

Competency Standard

UNIT TITLE: MANAGE OPERATIONAL RISK		NOMINAL HOURS: 70
UNIT NUMBER: D2.TTO.CL4.11		
UNIT DESCRIPTOR: This unit deals with skills and knowledge required to identify, evaluate and control operational risks		
ELEMENTS AND PERFORMANCE CRITERIA	UNIT VARIABLE AND ASSESSMENT GUIDE	
<p>Element 1: Undertake initial operational risk management procedures</p> <p>1.1 Establish the <i>context</i> for operational <i>risk</i></p> <p>1.2 <i>Identify operational risk</i></p> <p>1.3 <i>Assess operational risk</i></p> <p>1.4 <i>Identify operational risk control procedures</i></p> <p>Element 2: Prepare risk management strategies</p> <p>2.1 Develop written <i>operational risk management policy</i></p> <p>2.2 Develop written <i>operational risk management plans</i></p> <p>2.3 Develop written <i>operational contingency plans</i></p> <p>Element 3: Communicate risk management strategies</p> <p>3.1 <i>Inform staff of operational risk management and contingency plans</i></p>	<p>Unit Variables</p> <p>The Unit Variables provide advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment.</p> <p>This unit applies to staff responsible for identifying, evaluating and controlling operational risk, within the labour divisions of the hotel and travel industries and may include:</p> <ol style="list-style-type: none"> 1. Front Office 2. Housekeeping 3. Food and Beverage Service 4. Food Production 5. Travel Agencies 6. Tour Operation <p><i>Context</i> may be related to:</p> <ul style="list-style-type: none"> • Internal operational environment • External operational environment • Factors impacting on operational environments, including weather, customer numbers, time of day, seasonality, type of activity or tour, experience and age of customers, ability and physical condition of customers, equipment being used and location 	

<p>3.2 Conduct <i>staff training</i></p> <p>3.3 Prepare <i>resources to inform customers of operational risk management plans and operational contingency plans</i></p> <p>Element 4: Implement risk management strategies</p> <p>4.1 <i>Plan for the introduction of written risk management plans</i></p> <p>4.2 <i>Implement risk management plans as written</i></p> <p>Element 5: Manage on-going risk exposure</p> <p>5.1 <i>Identify new operational risks and changes in identified operational risk</i></p> <p>5.2 <i>Monitor implementation of existing plans and strategies</i></p> <p>5.3 Ensure <i>near miss events</i> are identified, recorded and analysed</p> <p>5.4 <i>Evaluate implementation of existing plans and strategies</i></p> <p>5.5 <i>Revise existing plans and strategies</i></p>	<ul style="list-style-type: none"> • Legal requirements of the host country in relation to operational risk, including duty of care, legal liability and occupational health, safety and welfare • Identifying operational risk criteria • Stakeholders who may be at risk, including customers, staff and members of the public. <p><i>Risk may encompass:</i></p> <ul style="list-style-type: none"> • Personal health and injury • Product malfunction or failure, including systems and equipment • Damage to property and equipment, including customer property • Industrial dispute • Professional incompetence • Natural disasters • Security failure • Financial loss • Political events • Terrorism. <p><i>Identify operational risk</i> should include:</p> <ul style="list-style-type: none"> • Research to reveal workplace risk • Determining where operational risk may occur • Determining when operational risk may occur • Determining how operational risk may occur • Determining why operational risk may occur • Determining what operational risk may occur.
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	<p><i>Assess operational risk</i> should include:</p> <ul style="list-style-type: none"> • Determining the likelihood of an operational risk becoming a reality • Determining the consequences of an operational risk becoming a reality • Determining the level of risk based on likelihood and consequences • Assessing the legal, material and financial exposure of the business to damage or claims if an operational risk becomes a reality • Deciding if the operational risk is to be addressed or allowed to remain unaddressed • Considering risk sharing options • Considering and evaluating operational risk control options • Evaluating existing operational risk control strategies. <p><i>Identify operational risk control procedures</i> should relate to:</p> <ul style="list-style-type: none"> • The hierarchy of risk control, including elimination, substitution, isolation, changes to plant, procedures and workplace, administrative controls, personal protective clothing and equipment • Rating the cost of implementation of viable options • Sourcing the requirements for operational risk control implementation, including expertise, physical resources and knowledge • Selecting protocols to be put in place to control identified operational risk • Seeking input from stakeholders • Deciding on operational risk management processes to be adopted. <p><i>Operational risk management policy</i> should include</p> <ul style="list-style-type: none"> • Reasons for the enterprise wanting or needing to manage operational risk • Objectives of the operational risk management strategies • Statements regarding the limits of operational risk the enterprise will allow or engage in
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- The ways in which the enterprise will manage operational risk
- Allocation of responsibilities for operational risk management
- Identification of reviews of existing operational risk management strategies
- Statement by management committing the enterprise to managing operational risk.

