

# Asset Management Technical Assistance

## Session # 4

## Decision-Making & Governance: Making the Case

## Prioritized Decision Making using Enterprise Risk Management

# Session #4 Outcomes

- Walk through an enterprise approach to determine organizational asset priorities.
- Understand the application of enterprise risk management (ERM).

# Deciding the Priorities

- Every municipality has competing priorities.
- Not every priority can be immediately addressed.
- Enterprise Risk Management approach provides an evidence-based way to decide organizational priorities.
- A common practice of leading public & private sector organizations.

# ERM Process

1. Identify the Corporate objectives.
2. Identify the needs/requirements to meet the objective.
3. Assess the risks to the objective's needs.
4. Rank the risks (prioritization).
5. Plan the actions/responses to manage the risks.

# Illustration of Enterprise Risk Management Steps

## **1. Identify the Corporate objectives**

- “Make Adanac a desirable summer destination”

## **2. Identify the needs/requirements to meet the objective**

- A vibrant attractive downtown core;
- Attractive sites like Big Rabbit monument;
- A safe and accessible road network that is comfortable to drive.

## **3. Assess the risks to the objective's needs**

## **4. Rank the risks.**

Assets in “Poor” condition are threats to the objective

## **5. Plan the actions/responses to manage the risks.**

# Exercise #5: Adanac

## Enterprise Risk Assessment

Required materials:

- Table 1 – Adanac Township Infrastructure Summary
- Completed Exercise 3 – Adanac Roads Levels of Service Diagram
- Exercise 4B – LCB Pavement Risk Assessment
- Exercise 4C – Bridge Risk Assessment
- Exercise 4D – Culvert Risk Assessment
- Exercise 4E – Retaining Wall Risk Assessment
- Exercise 5 – Big Rabbit Risk Assessment
- Consequence Guide & Likelihood Guide
- Tip sheet for assessing risk

## Exercise #5: Adanac Enterprise Risk Assessment

**Task: Assess and rank the risks of ‘Poor’ assets**

**A. Select the Asset Classes from Table 1 with Assets in ‘poor’ condition.**

- LCB Pavement
- Bridges
- Culverts
- Retaining Walls
- Big Rabbit

**B. Rate the risk for each asset class.**

- Score the top row.

## **Exercise #5: Adanac Enterprise Risk Assessment**

### **C. Rank the risks.**

- The higher the risk, the higher the priority for Adanac.

### **D. Plan the actions/responses to manage risks.**

### **E. Discussion**

- What were your results?
- How would you present this evidence to Council?
- What actions would you take?
- What interim steps could be taken to mitigate the lower ranked risks?
  - Assume several years may be required to rectify the assets rated 'Poor'.