

Republika ng Pilipinas
National Irrigation Administration
(Pambansang Pangasiwaan ng Patubig)
Lungsod ng Quezon



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M.C. No. 93, s. 2019

MEMORANDUM CIRCULAR

**TO : THE SENIOR DEPUTY ADMINISTRATOR, DEPUTY ADMINISTRATORS,
DEPARTMENT MANAGERS/REGIONAL MANAGERS, DIVISION
MANAGERS/ IRRIGATION MANAGEMENT OFFICE (IMO) MANAGERS,
AND ALL OTHER CONCERNED PERSONNEL**

FROM : THE ADMINISTRATOR
This Agency

SUBJECT : RISK MANAGEMENT PROCEDURE

In line with the efforts of NIA to continually improve its quality management system (QMS) and to fully conform with ISO 9001:2015 standard, a Risk Management Procedure was formulated (see Annex A). The Risk Management Procedure aims to establish, document, and maintain a procedure for risk management of NIA.

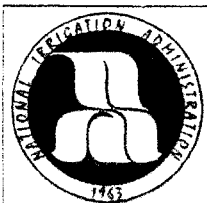
The Central Office Departments and its Divisions, Regional Offices/ Head Offices and its Divisions, and IMOs are directed to comply and follow the procedure

All issuances or parts thereof inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.

For compliance.


GEN RICARDO R VISAYA (Ret)

10-31-19



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RISK MANAGEMENT PROCEDURE

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1. PURPOSE

- 1.1 To establish, document, and maintain a procedure for risk management of the National Irrigation Administration (NIA);
- 1.2 To define the system for assessment, which includes identification, analysis, and evaluation, and treatment of risks and opportunities

2. SCOPE

- 2.1 This procedure applies to the quality management system (QMS) of NIA

3. PROCEDURE DETAILS

Based on ISO 9001:2015, Clause 6.1.1, *"When planning for the quality management system, the organization shall consider the issues referred to in 4.1 and the requirements referred to in 4.2 and determine the risks and opportunities that need to be addressed to:*

- a) *Give assurance that the quality management system can achieve its intended results;*
- b) *Enhance desirable effects;*
- c) *Prevent, or reduce, undesired effects;*
- d) *Achieve improvement."*

- 3.1 There are two (2) types of Risks and Opportunities Registries, namely Organizational Level Risks and Opportunities Registries and Process-based Risks and Opportunities Registries.

Process-based Risks and Opportunities Registries refer to registries prepared by all Divisions at all levels where risks and opportunities affecting the processes of the Divisions are identified and listed.

Organizational Level Risks and Opportunities Registries refer to the registries prepared at different levels as IMO, Regions, Department, and NIA as a whole.

- 3.2 Before identifying the relevant organizational level risks and opportunities, NIA considers the issues and the requirements of relevant interested parties (RIPs) through the following forms:

1. Form 19 – Political, Economic, Social, Technological, Legal, Environmental, and Security (PESTLES) Analysis;
2. Form 20 – Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis; and
3. Form 21 – RIPs Matrix.

- 3.3 The procedure for filling out Form 19 – PESTLES Analysis is shown in Table 1.

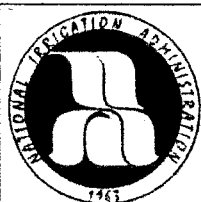


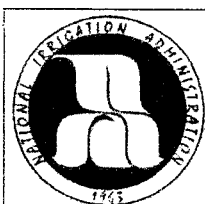
Table 1. Procedure for Filling Out Form 19 – PESTLES Analysis

