ways to reduce the probability or the impact of the risk
- **Accept** – Nothing will be done
- **Manage** – Manage risk (buy insurance, outsourcing, implement controls etc.)

For each risk that will be mitigated, the project team will identify ways to prevent the risk from occurring or reduce its consequence or likelihood of occurring. This may include prototyping, adding tasks to the project schedule, adding resources, etc.

For each risk a course of action, or a control, will be outlined in order to minimise the impact of the risk should it occur.

## Risk Monitoring, Communication and Review

A Project Evaluation Plan will be developed specifying the project risk/evaluation reporting process and frequency of reports to be provided to Management.

Reporting will be by Project Evaluation Reports provided periodically to Management to notify the status of each extreme and high level risk, and other identified risks and project evaluation matters that affect the project risk profile and project outcomes.

Project Evaluation Reports will be accompanied by recommendations on proposed actions/controls to manage the changing risk profile, and any other proposed changes or improvements identified from the assessment/evaluation of the project.

The level of each identified project risk and evaluation criteria will be tracked, monitored and reported to Management throughout the project lifecycle.

A list of “Top Project Risks” and the status of each will be maintained by the project team and included in Project Evaluation Reports. The Top Project Risks will include extreme and high level risks, and any other identified by Management.

All project change requests will be analysed for their possible impact to project risks/outcomes, and findings contained in a Project Evaluation Report.



## TOOLS AND PRACTICES

### Project Risk Log

A Project Risk Log will be maintained by the project manager and will be reviewed as a standing agenda item for project team meetings.

The Project Risk Log will be maintained as Appendix B to this document

### Organisational Risk Register

The project and highest level (extreme/high) project risks will be entered in Council's Risk Register and ControlTrack, together with any other project risks as identified by Management, for recording and reporting purposes throughout the project.

### Project Risk/Evaluation Reporting

The Project Manager will provide Project Evaluation Reports to Management on a frequency as determined by the Project Evaluation Plan and/or Management (whichever is the more frequent).

Project Evaluation Reports shall include the following risk reporting:

- Status report on highest level (and management identified) risks/evaluation criteria
- Risk evaluation and analysis of any project change requests
- Changes to risk status/risk levels
- Recommended actions/controls to manage the changing risk profile of the project
- Any other recommended project or organisational management changes arising from project risk management and project evaluation.

The Project Evaluation Plan will be developed and maintained as Appendix C to this document.

A Pro-Forma Project Evaluation Report template will be developed for Project Risk/Project Evaluation Reporting and maintained as Appendix D to this document.

Management may appoint another Council Officer or consultant to assist, oversight or manage the Project Evaluation Plan and the preparation and presentation of Project Evaluation Reports and the implementation of any recommendations as it sees fit.

## RISK MANAGEMENT PLAN APPROVAL

The undersigned acknowledge they have reviewed the Risk Management Plan for the Mount Gambier Regional, Sport and Recreation Centre project.

Changes to this Risk Management Plan will be coordinated with and approved by the undersigned or their designated representatives.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Role: Project Sponsor

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Role: Project Manager

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Role: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Role: \_\_\_\_\_

## APPENDIX A: REFERENCES

The following table summarizes the documents referenced in this document.

Document Name and Version	Description	Location
<i>R205 Risk Management Framework</i>	<i>Councils Risk Management Policy</i>	<i>AR14/37631[v4]</i>

APPENDIX B: PROJECT RISK LOG

The following table comprises a Project Risk Log for the Mount Gambier Regional, Sport and Recreation Centre project

