



Republic of the Philippines
Department of Justice
PAROLE AND PROBATION ADMINISTRATION
DOJ Agencies Bldg., NIA Road, Diliman, Quezon City
☎ (02-929-14-24) <http://probation.gov.ph>

June 14, 2022

MEMORANDUM


TO : The Deputy Administrator
Regional Directors/OICs
Division Chiefs
Regional Document Controllers

SUBJECT: Revised Procedure on Handling Risks and Opportunities

Attached herewith is the amended Procedure on Handling Risks and Opportunities (OTA-PWI-019) for your reference and use.

Accordingly, obsolete copies of documented information must be retrieved by the RO Document Controller so that only the updated copies of documents and forms shall be available for use in every work station.

For compliance.


JULITO M. DIRAY
OIC Administrator

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**PAROLE AND PROBATION ADMINISTRATION**

Document Code

OTA-PWI-017

DOCUMENT CREATION/REVISION FORM

Revision Number 05

Effectivity Date

May 25, 2021

CREATION / REVISION OF DOCUMENTS

| | | | |
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| Document Title | PROCEDURE ON HANDLING RISKS AND OPPORTUNITIES | Document Code | OTA-PWI-019 |
| Latest Revision No. | 02 | Proposed Revision No. | 03 |

Nature of Change:

- 7.2 - Analyze and Evaluate Risk and Opportunity
Changes: Amendment of RISK ASSESSMENT TABLE
- 8.0 - FORMS AND TEMPLATES
Changes: Added the instruction/description of the contents of each column
- Insertion of QMS Heading for ROR Form

| | | |
|------------------------------|---|--|
| Proposed Effectivity Date: | June 10, 2022 | Prepared by (originator): ANA ISABEL N. SOTOMANGO Chief, Planning Division Risk Management Team Champion |
| Document Controller Reviews: | Remarks 1. Completeness- 2. Format- | Reviewed by RO/FO |
| | Remarks 1. Completeness- 2. Format- | Reviewed by CO MARISSA M. ABERION Administrative Officer V |

REVIEW AND APPROVAL OF DOCUMENTS

| | | |
|--|----------|--|
| | Remarks: | Reviewed by |
| 1 ST LEVEL: PROCESS OWNER/ DIVISION CHIEF | | |
| 2 RD LEVEL: QMS LEADER | | ALLAN B. ALCALA OIC Deputy Administrator/QMS Team Leader |
| 3 TH LEVEL: Officer-In-Charge/ ADMINISTRATOR | | JULITO M. DIRAY OIC Administrator |

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1. DESCRIPTION

This procedure on handling risk and opportunity is designed to identify anticipated risks (positive and negative) that can be encountered and actions to ensure those risks are managed to an acceptable level and benefits from opportunities are maximized. The existence of risk presents both positive and negative effect to the Department of Justice-Parole and Probation Administration (DOJ-PPA).

2. PURPOSE


This procedure serves to document the process of handling risks and opportunities of the DOJ-PPA. Likewise, it provides the details necessary to support the implementation of a standardized and effective risk and opportunity management program within the DOJ-PPA.

3. SCOPE AND APPLICATION

This procedure applies to all the processes covered in the Quality Management System scope of the DOJ-PPA.

4. DEFINITION OF TERMS

- 4.1 Consequence – refers to the outcome of an event, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
- 4.2 Likelihood – refers to the qualitative description of probability or frequency.
- 4.3 Opportunity – is a set of circumstances which makes it possible to do something. Opportunities can lead to the adoption of new practices, launching of new products or service, using new technology and other desirable and viable possibilities to address the DOJ-PPA's or its clients' needs.
- 4.4 Risk – refers to the chance of something happening that will have an impact on objectives. It can be positive or negative. Opportunities are the positive result.
- 4.5 Risk Assessment – is the process of evaluating and comparing the level of risk against predetermined acceptable levels of risk.
- 4.6 Risk control – refers to actions to be taken to first eliminate risks so far as is reasonably practicable, and if that is not possible, minimizing the risks. Eliminating the cause will also eliminate any risks associated with that event.

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4.7 Risk/Opportunity Factor – is the combined severity and likelihood rating score and used as basis for action prioritization of identified risk or opportunity.

4.8 Risk management – refers to the culture, processes and structures that are directed towards realizing potential opportunities whilst managing an adverse effect.

4.9 Severity – is the degree of effect

5. POLICY

5.1 The risk management process is dynamic and is designed to adapt to developments and any changes in the risk registry over time.