Particular	Description
Political	These factors determine the extent to which the government may influence the office. These include political stability, leadership, and its thrusts and priorities, and government regulations.
Economic	These are determinants of the performance of the economy that directly impact the office and have resonating long term effects. These include factors, like inflation, interest rates, economic growth, unemployment rate, policies, and the business cycle followed in the country.
Social	These pertain to customer perception and demographics, cultural limitations, ethical issues, lifestyle attitude, education and other social factors.
Technological	These factors pertain to innovations in technology that may affect the operations of the office. These include technological advancements, life cycle of technologies, the role of the internet, and the spending on technology research by the government.
Legal	These factors pertain to certain laws and regulatory issuances that necessitate compliance from the office. These include civil services rules and regulation, health and safety laws, consumer protection laws and copyrights, patent laws, and other similar issuances.
Environmental	These factors include all those that influence or are determined by the surrounding environment. These consider factors, such as changes in weather and climate, pollution, waste management, and use of green or eco-friendly products and practices.
Security	These factors pertain to the overall protection of an organization from all forms of attack or other danger. These include concerns on war, terrorism, and cybersecurity issues, such as phishing, viruses, and malwares.

3.4 The procedure for filling out Form 20 – SWOT Analysis is shown in Table 2.

Table 2. Procedure for Filling Out Form 20 – SWOT Analysis

Particular	Description	Guide
Strengths	Strengths are positive internal characteristics that the office can exploit to achieve its strategic performance goals.	Indicate the strengths and weaknesses of the office in consideration, but not limited to, values, culture, knowledge, and performance of the office (ISO 9001:2015, Clause 4.1, Note 3).
Weaknesses	Weaknesses are internal characteristics that can inhibit or restrict the performance of the office.	
Opportunities	Opportunities are characteristics of the external environment that have the potential to help the office achieve or exceed its strategic goals.	Indicate the opportunities and threats of the office in consideration, but not limited to, issues arising from Legal, Technological, Competitive,



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Table 2. Procedure for Filling Out Form 20 – SWOT Analysis


Particular	Description	Guide
Threats	Threats are characteristics of the external environment that may prevent the organization from achieving its strategic goals.	Market, Cultural, Social, and Economic, whether international, national, regional or local (ISO 9001:2015 Clause 4.1, Note 2).

3.4 Based on the issues identified through Forms 19 and 20, the respective RIPs should be listed in Form 21 – RIPs Matrix. The procedure for filling out Form 21 – RIPs Matrix is shown in Table 3.

Table 3. Procedure for Filling Out the Form 21 – RIPs Matrix

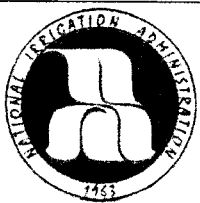
Column Number	Column Name	Description	Guide
(1)	Quality Objectives	This refers to the desired result for the identified processes and commitments within the control of the office.	Refer to the NIA Quality Objectives as stated in the Strategy Map and/or refer to the objective of your office.
(2)	Issues Affecting Quality Objectives	Issues can include positive or negative factors or conditions for consideration (ISO 9001:2015 Clause 4.1, Note 1).	Refer to the issues identified through Forms 19 and 20.
(3)	Relevant Interested Parties (RIPs)	This refers to stakeholders, which may be a person or an organization that can affect, be affected by, or perceive itself to be affected by processes and commitments identified in the objective/s column. The RIPs may be a source of risk to organizational sustainability if their needs and expectations are not met.	Enumerate all RIPs, internal and external.
(4.A)	Requirements of RIPs from NIA	This refers to the needs and expectations of the RIPs from NIA.	N/A
(4.B)	Requirements of NIA from RIPs	This refers to the needs and expectations of NIA from the RIPs.	N/A

3.5 The identification of the issues and RIPs may be done interchangeably. However, it should be ensured that the issues identified have corresponding RIPs, and the RIPs identified have corresponding issues.

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3.6 The procedure for filling out the Organizational Level Risks and Opportunities Registries is shown in Table 4.

