



Municipality of San Vicente
Quality Management System
Risk and Opportunities Planning Guidelines

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1.0 Objective

The purpose of this document is to provide guidelines in planning for risks and opportunities. Specifically, this procedure aims to provide guidance to users on:

- a) Identifying risks and opportunities that affect the implementation of the QMS;
- b) Analyzing how the risks and opportunities are managed/addressed to minimize the effect of risks and maximize the benefits of opportunities in the implementation of the QMS; and
- c) Taking actions to address these risks and opportunities and evaluate the effectiveness of actions taken.

2.0 Scope

This document applies to all processes covering the administration and provision of public services to the constituents of San Vicente, Palawan.

3.0 Definition of Terms

Issues	Issues are events/occurrences that impact the organization. This could come from internal or external environment, as well as, issues of interested parties; should be stated with an adjective and an impact
Interested Parties	May include the end-user, receiver of the outputs, customer, function on the next process, external provider, process owner or any entity that can affect and/or be affected by the results of the process
Risk/Opportunities Assessment & Actions Planning (ROAAP)	A living document used to document how the LGU of San Vicente determines, analyse, undertakes actions, monitor, and evaluate risks and opportunities
Risk	Effect of uncertainty on objectives and other planned results; situation that will hinder achievement of the planned results



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Opportunity	Can lead to the adoption of new practices, launching new products, opening new markets, addressing new clients, building partnerships, using new technology and other desirable and viable possibilities to improve the organization's performance or achieve customer satisfaction
Planned Results	May include the needs and expectations of relevant interested parties; expected outputs of processes; function's Major Final Outputs (MFOs); or the process objectives
Likelihood Rating	Measures the probability that a particular risk will occur at a given period of time
Severity Rating	Refers to the seriousness of the effect of the risk on the customer, process, services, finances, media, and regulations
Existing Control	Refers to the existing actions or controls that prevent, detect, correct, contain or mitigate risk
Risk Priority Number (RPN)	A mathematical product of the seriousness of the effect of the risk (S) and the probability of its occurrence (L); in equation form, $RPN = S \times L$. This number is used to help identify the most serious risks, leading to prioritization for implementing the appropriate actions to address them
Recommended Action/Treatment	Plan of activities that will eliminate or reduce the likelihood of the occurrence of the risk, including its consequences or effects
Target Date	Period covered that the action plan shall be implemented

4.0 Reference Documents

- a. QMS Manual
- b. Risks/Opportunities Assessment and Action Plan

5.0 Procedure



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Ref. No.	Key Activities		Responsible	Reference Document/ Record
5.1	Understand the context of the LGU of San Vicente	<ul style="list-style-type: none"> Identify the Interested Parties and their needs and expectations Identify internal and external issues affecting the process 	Office Heads	<ul style="list-style-type: none"> RIP Matrix Issues Registry Strategic Plan
5.2	Analyze risks and opportunities	<ul style="list-style-type: none"> Establish planned results Identify risks and opportunities Determine the severity and likelihood rating List existing controls Determine RPN 	Office Heads	ROAAP
5.4	Determine the actions to address risks and opportunities	<ul style="list-style-type: none"> Identify actions to address risks Determine person/office responsible Set target date for implementation 	Office Heads	ROAAP
5.5	Implement actions taken	<ul style="list-style-type: none"> Implement actions taken to address risks and opportunities Monitor implementation of actions 	Office Heads	ROAAP
5.6	Review the effectiveness of actions	<ul style="list-style-type: none"> Re-assess the risk 	Office Heads	ROAAP

5.1 Understand the Context of the LGU of San Vicente

5.1.1 The Office/Department Heads prepare and accomplishes the ROAAP every semester, taking into consideration the needs and expectations of their relevant



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interested parties, as well as, the internal and external issues affecting their processes.

5.2 Analyze risks and opportunities

5.2.1 The Office/Department Heads identifies the planned results and determines risks and opportunities associated with these planned results.