5.2 The risks and opportunities are determined to:

- a. Give assurance that the DOJ-PPA QMS can achieve its intended results
- b. Enhance desirable effects
- c. Prevent/reduced undesirable effects
- d. Achieve improvement

5.3 Risk management forms part of strategic, operational and line management responsibilities, and are integrated into strategic and service planning processes.

5.4 Risk management is embedded in all policies and procedures, with workers contributing to risk management systems.

5.5 The risk management system is based on a structured and systemic process which considers the internal and external risks.


5.6 The QMS Team Leader and Planning Office are the policy owners of the Guideline on Risk and Opportunity Management. The Head of the Agency will still have oversight over the risk management program.

5.7 Risks is stated as a combination of the positive or negative consequences of an event occurring and its likelihood of occurring.

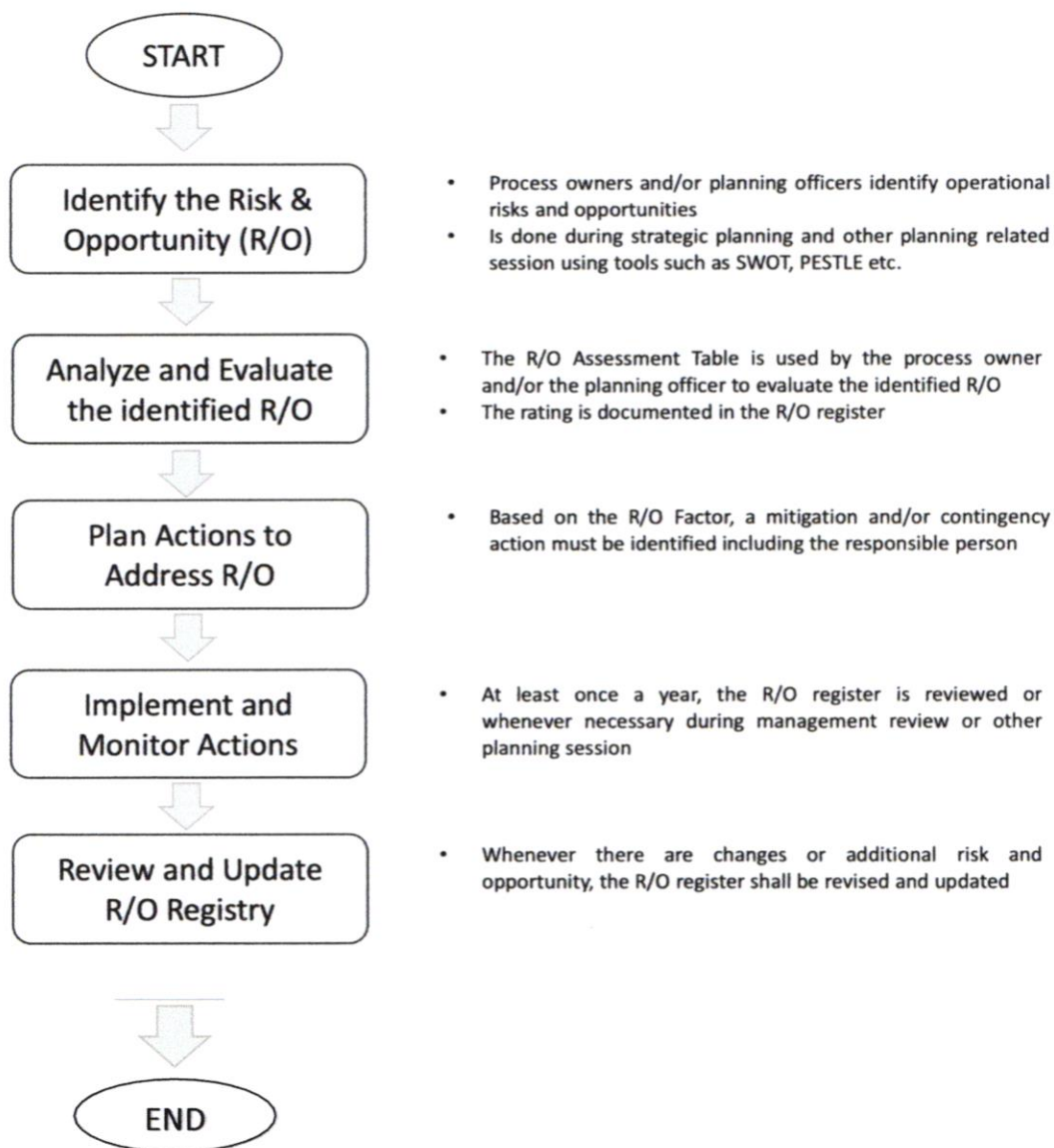
5.8 Risk owners are assigned responsibility for the identified risks in the Risk and Opportunity Registry.

