

MINISTRY, DATE, VERSION																		
CATEGORY			RISK IDENTIFICATION					INITIAL RISK RATING (Risk rated based on effectiveness of current controls at the time of the initial risk assessment)			EVALUATION		MITIGATIONS MANAGEMENT					
#	TYPE	OBJECTIVE (Define the plan objective this event affects)	RISK EVENT (What is it that you are worried to avoid or reduce the likelihood of impact of occurring? Risks are future events that could interfere with meeting project objectives)	RISK CAUSE (What are the triggers, sources or circumstances that could act alone or together to increase the likelihood of the Risk Event occurring? There are usually multiple causes leading to a Risk Event)	IMPACT/ CONSEQUENCE (If this Risk Event did occur, what would be its consequences/ impacts on this project and on other stakeholders or projects that depend on this project, where dependency relationships and across-project linkages are required/known?)	EXISTING MITIGATIONS (Is there anything you are currently doing to reduce the likelihood or impact?)	LIKELIHOOD (1-5)	CONSEQUENCE (1-9)	TOTAL SCORE (1-45)	RISK RATING	ADEQUACY OF EXISTING MITIGATIONS (None-existent, Inadequate, Adequate, Robust, Excessive)	MONITOR, TREAT, TRANSFER, AVOID	ADDITIONAL MITIGATIONS (What additional measures/actions will be taken to know the risk?)	DELIVERABLE (What form will this mitigation take? A formal plan, a report, TB or Call Sub, etc.)	REQUIRED RESOURCES (What is needed to develop and implement the mitigation?)	TASK OWNER (Who has been assigned responsibility for this mitigation?)	DUE DATE (When is the deliverable to be ready?)	INTERDEPENDENCIES/ INTER-RELATIONSHIPS (Does the event or mitigation rely on another agency? Does it impact another agency?)
1	Legacy IM/IT systems	Transition	Legacy system failures during transition	<ul style="list-style-type: none">- Poor integration development due to lack of expertise/ complexity.- Insufficient business requirement identification.- Systems not adequately tested due to tight timelines/ capacity.- Systems not adequately supported at launch/ operationalization.- Inadequate user training prior to launch.- Unclear roles and responsibilities between Province and new service provider.- Insufficient business/ systems continuity planning and exercise (back-up processes/ systems).- Poor integration/ incompatibilities between old and new. (hardware, software, rules, interfaces)	<ul style="list-style-type: none">- Loss of sales.- Warehouse replenishment challenged.- Customer replenishment challenged.- Inability to process payments.- Unhappy customers.- Reputation/ confidence in the system compromised.	<ul style="list-style-type: none">- Replenishment coordinators- Communications	2	4	8	MEDIUM	Adequate	Monitor	<ul style="list-style-type: none">Pilot systems with select customersMaintain LDB system through transitionCommunicate standards/ expectationsRequirement for real-time access	Ongoing project management with service provider during the transition period and IT work	Service Provider staff plus external consultants as needed depending on final solution.	Service Provider and LDB IT, plus transition team	TBD subject to Service Provider selected and transition plan	Internal LDB relationship. Stakeholders need to be included.
2	New IM/IT systems	Transition	New system (service provider systems including interfaces) failures during transition.	<ul style="list-style-type: none">- Poor development due to lack of expertise/ complexity.- Insufficient business requirement identification.- Poor interface.- Systems not adequately tested due to tight timelines/ capacity.- Systems not adequately supported at launch/ operationalization.- Inadequate user training prior to launch.- Unclear roles and responsibilities between Province and new service provider.- Insufficient business/ systems continuity planning and exercise (back-up processes/ systems).- Poor integration/ incompatibilities between old and new (hardware, software, rules, interfaces)	<ul style="list-style-type: none">- Loss of sales.- Warehouse replenishment challenged.- Customer replenishment challenged.- Inability to process payments.