Operational risk management plans should include:

- Statement and description of the operational risks that are to be managed
- Allocation of responsibilities and resources to attain the objectives of the plan
- Descriptions of action to be taken in the event of an operational risk becoming a reality, including specific actions by nominated persons, sequencing of actions and identification of resources to assist in risk abatement/treatment
- Preventative action to be taken to reduce the chance of an operational risk becoming a reality
- Steps to eliminate unacceptable operational risks, including priorities for doing so
- Details regarding the application of identified risk control measures to operational risks that cannot be eliminated.

Operational contingency plans should include:

- Details of the actions the enterprise will take when an operational risk has become a reality and loss or damage has occurred, including identification of necessary scopes of authorities, changes to standard operating procedures, limitations on actions, contact with outside agencies including the media
- Processes to retrieve the situation and re-establish normal operating conditions
- Specific actions to retain customers and market share
- Specific actions to maintain confidence of the industry, stakeholders and customers in the enterprise
- Damage limitation and damage control protocols.

Inform staff may include:

- Providing and explaining written copies of plans
- Advising staff regarding the introduction of plans
- Detailing procedures for notification of situations that pose a risk to operations.

Staff training may include:

- Internal and external practical training in implementing designated aspects of plans
- Conducting practices and drills
- Providing opportunity for staff to apply identified operational risk control, management strategies and techniques
- Case studies and role plays
- Simulating operational risk in situations that replicate realistic conditions.

Resources to inform customers of operational risk management plans and operational contingency plans may include:

- Production of emergency management plans
- Development of operational risk management strategies and plans in formats that can be included in induction and other in-house training
- Preparation of pre-prepared statements ready to communicate to external providers, suppliers and other key stakeholders in the event that contingency plans need to be implemented
- Preparation of operational risk management materials for distribution to customers.

Plan for the introduction may include:

- Conducting staff meetings to explain the need for, the introduction of and the application of operational risk management strategies
- Providing support for the introduction of operational risk management strategies
- Acquiring the resources to support the introduction of operational risk management strategies

- Responding to staff queries regarding the introduction of operational risk management strategies
 - Re-assuring staff regarding the introduction of operational risk management strategies.
- Implement risk management plans* must include:
- Putting into place and practice the risk management strategies and plans developed to address identified risk
 - Ensuring the written plans are adhered to
 - Taking remedial action to bring out of control risk management strategies and plans back under control.
- Identify new operational risks and changes in identified operational risk* may include:
- Encouraging staff participation in risk identification, assessment and control
 - Establishing a formal internal framework for communication and the management of operational risk
 - Seeking feedback on risk from customers and key stakeholders
 - Inspecting equipment, processes, facilities and the business environment to identify changes to and the emergence of, operational risk
 - Recording and communicating identified new operational risk and changes to identified operational risk, to management.
- Monitor implementation* may include:
- Observing workplace practices
 - Recording relevant operational risk-related data and maintaining records
 - Identifying and rewarding instances of compliance with operational risk management plans and strategies
 - Identifying and modifying behaviour where instances of non-compliance with operational risk management plans and strategies are observed
 - Supporting attempts to comply with operational risk management strategies – including the provision of financial support, time release and on-going training.

Near miss events refer to:

- Incidents/events that did not result in actual injury, damage or other negative impact, but which in other circumstances may have resulted in injury to a person, damage to property, or some other negative impact on the organisation.