5.2.2 These risks are analyzed by determining its severity and likelihood. Table 1 shows the rating matrix for determining the severity of risks and Table 2 shows the rating matrix for determining the likelihood of risks:

Table 1 Severity Rating

Rating	Criteria	Definition	Service/ Operations	Financial	Media	Regulatory
5	Catastrophic	Significant effect; cause cessation of operations/services, many customers are lost/lost of trust of the citizens;	Loss of citizen's trust, shutdown	Very high, >20M	High impact, widespread public/regulatory attention	Warrants closure
4	Major	Major effect; cause prolonged stoppage of operations/services, many customer/citizen complaints; effect on cost is about more than one year's budget	Key objectives not met, Significant irrecoverable financial loss and citizen's trust	High, >10M <= 20M	High media visibility/cov erage	Can cause CDO issuance if corrections not addressed
3	Significant	Significant effect; cause of stoppage of operations/services, dissatisfies many customers/citizens; effect on cost is about one year's budget	Some objectives not achieved, Financial loss and citizen's trust recoverable in 5 years	Medium, >5M <=10M	Media attention requiring response	Can cause publication of notification by regulatory agency
2	Minor	Moderate effect; cause short disruption of operations/services;	Some impacts easily remedied, Financial loss and citizen's	Low, >1M <=5M	Media attention minimal	Findings can be resolved



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		dissatisfies a few customers/citizens	trust recoverable w/in the year			
1	Insignificant	Almost no effect on operations/costs or customer/citizen satisfaction	Impact not visible, No significant financial loss and effect to citizen's trust	Minimal, </= 1M	No media Attention	No significant regulatory findings

Table 2 Likelihood Rating of Probability of Occurrence of Risks

Rating	Criteria	Definition
1	Rare (extremely improbable)	Not occurred in the last 5 years
2	Low Likely	Occurred in the last 1 – 3 years
3	Moderately Like (Possible)	Occurred at least once a year
4	Highly Likely	Can occur within a quarter
5	Almost Certain (Near Certainty)	Happens once or more times per month

5.3 Determine the Actions to Address Risks/Opportunities

5.3.1 Existing actions or controls that prevent, detect, correct, contain or mitigate risks are identified to check existing mechanisms that are being implemented, if there is.

5.3.2 The LGU of San Vicente evaluates risks and opportunities by assessing if such risks/opportunities need appropriate action. This is done by multiplying the severity rating and the likelihood rating; thus, producing the RPN. This ensures that the most serious risks are identified and prioritized for implementing actions.

5.3.3 Results of analysis of these risk/opportunities are compared to determine its effect to the organization. If applicable, actions are taken address these



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risks/opportunities. Table 3 shows the Risk Classification and Action Expectation based on the results of the RPN and Table 4 shows the Risk Appetite Matrix.

Table 3 Risk Classification and Action Expectation

RPN Values	Risk Classification*	Action Expectation
12 – 25	High (H)	The team must identify an appropriate action to improve controls to eliminate or reduce the risk. Urgent action should be taken where the risk involves activities in progress.
4 – 10	Medium (M)	The team should identify appropriate actions to improve controls. Risk reduction measures should be implemented within a defined time period.
1 – 3	Low (L)	The team could identify actions to improve controls. Consideration may be given to a more cost-effective solution or improvement that imposes minimal additional cost burden.

*The Risk Classification is based on the Risk Appetite Matrix (see next slide)

Table 4 Risk Appetite Matrix

LI KE LI H O O D	Almost Certain	5	5	10	15	20	25
	Highly Likely	4	4	8	12	16	20
	Moderately Likely	3	3	6	9	12	15
	Low Likely	2	2	4	6	8	10
	Extremely Improbable	1	1	2	3	4	5
			1	2	3	4	5
			Insignifi cant	Minor	Moderate	Major	Catastr ophic
			SEVERITY				

5.3.4 The Office/Department Heads determines and assigns person/office responsible for undertaking the actions committed and sets target date for implementation of these actions.



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5.4 Implement Actions to Address Risks/Opportunities

- 5.4.1 The person/office responsible implements the actions to address risks/opportunities cited in the ROAAP on/before the target date.
- 5.4.2 The Office/Department Head ensures that adequate resources are provided to implement these actions and monitors its implementation.
- 5.4.3 The Office/Department Head also monitors the implementation of actions taken. Documented information that serve as evidence of implementation of actions taken to address risks and opportunities are retained in accordance with the Control of Documented Information Procedure.

5.5 Review the Effectiveness of Actions Taken

- 5.5.1 Once actions are completed, the Office/Department evaluates the effectiveness of actions taken by reassessing the severity and likelihood of the risks/opportunities using the ROAAP.
- 5.5.2 The effectiveness of actions taken may also be reviewed/revisited during the conduct of internal audit.
- 5.5.3 Results of evaluation are reported in the Management Review.
- 5.5.4 Documented information on the results of reviewing the effectiveness of actions taken to address risks and opportunities are retained in accordance with the Control of Documented Information Procedure.

6.0 Review and Amendment

This procedure is periodically reviewed every three (3) years to ensure up-to-date information and relevance. It undergoes appropriate review, approval, storage, and retention process in accordance with the Control of Documented Information Manual.

7.0 Approval



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