- Unhappy customers.- Reputation/ confidence in the system compromised.	Addressing through procurement process using proposal improvement sessions to dialogue with proponents so as to reduce unknowns and assumptions on LDB environment and requirements related to proposed solutions. Improves understanding of service provider IT solution and requirements on LDB IT dept.	3	3	9	MEDIUM	Adequate mitigation through pre-selected proponent selection process and post selection due diligence and negotiations	Monitor	<ul style="list-style-type: none">Pilot systems with select customersMaintain LDB system through transitionCommunicate standards/ expectationsRequirement for real-time access	Details documented in transition strategy and process schedule that is negotiated during Stage 4 and put into effect during transition.	Proponent/ Service provider/ LDB IT/ IT consultants/ project team	LDB IT and Transition team	By end of Stage 4 (due diligence and negotiations) in preparations for launch for transition and continuing during transition period.	LDB performed in conjunction with service provider and other stakeholders (e.g. Government/ suppliers/ agents, Liquor Warehouse Program).
3	Supply chain processes	Transition	Supply chain failure during transition. (Inadequate inventory to fulfill demands and ability to deliver.)	<ul style="list-style-type: none">- Lack of familiarity with new processes.- Lack of familiarity with new systems.- Distiller experience in other jurisdictions.- Insufficient warehouse space.- Wholesalers concern drives stockpiling of core products.- Replenishment coordinators (LDB) no longer in place.- Unsuccessful proponent withdraws from current service delivery/changes price structure to Province.- Labour force capacity reduced within private service delivery.	<ul style="list-style-type: none">- Loss of sales.- Warehouse replenishment challenged.- Customer replenishment challenged.- Inability to process payments.- Unhappy customers.- Reputation/ confidence in the system compromised.	Existing familiarity with current processes and systems. Addressing through the procurement process. Transition plan developed during negotiations.	3	3	9	MEDIUM	Adequate	Monitor	<ul style="list-style-type: none">Transition may be extended rather than specific line in the sand.Experience of proponent to understand and anticipate market.Differing dates for customers, suppliers, distributorsArticulated transition plan - duplicate inventoryAdditional inventories.	Transition plan developed during stage 4 and implemented/ adjusted during transition period with service provider.	LDB transition team, Service provider staff.	LDB transition team.	During Stage 4 and then monitored/ adjusted throughout transition.	Internal LDB and service provider. Transition staff from all parties.
4	Agreement	Service Delivery Model	Negotiated objectives/benefits/ expectations are not achieved.	<ul style="list-style-type: none">- Insufficient risk transfer e.g. services, bonding, insurance not sufficient- Poor service provider performance.- New service model drives changes in pricing model.- Insufficient stakeholder consultation/ expectation management.- Insufficient contract management expertise/ capacity	<ul style="list-style-type: none">- Unhappy customers.- Reputation/ confidence in the system compromised.- Assumes costs of repatriation.- Negative campaigning by industry.- Costs related to extended re-negotiation/ remedies.- Legal costs to enforce agreement.- Legal costs arising from claims naming the Province.	<ul style="list-style-type: none">NRFP processes considers some baseline data for comparisons.Evaluation committee as part of NRFP process.Internal costing structure exercise in progress.Bi-annual costing reviews to monitor service costs and KPIs.Clarity of expectations during negotiations.	2	3	6	MEDIUM	Adequate	Monitor	<ul style="list-style-type: none">Monitor service delivery KPI.Continuous engagement with service provider and stakeholders.	Ongoing service delivery activities. Standard/ regular reports.	LDB contract management office.	LDB contract management office.	Ongoing. Post contract delivery.	LDB stakeholders.