Table 4. Procedure in filling out Form 22 – Organizational Level Risks Registry and Form 23 Organizational Level Opportunities Registry			
Column Number	Column Name	Description	Guide
(1)	Quality Objective	This refers to the desired result for the identified processes within the control of NIA.	Strategic Plan/Map of Departments/Regions.
(2)	Issue/s Affecting Quality Objectives	Issues can include positive or negative factors or conditions for consideration (ISO 9001:2015 Clause 4.1, Note 1).	Refer to the issues identified through Forms 19 and 20. The issues should be relevant to its corresponding quality objective.
Risk Assessment – This refers to the overall process of risk identification, analysis, and evaluation. Risk Assessment should be conducted systematically, iteratively, and collaboratively drawing on the knowledge and views of stakeholders. It should use the best available information, supplemented by further inquiry as necessary.			
(3)	Risk (Risks Registry)	This refers to the effect of uncertainty on objectives. The risk is what may or may not happen as a result of the cause.	The risk statement should not be mere negation of the identified objective or as the impact as a result of the risk.
	Opportunity (Opportunities Registry)	Opportunities are potential enhancement or positive impact that could improve the NIA's performance and meet its objectives. Opportunities may arise from addressing a risk.	Opportunities can lead to adoption of new practices, launching new services, building partnerships, using new technology. Refer to Forms 19 and 20 for the PESTLES and SWOT Analysis.



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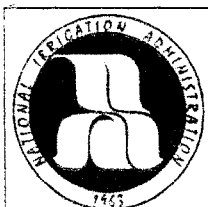
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Table 4. Procedure in filling out Form 22 – Organizational Level Risks Registry and Form 23 Organizational Level Opportunities Registry

Column Number	Column Name	Description	Guide
(4)	Cause (Risks Registry)	This refers to the prerequisite/conditions necessary for the risk to occur.	The cause statement should answer the question "What condition/s should be present for the risk/opportunity to occur?"
	Source (Opportunities Registry)	Source has the potential to give rise to opportunities. A source is where an opportunity originates. Potential sources include at least the following: commercial relationships and obligations, legal expectations and liabilities, economic shifts and circumstances, technological innovations and upheavals, political changes and trends, natural events and forces, human frailties and tendencies, and management shortcomings and excesses. All of these things could generate an opportunity that can be explored/exploited. ISO 31000:2018 Clause 3.4 states that a risk source is an " <i>element which alone or in combination has the potential to give rise to risk</i> " (or opportunities)	
(5)	Impact	This refers to the potential consequence of the risk to the attainment of the objectives.	Assign the applicable numerical value, ranging from 1 to 5. Refer to Table 5.



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Table 4. Procedure in filling out Form 22 – Organizational Level Risks Registry and Form 23 Organizational Level Opportunities Registry

Column Number	Column Name	Description	Guide
(6)	Likelihood	This refers to the probability of the risk.	Assign the applicable numerical value, ranging from 1 to 5. Refer to Table 6.
(7)	Risk/ Opportunity Rating	This refers to the product of the numerical values of impact and likelihood.	Multiply the numerical values of impact (4) and likelihood (5). Refer to Table 5.
(8)	Risk/ Opportunity Level	This refers to the level of the risk.	Indicate whether Low, Medium, High, or Severe. Refer to Table 6.
(9)	Previous Risk/ Opportunity Rating and Level	This refers to the previous revision's risk/opportunity rating and level.	N/A
Risk Treatment – The purpose of risk treatment is to select and implement options for addressing the risk.			
(10)	Action Plan	This refers to the details of the activities that shall be conducted in order to address the cause of the risk.	Determine all possible action/s or activities necessary to address or eliminate the cause/s of risk. The actions shall be identified and stated according to priority and doability. The actions should also include the personnel or unit responsible for doing the action.
(11)	Start Date	This refers to the start date of the activities listed in the action plan (9).	N/A
(12)	End Date	This refers to the end date of the activities listed in the action plan (9).	N/A
(13)	Status of Action	This refers to the status of action/s undertaken to address the risk.	The status should be stated in a specific manner. The status should answer who did the action and how was the action undertaken.