Evaluate implementation may include:

- Judging the actual effect of the operational risk management strategies against initial objectives
- Quantifying the advantages and disadvantages that have flowed from the implementation of operational risk management strategies
- Deciding on changes that need to be made to existing plans and strategies
- Identifying changes that have occurred in the operational risk environment in which the business operates.

Revise existing plans and strategies may include:

- Involving stakeholders in the revision process
- Re-writing plans and strategies on the basis of formal evaluations of previous plans
- Communicating changes to staff
- Providing training and/or re-training, as appropriate, to support the revised plans and strategies.

Assessment Guide

The following skills and knowledge must be assessed as part of this unit:

- Enterprise policies and procedures in regard to risk management including risk identification, risk assessment and risk control
- Knowledge of the principles of risk identification, risk assessment and risk control
- Knowledge of the legal and financial implications relating to operational risk management
- Ability to use research techniques to identify threats and risks

- Knowledge of occupational health, safety and welfare, and environmental safety
- Knowledge about the formulation of strategic, tactical and operational plans.

Linkages To Other Units

- Manage legal requirements for business compliance
- Manage physical assets and infrastructure
- Implement occupational health and safety procedures
- Follow safety and security procedures
- Develop and implement a business plan
- Plan and establish systems and procedures
- Develop and implement operational plans
- Establish and maintain a safe and secure workplace
- Establish and maintain safe touring conditions
- Lead tour groups in a responsible manner
- Maintain tourism vehicles in safe and clean operational condition
- Operate and maintain a 4-WD vehicle in safe working condition
- Operate tours in remote areas
- Develop and manage business strategies.

Critical Aspects of Assessment

Evidence of the following is essential:

- Understanding of host enterprise policies and procedures in regard to operational risk management including risk identification, risk assessment and risk control
- Understanding of the legal and financial implications regarding operational risk management
- Demonstrated ability to identify and assess risk in a nominated work environment and suggest effective and viable operational risk control procedures to address each identified risk

	<ul style="list-style-type: none"> • Demonstrated ability to produce a written operational risk management policy for a nominated enterprise, which may be the host employer • Demonstrated ability to produce an effective, written and viable operational risk management plan to address a nominated operational risk in a nominated enterprise • Demonstrated ability to effectively and efficiently communicate the contents of a nominated operational risk management plan to a given number of people • Demonstrated ability to follow the requirements of a nominated operational risk management plan in a designated business under simulated conditions where a risk has been induced • Demonstrated ability to monitor and evaluate the implementation of an operational risk management plan under prescribed conditions and integrate the findings into a revised written operational risk management plan. <p>Context of Assessment</p> <p>Assessment must ensure:</p> <ul style="list-style-type: none"> • Actual or simulated workplace application of operational risk management activities. <p>Resource Implications</p> <p>Training and assessment must include a real or simulated workplace, real people and real or simulated risks; and access to workplace standards, procedures, policies, guidelines, tools and equipment. Note: the safety of candidates or other people must not be jeopardised as a result of any training or assessment for this unit.</p> <p>Assessment Methods</p> <p>The following methods may be used to assess competency for this unit:</p> <ul style="list-style-type: none"> • Observation of practical candidate performance • Portfolio of written material produced, including operational risk management policy, operational risk management plan, operational contingency plan, feedback sheets to support other assessment activities • Role plays
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- Case studies
- Oral and written questions
- Third party reports completed by a supervisor
- Project and assignment work
- Simulations.

Key Competencies in this Unit

Level 1 = competence to undertake tasks effectively

Level 2 = competence to manage tasks

Level 3 = competence to use concepts for evaluating

Key Competencies	Level	Examples
Collecting, organising and analysing information	3	Conduct risk identification and assessment activities
Communicating ideas and information	3	Produce operational risk management policy and plans
Planning and organising activities	3	Determine the implementation for risk management plans
Working with others and in teams	3	Consult with others on risk control options
Using mathematical ideas and techniques	2	Calculate the probability of risk
Solving problems	3	Address identified risk
Using technology	2	Use risk control technologies and equipment