



OCT 22 2024

DEPARTMENT ORDER)

SUBJECT: Risk and Opportunity Management

NO. 196)

Series of 2024)

dt 10/29/2024

1. Background

- 1.1. In connection with the implementation of the Department's Quality Management System (QMS) and its provisions, the Department of Public Works and Highways (DPWH) shall determine the risks and opportunities relevant to the context of the organization and to the requirements of the identified interested parties. The purpose is to ensure that the products and services provided by the Department is valued and protected. This improves performance, encourages innovation and supports the achievement of the established objectives.
- 1.2. Further, the Department has to provide the standardized guidelines for the identification of risks and opportunities, the implementation of action plans and evaluation of its effectiveness in all DPWH offices. This creates assurance that the QMS can achieve its intended results, enhance desirable effects, prevent/reduce undesired effects, and achieve continuous improvement. In relation to ISO 9001:2015 Clause 6.1, this guideline covers the principles of site-specific, process-based and data-driven management.

2. Definition of Terms

Interested Parties

Individuals, organizations, groups or stakeholders that can affect, be affected by or perceive themselves to be affected by a decision, activity and delivery of public services mandated to the DPWH

Opportunity

A positive event that could aid in the achievement of the Department's objectives.

Process Owner

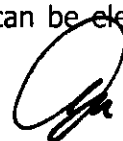
An office (i.e., Bureau, Service or Cluster) or group of offices that has the authority and jurisdiction to standardize the processes that are covered by the QMS. Standardization is made thru issuance of Department Orders (DOs).

Risk

A negative effect of uncertainty that may hinder the delivery of the Department's objectives. It is characterized by reference to potential event and expressed in terms of consequences of that event and the associated likelihood of occurrence.

3. General Procedure

- 3.1. Based from the established Process Model as shown in the most current QMS Manual, process owners and their counterpart offices in DEOs, ROs and UPMO Clusters shall conduct Process Review every 1st quarter of the year. This can be integrated in any coordination meeting initiated by the process owners. The review shall identify existing Department Orders (DOs) promulgated by the concerned process owner that standardize processes, and the encountered issues in implementation. Once all DOs have been accounted, process owners and their counterpart offices in DEOs, ROs and UPMO Clusters shall revisit Department objectives (i.e., Strategic, Operational, and Regulatory) that are dependent on the implementation of the standard processes and obtain the established objectives and targets from the Performance Governance System (PGS) Scorecard, Strategic Performance Management System (SPMS) Forms and/or any policy pronouncements of the Secretary.
- 3.2. Once objectives and targets are identified, the process owners and their counterpart offices in ROs, DEOs and UPMO Clusters shall verify the Interested Parties affected by the process relevant to the achievement of the objectives and targets, and countercheck the Treatment Method using the established Relevant and Interested Parties Matrix (RIPM, DPWH-QMSP-06-01-Rev04). The RIPM is an established QMS document that specify all relevant stakeholders whose needs and expectations require to be satisfied in utmost capability through the delivery of the Department's products and services. This matrix also gives an insight on how the needs and expectations of relevant stakeholders need to be considered, including the treatment method. If the treatment method recommends for risk/opportunity assessment, then risk/opportunity events shall be generated.
- 3.3. Risk and Opportunity events for every major process shall be analyzed in terms of likelihood and severity/benefit rating based on data. Quantitative data (i.e., Baseline Frequency, Probabilistic Modeling, and Forecasting) shall be generated using the PGS accomplishment, SPMS indicators, or any monitoring tool established and utilized by the process owners. To utilize the site-specific principle, each counterpart office may generate a different assessment of the risk/opportunity event based on their localized quantitative data. However, the process owner shall account all events and evaluate its feasibility for inductive analysis and further prioritization.
- 3.4. It is important to note that failure to implement a standard process due to lack of awareness shall not be accepted as a justification for a risk event as it is the responsibility of all personnel to be aware on all relevant processes as standardized through Department Orders.
- 3.5. Once risk/benefit factor is generated to the events, the identification of action plans and timelines to address the risk and opportunity events will follow in the process review. To emphasize that these planned actions shall be proportionate to the potential impact on the conformity of the Department's products and services, the action plans shall be within the influence, capacity, and authority of the office (counterpart or process owner) to implement. In the case of the process owners, they shall oversee the approval of the action plans in the DEOs, ROs and UPMO clusters based on viability and impact to the risk or opportunity event. For risks that are prevalent throughout the majority of counterpart offices, process owners shall consolidate action plans that can be elevated into a policy, or equivalent Department-wide intervention.



- 3.6. Once action plans and its timelines have been agreed upon between the process owners and the counterpart offices in the process review, each office (i.e. DEO, RO, UPMO Clusters, Bureaus and Services) shall consolidate all prioritized risk and opportunity events of all divisions/sections. This shall be accomplished by the Office Risk Management Team (RMT). For Risk Events, the Risk Register (DPWH-QMSP-06-02-Rev04) shall be utilized. For Opportunity Events, the Opportunity Register (DPWH-QMSP-06-03-Rev04) shall be utilized. Alteration of the aforementioned forms in term of form and style is prohibited. As it is understood that all risks and opportunity events, including the action plans and timelines, have already been deliberated during the process reviews, both forms shall then be approved by the Office QMS-Core Team Leader for implementation. Given that process owners shall consolidate the results of the process review, a copy of the approved Risk and Opportunity Registers of Bureaus and Services shall be furnished to the Overall QMS Head, upon request.
- 3.7. Once the action plans and timelines are approved by the Office QMS-Core Team Leader, the Office RMT shall monitor its implementation and gather documented evidence. Quarterly monitoring and annual review through meetings shall also be conducted to update the qualitative data as mentioned in section 3.3, as a means to support evidence-based decision making and to improve risk management at the office level.
- 3.8. The effectiveness of the committed action plans shall be evaluated thru the various process reviews initiated by the process owners in the succeeding year, Management Review meetings initiated by the Office QMS-Core Team Leader, the annual IQA and the 3rd Party Audit.
- 3.9. As Risk and Opportunity management is a cyclic process, the updated quantitative data shall be used as evidence if the action plans have made any relevant effects to the event. Further, recurrence of or issued non-conformities shall also be used as basis for effectiveness, including the recalibration of the severity/benefit rating.
- 3.10. If action plans have not been effective, the responsibility to address the non-conformity resulting from the risk event or the unattained opportunity event, including its Root-Cause Analysis, shall be elevated to and reviewed by the process owner and the overall QMS Core Team. This will be an additional input when process owner conducts its next process review as stated in section 3.1.

This Order, which supports the QMS requirement on Actions to Address Risks and Opportunities, shall supersede Department Order 100, series of 2022 and shall take effect immediately.

Department of Public Works and Highways
Office of the Secretary



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MANUEL M. BONOAN
Secretary

Encl: 1) DPWH-QMSP-06-01-Rev04
2) DPWH-QMSP-06-02-Rev04
3) DPWH-QMSP-06-03-Rev04

2.2.1 MAP/AGC