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S	2	3	RISK EVENT (What is it that you are working to avoid or reduce the likelihood or impact of occurring? Risks are future events that could interfere with meeting project objectives.)	RISK CAUSE (What are the triggers, sources or circumstances that could act alone or together to increase the likelihood of the Risk Event occurring? There are usually multiple causes leading to a Risk Event.)	IMPACT/ CONSEQUENCE (If the Risk Event did occur, what would be its consequences/ impacts on this project and on other initiatives or projects that depend on this project, where dependency relationships and across-project linkages are required/ relevant?)	EXISTING MITIGATIONS (Is there anything you are currently doing to reduce the likelihood or impact?)	LIKELIHOOD (L)	CONSEQUENCE (C)	TOTAL SCORE (LC)	RISK RATING	ADEQUACY OF EXISTING MITIGATIONS (How realistic, immediate, Adequate, Robust, Extensive?)	MONITOR, TREAT, TRANSFER, AVOID	ADDITIONAL MITIGATIONS (What additional measures/ steps will be taken to lower the risk?)	DELIVERABLE (What item will this mitigation take? A formal plan, a report, TB or Gov. Sub., etc.)	REQUIRED RESOURCES (What is needed to develop and implement the mitigation?)	TASK OWNER (Who has been assigned responsibility for this mitigation?)	DUE DATE (When is the deliverable to be ready?)	INTERDEPENDENCIES/ INTER-RELATIONSHIPS (Does the event or mitigation rely on another agency? Does it impact another agency?)
5	NRFP Process	Prevent failure of procurement process	Inability to provide sufficient assurance of savings and efficiencies to decision makers.	Lack of accurate/ fulsome costing and baseline information from which to evaluate proposals, including, - Final consumer costs can't be known. - Cost of current system not fully understood - Costs of transition unknown - Impacts to supply change not fully understood - Cost of affected employees - Unclear policy objectives - Costs to ending current vendor agreements/ arrangements - Costs to rehouse LDB data centre - Costs to rehouse remaining assets and non-liquor product operations.	- Reputation/ confidence in the system compromised. - Legal challenges from proponents. - Reputation in vendor community. - Wasted effort - Delays/ failure to implement new public policy direction in a timely/ cost effective/ transparent manner.	Substantial proposal improvement/ proponent interaction including questions and answers in order to help proponents reduce risk associated with unknown data. Project does not proceed if economic model does not demonstrate adequate savings. Internal costing review underway as comparator. Evaluation committee as part of NRFP process.	2	2	4	Adequate	Monitor	NRFP process report/ evaluation Cancel procurement if savings not borne out in results. Identify gaps in information disclosed to proponents.	Evaluation process and financial model review.	Evaluation committee, financial SME, TB staff.	LDB project team/ evaluation committee.	At conclusion of Stage 3 of NRFP process.	Project internal.	
6	Capacity	Transition	Capacity of team to facilitate/ steer a successful transition	- Competing priorities - Insufficient skill set. - Lack of timely decisions/ direction/ approvals. - Direction to implement sooner. - PST transition - Relocation of data centres - Implementation of new system - Negotiations stalled/ slowed.	Timeliness/ quality issues. Additional costs of third party support. Customer uncertainty	Complexity and difficulty better assessed after second round of proposals. Adequate time to implement (2 years.). Hiring Staff as needed to manage transition.	2	2	4	Adequate	Monitor	Dependent on solutions.	Transition plan development and negotiations during stage 3. Ongoing oversight during transition.	LDB team and transition team.	LDB project team.	At conclusion of Stage 4 and ongoing during transition for monitoring.	LDB and service provider.	
7	Agreement	Service Delivery Model	Burden shifts onto GLS due to lack of policy limiting wholesale customers.	Lack of clear policy mandating wholesaler customers to go through new supplier	Reduced revenues to new model Service provider dissatisfaction Trickle down/ cascading impact	Stage 4 due diligence on selected proponent. Negotiations on KPI, default and remedies. Post contract, contract management oversight function.	2	1	2	Adequate	Monitor	Developing policy framework. Define the role of GLS under the new system	Ongoing contract management oversight.	LDB contract management office. LDB project team, pre-contract due diligence and negotiations.	LDB project team. LDB contract management office.	Ongoing during term of agreement.	Stakeholders.	
8	Agreement	Service Delivery Model	Operational failures	- Service provider/ agents challenges - Errors and omissions by service provider/ agents - Warehousing/ distribution catastrophe - Systems breach/failure - Work stoppages (labour relations). - Supply chain failures. - Financial instability. - Business interruption.	Service delivery KPI failures	Stage 4 negotiations and KPI treatment documented in contract as part of negotiations. Post contract mitigation strategy, process and procedures.	2	2	4	Adequate	Monitor	Due diligence and contract negotiations addressing risks. Contract management office oversight post contract.	Ongoing contract management oversight.	LDB contract management office. LDB project team, pre-contract due diligence and negotiations.	LDB project team. LDB contract management office.	Ongoing during term of agreement.	Stakeholders.	
9	Agreement	Service Delivery Model	Costs to consumers rise.	Unknown/ uncalculable factors manifest in increased costs to consumer	Mark up model Agent price increases Delivery costs increase	Stage 3 and 4 of NRFP process Ongoing service delivery monitoring. Bi-annual financial reviews.	2	2	4	Adequate	Monitor	Understanding of costs during negotiation. Controlling costs to GLS Negotiating margins. Monitoring efficiency gains in the supply chain and adjusting markup model as required.	Stage 4 due diligence and negotiations. KPI reports and customer surveys.	LDB project team.	LDB project team.	Stage 3 and 4 and ongoing.	Stakeholders.	

