



**PROCESS MANUAL**  
**BUREAU OF LOCAL GOVERNMENT**  
**FINANCE**

**BLGF-PM-02-03**

Revision Code: 00

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Section: **PLANNING**

Effectivity Date: 01-19-2018

Subject: **RISK MANAGEMENT**

**1. PURPOSE:**

To ensure that identified risks and opportunities undergo proper assessment, evaluation and treatment and that plans to mitigate prioritized risks are provided with assigned responsibilities and resources and are monitored and communicated.

**2. SCOPE:**

This procedure covers activities from identification of risks, conduct of risk analysis, evaluation and recommendation of risk treatment, update of risks and review of effectiveness of risk treatments.

**3. DEFINITION OF TERMS:**

- a. **Risk Register** – Table of Risks identified from various sources, such as entity, process, product, or service.
- b. **Risk Management** – Risk management is the identification, assessment, and prioritization of risks (positive or negative) followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.
- c. **RPN** – Risk Priority Number (Likelihood x Severity).

**4. RECORDS:**

TITLE/CODE	LOCATION	RETENTION CRITERIA	RETENTION PERIOD	DISPOSAL METHOD
1. Risk Register	QMS Files	NAP R.A. 9470	Archived	N/A
2. Opportunity Register	QMS Files	NAP R.A. 9470	Archived	N/A

**5. REFERENCES:**

5.1 ISO Clause Reference:

- a. Clause 4–Context of the Organization
- b. Clause 6 – Planning
- c. Clause 7 – Resources
- d. Clause 8 – Operation
- e. Clause 9 – Performance evaluation
- f. Clause 10 - Improvement

5.2 A document which supports the implementation of the procedure:

Risk and Opportunity Registers

PREPARED BY: MANAGEMENT REPRESENTATIVE

REVIEWED AND APPROVED BY: EXECUTIVE DIRECTOR



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5.3 Related documents linked to the procedure:

- a. Corrective Action Procedure
- b. Control of Non-Conforming Services
- c. Management Review Procedure

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**6. PROCEDURE:**

ACTIVITY FLOW	RESPONSIBLE	DETAILS
<pre> graph TD     START([START]) --&gt; IDENTIFY[IDENTIFY RISKS: INTERNAL, EXTERNAL, INTERESTED PARTIES, PROCESS, SERVICE]     IDENTIFY --&gt; ADD[ADD NEW RISKS FROM INTERNAL AUDITS, COMPLAINTS]     ADD --&gt; A{{A}}           </pre>	<p><b>Executive Committee</b></p>	<p>Monitoring and review of changes in the context of BLGF, risks and opportunities are conducted twice a year, at least two weeks before Quality Management Review.</p> <p>Open the session with a review of factors contributory to the corporate, process and service risks of the organization. The following (but not limited to) risk sources shall be considered:</p> <ul style="list-style-type: none"> <li>a) Internal Factors</li> <li>b) External Factors</li> <li>c) Interested Parties and their expectations</li> <li>d) Process Risks</li> <li>e) Service Risks</li> </ul>
<p align="center"><b>ADD NEW RISKS FROM INTERNAL AUDITS, COMPLAINTS</b></p>	<p><b>Executive Committee</b></p>	<p>Takes into consideration:</p> <ul style="list-style-type: none"> <li>a) existing risks identified and logged in the Risk Register.</li> <li>b) new risks identified in internal audit and non-conforming services</li> <li>c) customer complaints</li> <li>d) rectification issues in plans, programs and projects</li> </ul>
<p><b>A</b></p>		

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ACTIVITY FLOW	RESPONSIBLE	DETAILS
	<p align="center"><b>Division Chiefs</b></p>	<p>Conduct Risk Analysis.</p> <p>Use the <b>RISK ASSESSMENT TABLE</b> and determine levels of significance for <u>Severity</u> and <u>Likelihood</u>.</p> <p>-Each Division Head to tabulate (list) his own division's risks.</p>
	<p align="center"><b>Division Chiefs</b></p>	<p>Conduct Risk Evaluation. Multiply <u>Severity</u> with <u>Likelihood</u> to come up with the Risk Priority Number, or RPN.</p> <p>The BLGF Risk Appetite is 3.</p> <p>RPNs above this shall be provided with Action Plans.</p> <p>RPNs below this may or may not be provided with Action Plans.</p> <p><b>Refer to Reference Manual: Risk and Opportunity Registers</b></p>
	<p align="center"><b>Management Representative (MR)</b></p>	<p>Update the Risk Register.</p> <p>Register high-lighting all the risks evaluated as High, Medium, and Low Priority.</p>

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ACTIVITY FLOW	RESPONSIBLE	DETAILS
	<p align="center"><b>Division Chiefs</b></p>	<p>Present the recommended action plans for each risk to the Executive Director for treatment type approval.</p>
		<p>Remove risks from priority list and move to the next risk until all risk levels and treatments are approved.</p>
	<p align="center"><b>Department Chiefs</b></p>	<p>Plan the risk treatment. Assign responsibilities, provide resources and determine timelines.</p>

PREPARED BY: MANAGEMENT REPRESENTATIVE *[Signature]*

REVIEWED AND APPROVED BY: EXECUTIVE DIRECTOR *[Signature]*



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ACTIVITY FLOW	RESPONSIBLE	DETAILS
	<p><b>Division Chiefs</b> <b>Action Team</b></p>	<p>Implement the risk treatment. Plot actions plans, communicate, and monitor results.</p>
	<p><b>Division Chiefs</b></p>	<p>Review risk on a quarterly basis. Re-evaluate RPN.</p>
	<p><b>Division Chiefs</b></p>	<p>Evaluate effectiveness of the risk treatment.</p>
	<p><b>Division Chiefs,</b> <b>Management</b> <b>Representative</b></p>	<p>Revise action plans. Communicate to and update action team and MR. Revise risk register.</p>
	<p><b>Division Chiefs,</b> <b>Action Teams</b></p>	<p>Continue action plans until RPN is decreased to acceptable level.</p>

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