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
Strategic Management		Grant funding not received						
		Non meeting of primary objectives / Fit for Purpose						
		Inconsistency with broader strategic/community objectives and expectations						
		Evaluation Plan (during project and post implementation and operation of facility)						
		Business Case is insufficient						
		Reporting (Mgmt & Council & Stakeholders) Framework						
		Determining scope and extent of proposal, Council, users, inclusions and exclusions, stakeholder expectations						
		Determining level of Council control and involvement (decision-making and financial) over facility design, use, management etc (multi-faceted risk exposure/mgmt)						
		Inability for Council decision making timeframes to meet strict grant/commencement timeframes						
		Commercial vs Community facility use and management model						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Strategic projections and assumptions fail to eventuate						
		Inability of design and other preliminaries/consultancies to meet strict grant/commencement timeframes						
		Impact on other LTFP/ projects						
Political		Community/Other interference in project delivery						
		Member/Community expectations						
		Project costs/budget inadequate to achieve objectives						
		Lack of collaboration between key stakeholders and with funding partners						
		Unbudgeted Variations						
		Failure of project/business model						
		Informed Decision Making (level of information, consultation and engagement, response rates etc)						
		2018 Election Caretaker period (September – November 2018)						
		Timing of decisions, and stages						
		Community/Ratepayers fail to support proposal to be funded by Council (capital or operating)						
Public Relations		Communication and engagement with key stakeholders and community						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Negative press or community sentiment regarding project						
		Any site or related activities receiving social or traditional media attention						
		Project cost/budget						
		Manage community interest over duration of project horizon						
		Manage existing users (Aquatic & other) for duration of project						
		Communications Plan community status updates and upcoming activities						
		Branding & Identity (during project & operation of facility - signage) including acknowledgement of key stakeholders/funding partners						
		Public Consultation on Annual Business Plan & Budget/Costs						
		Public Consultation/Engagement –						
		Public Consultation (inc s48)						
		Public Consultation on Community Land Management Plan amendments (inc with Crown)						
Project Management		Service Connections						
		Project Supervision/Quality Assurance/Contract Management						
		Project delays by third parties						
		Securing of site						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Contractual disputes						
		Delays in sign-Offs/Approvals						
		Project/Construction Scheduling						
		Integration of Council works						
		Manage Budget						
		Succession Planning (key Project staff and information) over project						
		Ineffective Project Mgmt for major capital project						
		Construction, Program Scheduling and Cost Variations						
		Project administration, Purchase Orders, requisitioning, records mgmt. reporting etc						
Information Services		Records Management						
		Integration with iServices						
		Workflows for routine/frequent activities, or to retain consistency with Council administration						
		Information/Intellectual knowledge over duration of project						
Procurement		Procurement model? Traditional Tender process, decisions and outcomes (multi-tenders?) - Other						
		Variations to Design Specification (also Financial)						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Incomplete, inadequate or insufficiently detailed Specification						
		Contract Management/Supervision, milestone monitoring & reporting						
		Timing, or failure of tender to meet strict grant/commencement timeframes						
Financial		Budget Forecasts inaccurate						
		Maintenance Forecasts inaccurate						
		Depreciation forecasts inaccurate						
		Variations to Design Specification (also Procurement)						
		Cost Estimates inaccurate/overruns						
		External financial influences (rate capping/competing projects, other externalities)						
		Unbudgeted client variations						
		Unmet Grant funding milestones						
		Funding shortfall						
		Payments (contracts) and billing (grants)						
		Acquittal reporting (grant funds)						
		Bank Accounts (in accordance with grant requirements)						
		GST/other tax reporting						
		Annual Business Plan & Budget						
		Audit considerations						



Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Future budget implications for facility operating/business/management model						
		Sensitivity analysis assumptions are flawed resulting in unbudgeted deficit						
		Major variance between cost estimates, Quantity Survey amounts and tender pricing						
		Financial projections fail to include profit margin for operator, impacting cost of subsidy model						
Business Development		Identify Ongoing Management arrangements (Lease, Management Agreement, s42 subsidiary)						
		Determine Operating Budgets						
		Under/over utilisation of facility (implications for operations)						
		Mismanagement of facility operations						
		Inability to appoint/implement operating model						
		Understanding of facility, stakeholder Needs/resources/capacity etc to build viable sustainable model						
		Longevity of operating model (capacity to address changing needs or address deficiencies in model)						
		(In)capacity of operator						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Management of Volunteers and Community organisation users/stakeholders						
		Usage Scheduling / managing conflicting uses						
		Commercial vs Community						
		Reliance on market research/evidence, or community 'feeling' and hearsay.						
		Financial modelling and user pays proposals not accepted by proposed users/stakeholders						
		Competition (Activ8 or similar, not constrained by Council management, decision-making 'overheads')						
		Non-committal/withdrawal of key stakeholders/users						
Asset Management		Operational malfunction						
		inclusion in I&AMP						
		scheduling, inclusion in asset/maintenance plans						
		Non-redundancy of duplicate assets, resulting in dual management and costs associated with surplus assets						
Environment		Cultural Heritage, engagement with traditional owners						
		Unsuitable site conditions						
		Weather/Seasonal implications						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Flood/Other site/development constraints						
		Planning/Building Approvals – availability and capacity of staff to meet project timelines						
		Design/Aesthetic of built form and space						
		Proposed site insufficient for footprint of building and supporting infrastructure (eg car parking)						
		Failure to agree on design						
		Inconsistency with Development Plan/Policy Area						
		inconsistency with adjoining uses (eg accommodation at Old Gaol)						
Governance		Land Ownership / Custody (Crown Land – dedicated purpose)						
		Land Tenure (Leases / Licences)						
		Community Land Management Plans(s)						
		Probity Plan						
		Project Approvals (Council, regulatory, funding etc)						
		Project Committee (formal s41?)						
		Project Team (Authority)						
		Ongoing Business Model						
		MOU's, Devt Agreements, Funding Agreements etc						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		Conflict of Interest						
		Timeframes/lead-time to reach agreement and formalise any governance arrangements						
		Statutory process for Poll						
Compliance & Legal		Compliance with relevant legislation						
		Timing of LGA1999 s48 Prudential Report						
		FINA / Australian Standards / BCA / DDA / Devt Plan/Policies						
		Consistency with Council Policies						
		Intellectual property in design, business model proposals etc						
		Confidentiality / Freedom of information						
		Site visits/reporting to ensure compliance with external requirements (including funding milestones)						
		Anti-competition, Council subsidised competition with private open market competitors						
		Complaints, s270 Review, legal challenge or referral to Ombudsman or OPI/ICAC						
Human Resources		Industrial Relations Issues (during project and operation of facility)						
		Resourcing of Project Team, Project Manager, Project Sponsor						