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- 5.9 Risk is characterized and rated by considering two characteristics: Probability or likelihood (L) of occurrence; and Severity (S) of effect. This is expressed as $R \text{ (risk)} = L \text{ (likelihood)} \times S \text{ (severity)}$.
- 5.10 Aside from actions identified by risk owners, compliance measures are used as a tool to address identified risks and to evaluate effectiveness.
- 5.11 For prioritization, the identified actions are based on the risk factor.
- 5.12 Actions to address risks and opportunities are implemented proportionate to the potential impact on the conformity of the products/services.
- 5.13 Options to address risks and opportunities include, but is not limited to:
- Avoiding the risk
 - Taking the risk in order to pursue an opportunity
 - Eliminating the risk source
 - Changing the likelihood or consequence
 - Sharing the risk
 - Retaining the risk by informed decision
- 5.14 Opportunities can lead to, but is not limited to:
- Adoption of new practices
 - Launching new products/services
 - Opening new programs/markets
 - Addressing new customers
 - Building partnerships
 - Using new technology

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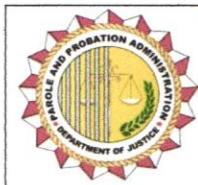
6. PROCESS FLOW



7. Process Description and Responsibilities

7.1 Identify Risks/Opportunities

- 7.1.1 The Identification of Risks/Opportunities shall be done by the respective Process Owners and/or Planning Officer in



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conjunction with the scheduled periodic assessment with the Strategic Planning.

7.1.2 The Process Owners and/or Planning Officer shall take into consideration the following aspects in identifying the risks and opportunities:

- a) Strategic Planning Process; and
- b) Conduct of planning sessions/management review.

7.1.3 The identified risks and opportunities shall be documented in the Risk and Opportunity Registry (PPA-OTA-QMS-003) matrix. The matrix shall be maintained, monitored and updated accordingly.

7.2 Analyze and Evaluate Risk and Opportunity

7.2.1 In evaluating the risk and opportunity the **severity** shall be rated as **insignificant (1)**; **Minor (2)**; **Significant (3)**, **Major (4)** or **Catastrophic (5)** and **likelihood** shall be rated as **Rare (1)**; **Low Likely (2)**; **Moderately Likely (3)**, **Highly Likely (4)** or **Almost Certain (5)** The product of the severity and likelihood determine the **risk factor** of each risk and/or opportunity. Below is the Table on Risk Categorization:

| | | | | | | |
|---|-------------------|---|----------------|-----------------------|-------------------|--------------------|
| <div style="display: flex; align-items: center;"> <div style="width: 10px; height: 100px; border-left: 1px solid black; margin-right: 5px;"></div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Impact</div> </div> | 5 - Catastrophic | Low | Low-Medium | Medium | Medium-High | High |
| | 4 - Major | Low | Low-Medium | Medium | Medium-High | Medium-High |
| | 3 - Significant | Low | Low-Medium | Low-Medium | Medium | Medium |
| | 2 - Minor | Low | Low | Low-Medium | Low-Medium | Low-Medium |
| | 1 - Insignificant | Low | Low | Low | Low | Low |
| | | 1 - Rare | 2 - Low Likely | 3 - Moderately Likely | 4 - Highly Likely | 5 - Almost Certain |
| | | <div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 100%; border-top: 1px solid black; margin-bottom: 5px;"></div> <div>Likelihood</div> </div> | | | | |

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7.2.2 The Immediate Supervisor (Division Chief/Section Chief) of the process owner, shall review the identified risk, risk statement, likelihood, severity, impact and the opportunities that may arise from the risk/s. This evaluation is based on work experience, results of previous evaluation and sound judgment that shall be quantified by using the risk table.

7.2.3 The immediate supervisor shall likewise review the computation of the risk factor and strategy (mitigate, accept transfer, eliminate) identified by the process owner to address the risk.

7.2.4 The Risk Management Committee shall validate if the process owners are using the latest/updated form.

7.3 Identify and Implement Actions to address the Risks and Opportunities

7.3.1 The Process Owners shall:

- Conducts root cause analysis to identify the potential cause;
- Identify the mitigating action and contingency action of the priority risk and opportunity;
- conceptualizing and identifying strategies to lessen the occurrence of risk or eliminate the same; and
- implements mitigating or contingency actions to prevent risk or enhance opportunities.

7.3.2 The Process Owners shall also observe or need to comply with applicable laws, rules, regulations and orders, as well as its own manuals, guidelines and procedures.