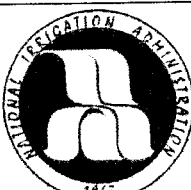
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Table 4. Procedure in filling out Form 22 – Organizational Level Risks Registry and Form 23 Organizational Level Opportunities Registry

Column Number	Column Name	Description	Guide
(14)	Remarks	This refers to any statement to explain further how the risks are being dealt with or if there are other factors that affect the effectiveness of the actions or that change the risk assessment.	Remarks may be used as a measure of effectivity of the actions taken. An explanation as to why and/or how the risk rating and level decreased/increased over time. Narrative report on any details relevant to the registry that need to be mentioned may also be stated in this column.

3.7 The criteria for impact is shown in Table 5.

Table 5. Impact Criteria		
Rating	Adjective	Description
1	Minimal	Completion/delay 10% and below of the target
2	Minor	Completion/delay of 25% and below of the target
3	Moderate	Completion/delay 35% and below of the target
4	Major	Completion/delay of 50% and below of the target
5	Critical	Completion/delay above 50% of the target

3.8 The targets stated in Table 5 refer to the schedule, cost, output, or any other target indicator that is measurable.

Example:

1. Due to the occurrence of the risk, only 19 out of 20 activities or 95% of the activities will be conducted. Impact rating is equal to 1 because of the 5% deviation from the target.
2. Due to the occurrence of the risk, the activity took 30 days to finish, instead of the 25 days target. Impact rating is equal to 2 because the activity was finished 20% longer than the target.
3. Due to the occurrence of the risk, the activity costs increased by Php 50,000 from the original cost of Php 2,000,000. Impact rating is equal to 1 because the costs increased by 1%.



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3.9 The criteria for likelihood is shown in Table 6.

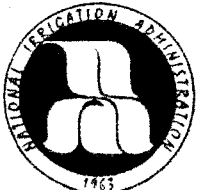
Table 6. Likelihood Criteria		
Rating	Adjective	Description
1	Rare	Less than 10% probability
2	Unlikely	Greater than or equal to 10% probability but less than 25% probability (10.00%-24.99%)
3	Possible	Greater than or equal to 25% probability but less than 50% probability (25.00%-49.99%)
4	Likely	Greater than or equal to 50% probability but less than 75% probability (50.00%-74.99%)
5	Almost Certain	Greater than or equal to 75% probability

3.10 The rating matrix is shown in Table 7.

Table 7. Rating Matrix						
		Impact				
		1- <i>Minimal</i>	2- <i>Minor</i>	3- <i>Moderate</i>	4- <i>Major</i>	5- <i>Critical</i>
Likelihood	1-Rare	1	2	3	4	5
	2-Unlikely	2	4	6	8	10
	3-Possible	3	6	9	12	15
	4-Likely	4	8	12	16	20
	5-Almost Certain	5	10	15	20	25

3.11 The criteria for action is shown in Table 8.

Table 8. Criteria for Action			
Rating	Level	Treatment	Escalation
1, 2, 3, and 4	Low	Manage through routine procedures and appropriate internal controls.	Monitor and manage at the relevant officer, or operational level, risks generally retained.
5, 6, 8, and 9	Medium	More frequent monitoring of performance to ensure risk exposure is managed effectively, disruptions minimized, and outcomes monitored.	Escalate to relevant senior officer or senior management level through appropriate channels, specify risk management actions, risks may generally be retained and managed at operational level
10, 12, 15, and 16	High	Cost-benefit analysis required to assess the extent to which risk should be treated.	Escalate to Head of Agency through appropriate channels; risks generally not accepted nor retained.
20 and 25	Extreme	Immediate action required to actively manage risk and limit exposure	Escalate to the Board through appropriate channels; risks generally not accepted nor retained

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3.12 In accomplishing Form 11 – Process-based Risks Registry and Form 12 – Process-based Opportunities Registry, Tables 4 to 8 are still applicable except for the guide for “Quality Objective” and “Issue/s Affecting Quality Objective” columns. The said columns do not exist in Forms 11 and 12. It has been replaced by the “Process” column.

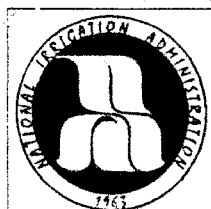
3.13 The “Process” column refers to the processes that must be undertaken by the office. The “Process” column should be comprehensive and exhaustive to surface all possible risks and opportunities. The office may refer to their respective Operations and Desk Manuals.