Risk Category	Unique Risk Identifier	Risk Descriptions	Risk Likelihood	Risk Consequence	Risk Level	Control Measure	Responsibility	Residual Risk / Status
		etc to deliver project and any other business activities						
		Resourcing subsequent facility & services (depending on business / management model)						
Safety & Welfare		Public/User safety (during project and of facility)						
		Securing of site						
		High Risk work site						
		Site Inductions/Site management						
		Access to site / DDA						
Interruption to Business		Project Team/Project Manager priorities and impact on other business operations						
		Inclusion of resulting facility & business activities in Councils Crisis Management Plan (inc BCP)						

## APPENDIX C: PROJECT EVALUATION PLAN

This Project Evaluation Plan is to provide for continuing evaluation and reporting to ensure the accountability of the Regional Sport and Recreation Centre project and that it remains consistent and within agreed project objectives and parameters.

### Evaluation Principles

The Project Evaluation Plan is underpinned by the following principles:

- Strengths-based approach – builds on existing organisational systems and processes
- User-focused/outcomes orientation – Delivers agreed stakeholder outcomes

What do we want to evaluate?

- Implementation – is project following planned process?
- Financial Performance – are project costs/resources as budgeted?
- Risk – what challenges have affected project?
- Engagement – Are we communicating the right message to the right people?
- Outcomes – is the project meeting its objectives?

What do we want to achieve from evaluation?

- Monitor/Tracking of project
- Respond to changes, variances and other project complexities
- Identification/Implementation of improvements and solutions
- Manage Risk
- Improve Decision-making

### Adaptation of Project Evaluation Plan over Life of Project

The Regional Sport and Recreation Centre project, to be undertaken over several years and at least 2 Council terms is expected to require the Project Evaluation Plan and accompanying (Pro-Forma) Project Evaluation Report to evolve as the project progresses through its various stages to completion.

The abovementioned bullet-points indicate what is sought from the Evaluation/Reporting as at the pre-concept stage of the project. Detailed inclusions are to be contained within the Pro-Forma Project Evaluation Report and based on risk identification and analysis and stakeholder engagement including changing Management, Council Member, community, contractor and operational expectations over the life of the project.

Changes to the Evaluation Plan and Reporting arrangements are to be reported and approved by Management and changes to this document are to be version controlled.

### Periodical Reporting

The Project Manager/Project Team is to report in accordance with the following table:

Reporting From/To	Reporting Method	Reporting to:
April 2018 -	Pro-Forma Project Evaluation Report	Management Executive Team

### Decision-Making

Decisions associated with any recommendations arising from periodical evaluation reporting are to be made by the Management Executive Team, Chief Executive Officer, General Manager(s), other relevant Council Officers and/or by resolution of Council in accordance with Council's scheme of (sub)delegations and any power, authority or constraints imposed by Council with regard to the project.

## APPENDIX D: PRO-FORMA PROJECT EVALUATION REPORT

Project Evaluation Report (PER) is to address the following:

- Strengths-based approach – how project builds on existing organisational systems and processes
- User-focused/outcomes orientation – Is project delivering agreed outcomes
  
- Implementation – is project following planned process?
- Financial Performance – are project costs/resources as budgeted?
- Risk – what challenges have affected project?
- Engagement – Are we communicating the right message to the right people?
- Outcomes – is the project meeting its objectives?
  
- Monitor/Tracking of project
- Respond to changes, variances and other project complexities
- Identification/Implementation of improvements and solutions
- Manage Risk
- Improve Decision-making

Project Evaluation Report is to include:

- Extract from Project Risk Log / ControlTrack with extreme/high level project risks
- Status report on extreme/high level project risks
- Other risks/evaluation criteria identified by Management
- Risk evaluation and analysis of any project change requests
- Changes to risk status/risk levels
- Recommended actions/controls to manage the changing risk profile of the project
- Any other recommended project or organisational management changes arising from project risk management and project evaluation.



Implementation – is project following planned process?
Financial Performance – are project costs/resources as budgeted?
Risk – what challenges have affected project?
Engagement – Are we communicating the right message to the right people?
Outcomes – is the project meeting its objectives?
Status report on extreme/high level project risks (as per Project Risk Log)
Changes to risk status/risk levels
Other Risks/Evaluation Criteria identified by Management (to be developed)

Project Change Requests
Risk Evaluation and Analysis of Project Change Requests
Recommended actions/controls to manage the changing risk profile of the project

Some sample questions to assist with completing/developing the Project Evaluation Report

- What is going right on the project?
- What is going wrong?
- What problems are emerging?
- What opportunities are emerging?
- Where is the project with respect to schedule, cost, and technical performance objectives?
- Does the project continue to align with the strategic objectives?
- Is there anything that should be done that is not being done?
- Are available resources sufficient to achieve project outcomes?
- Are the project “stakeholders” comfortable with the way the project is going?
- Is the customer happy with the way things are going?