

Asset Management Technical Assistance

**Decision-Making & Governance:
Making the Case**

**Prioritized Decision Making:
An Enterprise Risk Management
Approach**

Objectives

- 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'.