4. REPORTING, REVIEW, AND MONITORING

Reporting, review, and monitoring is an essential and integral step in risk management process. Risks need to be monitored periodically to ensure changing circumstances do not alter risk priorities.

4.1 The submission matrix is shown in Table 9. Those in gray need not be accomplished by the corresponding office.

Table 9. Submission Matrix					
Particulars	PESTLES Analysis	SWOT Analysis	RIPs Matrix	Organizational Level Risks and Opportunities Registry	Process-based Risks and Opportunities Registry
National Level ^{See 4.2}	✓	✓	✓	✓	
Central Office					
Department	✓	✓	✓	✓	
Office of the Department Manager					✓
Division Offices					✓
Field Office					
Regional/ Head Office Level	✓	✓	✓	✓	
Office of the Regional/ Department Manager					✓
Division Offices in the Regional/ Head Office					✓



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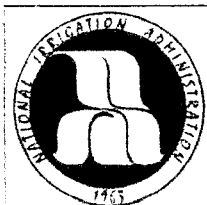
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Table 9. Submission Matrix

Particulars	PESTLES Analysis	SWOT Analysis	RIPs Matrix	Organizational Level Risks and Opportunities Registry	Process-based Risks and Opportunities Registry
Irrigation Management Office (IMO) Level (Divisions for UPRIIS and MARIIS)	✓	✓	✓	✓	✓

- 4.2 The National Organizational Level Risks and Opportunities Registries shall be updated by the Management, which includes the Administrator, Senior Deputy Administrator, Deputy Administrators, Department Managers and Regional Managers.
- 4.3 The Central Office Departments, Regional/Head Offices, and IMOs (Divisions for MARIIS and UPRIIS) shall accomplish their respective Organizational Level Risks and Opportunities Registries.
- 4.4 The Risk Management Team (RMT) of the Regional/Head Office, with the supervision of the Regional/Department Manager shall be responsible for the review, monitoring, and evaluation of the status and implementation of the Risks and Opportunities Action Plans (both process-based and organizational level) of its respective Divisions and IMOs. The RMT of the Regional/Head Office shall consolidate all status of Risks and Opportunities Action Plans (both process-based and organizational level) for submission to the RMT of the Central Office.
- 4.5 All Central Office Departments shall be responsible for the review, monitoring, and evaluation of the status and implementation of the Risks and Opportunities Action Plans (both process-based and organizational level) of its Divisions. All Departments shall submit to the RMT Central Office the reviewed and evaluated status of Risks and Opportunities Action Plans (both process-based and organizational level) of its Divisions.
- 4.6 The status of the Organizational Risk and Opportunities Action Plans (National, Regional, and IMO/Divisions for MARIIS and UPRIIS level) shall be updated and discussed during Managers Conferences and/or Management Review.
- 4.7 All consolidated status of Risks and Opportunities Action Plans (both process-based and organizational level) shall be submitted to the RMT Central Office before the end of January and July and/or as needed.
- 4.8 The consolidated status of Risks and Opportunities (both process-based and organizational level), including the respective Risks and Opportunities Action Plans will be presented during Executive Committee meetings as needed.



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4.9 The Top Management will be notified of any risks and opportunities that may need their immediate attention.

5. REFERENCES

5.1 PESTLES Analysis – NIA-QPR-Form19 Rev.00

5.2 SWOT Analysis – NIA-QPR-Form20 Rev.00

5.3 RIPs Matrix – NIA-QPR-Form21 Rev.00

5.4 Organizational Level – Risks Registry – QPR-Form22 Rev.00

5.5 Organizational Level – Opportunities Registry – QPR-Form23 Rev.00

5.6 Process-based Risks Registry – NIA-QPR-Form11 Rev.02

5.7 Process-based Opportunities Registry – NIA-QPR-Form12 Rev.02


6. APPROVAL

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