7.4 Review and approve Risk and Opportunity Registry

7.4.1 The Immediate Supervisor (DC/SC) shall review the risk / opportunity registry based on the documented information process. The Immediate Supervisor (DC/SC) should always report any change/s during regular meetings and present the same during management review.

7.4.2 The scope of review shall be per division/section since it is the responsibility of the Immediate Supervisor.

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7.5 Implement Action and Monitor the Risk and Opportunity

- 7.5.1 The **Division Chief** shall approve the risk registry. However, **awareness** about managing risks across the DOJ-PPA through communicating the policy and responsibilities should be done by the Risk Management Committee.
- 7.5.2 The Chief Planning Officer shall monitor completeness of submissions and update/report to the RMC those who have not submitted for appropriate action.
- 7.5.3 The Process Owner ensures that new and changing risks are detected and managed and that risk response actions are implemented and effective.
- 7.5.4 Process Owners retains on file the evidence of actions taken to manage risks and opportunities.

The established guidelines and policies, rules and procedures on Risk Management and the corresponding amendments, if any, shall be strictly observed in order to avoid recurrence of risks. The Risk and Opportunity Registry shall be reviewed **periodically, during the monthly/quarterly meetings** by Process Owners. The risk registry for the whole agency shall be discussed at least once a year during management review.

7.6 Update the Risk and Opportunity Registry

Process Owners shall update their respective risk registers. Any change/update in this Procedure or Risk Registry shall be included as part of the Agenda in the Management Review.

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8. FORMS AND TEMPLATES

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RISK and OPPORTUNITY REGISTRY

PROCESS NAME: _____

DIVISION: _____

DEPARTMENT: _____

| ISSUES | OBJECTIVES | RISK (DESCRIPTION) | OPPORTUNITY | POTENTIAL CAUSES | LIKELIHOOD | IMPACT | RISK FACTOR | STRATEGY | MITIGATION ACTION | CONTINGENCY | ASSIGNED TO | ACTION DATE | TARGET RISK ASSESSMENT AFTER TREATMENT | | | Monitoring and Review |
|--------|------------|-----------------------|-------------|---------------------|------------|--------|----------------|----------|----------------------|-------------|----------------|----------------|---|--------|----------------|--------------------------|
| | | | | | | | | | | | | | LIKELIHOOD | IMPACT | RISK FACTOR | |
| | | | | | | | | | | | | | | | | |
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Issue - These are referring to problems that were experienced in the process (of delivering your service) in the previous year/quarter/month.

Objectives - What do you want to achieve for this calendar year? For this quarter?

Risk Description - What is/are the possible effect/s of not achieving your set objective (as mentioned in column A?)

Opportunity - What will possibly happen if you achieve your objectives / or even more? This is the opposite of your risk.

Potential Causes - These are your 6M's in the Cause & Effect Diagram. But please be more specific when stating it. These are referring to the potential causes of your risk (Column C). You can have multiple possible causes so do not limit your answers here.

Likelihood - Please refer the Likelihood Rubrics (without any treatment/action yet).

Impact - Please refer the Severity Rubrics (without any treatment/action yet).

Risk Factor (RF) - $RF = L \times I$

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Strategy - Indicate your preferred strategy here whether to Mitigate, transfer, or Accept the risk.

Mitigation Action - Indicate your mitigation action here if your strategy is to Mitigate or Transfer but Leave it blank if your strategy is to Accept the risk. Please see samples below.

Contingency - Risk responses identified using contingent response strategy

Assigned To – Indicate the office/person responsible.


Action Date - When are you going to do the action indicated under mitigation action.

Target Risk Assessment After Treatment/Proposed Action/s – Likelihood, Impact and Risk Factor

Monitoring and Review - How, when and who.

Likelihood Rubrics

| 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 |

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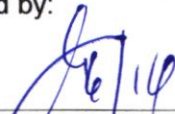

Severity Rubrics

| Rating | Criteria | Definition | Service/Operations | Financial | Media | Regulatory |
|--------|---------------|--|--|--------------------|---|--|
| 5 | Catastrophic | Significant effect; cause cessation of operations/services, many customers are lost/loss 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/coverage | 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; dissatisfies a few customers/citizens | Some impacts easily remedied, Financial loss and citizen's trust recoverable w/in the year | Low, >1M <= 5M | Media attention minimal | Findings can be resolved |
| 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 |

9. REFERENCES

- 9.1 Planning Process
- 9.2 Documented Information Process
- 9.3 Management Review Process
- 9.4. Corrective Action Process
- 9.5 ISO 9001:2015 QMS Standard

10. DOCUMENT REVIEW AND APPROVAL

| | | |
|--|--|---|
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| Date: | Date: | Date: |