LIKELIHOOD AND CONSEQUENCE DESCRIPTORS FOR RISK ASSESSMENTS

Likelihood	Rating	Criteria	Probability
Almost certain	5	There is almost no chance it won't happen. Will certainly happen this fiscal year or during the three year period of the Service Plan.	80% to 100% or once a year or more frequently
Likely	4	We expect it to happen. It would be surprising if this did not happen.	61% to 79% or once every 3 yrs
Possible	3	Just as likely to happen as not. We don't expect it to happen, but there is a chance.	40% to 60% or once every 5 yrs
Unlikely	2	Not anticipated. We won't worry about it happening.	11% to 39% or once every 15 years
Almost certain not to happen	1	It would be surprising if this happened. There would have to be a combination of unlikely events for it to happen.	0 to 10% or once every 25 yrs

Consequence	Rating	Criteria / Examples
Catastrophic	5	<ul style="list-style-type: none">- Major problem from which there is no recovery.- Significant damage to ministry credibility or integrity.- Complete loss of ability to deliver a critical program.
Major	4	<ul style="list-style-type: none">- Event that requires a major realignment of how service is delivered.- Significant event which has a long recovery period.- Failure to deliver a major political commitment.
Moderate	3	<ul style="list-style-type: none">- Recovery from the event requires cooperation across departments.- May generate media attention.
Minor	2	<ul style="list-style-type: none">- Can be dealt with at a department level but requires Executive notification.- Delay in funding or change in funding criteria.- Stakeholder or client would take note.
Insignificant	1	<ul style="list-style-type: none">- Can be dealt with internally at the branch level.- No escalation of the issue required.- No media attention.- No or manageable stakeholder or client interest.

Risk Rating Matrix

5	LOW	MED	HIGH	EXT	EXT
4	LOW	MED	HIGH	HIGH	EXT
3	LOW	MED	MED	HIGH	HIGH
2	LOW	LOW	MED	MED	MED
1	LOW	LOW	LOW	LOW	LOW
LIKELIHOOD	1	2	3	4	5
CONSEQUENCE					

L x C

Score 0 - 5 = Low

Score 6 - 10 = Medium

Score 12 - 16 = High

Score 20 - 25 = Extreme

CONTEXT TEMPLATE

ESTABLISH CONTEXT
Purpose: establish scope, criteria, and deliverable for a particular risk assessment
1. <u>State the subject of the risk analysis</u> (e.g., strategic plan; business case; project agreement) and its scope with respect to organisations involved, intended audience and time frame.
Text text text.
2. <u>State goals and objectives</u> of the program or plan in question.
Text text text.
3. <u>State the mission, vision, operating principles</u> and any other value criteria.
Text text text.
4. <u>Identify stakeholders</u> ; determine their influence on the process; methods of consultation and communication, as appropriate.
Text text text.
5. <u>Set out assumptions and constraints</u> (deadlines, time-frames, environmental factors, executive or political directives).
Text text text.

RISK MANAGEMENT PROCESS: OVERVIEW

