

LAND BANK OF THE PHILIPPINES

ANNUAL RISK AND CONTROL SELF-ASSESSMENT (RCSA) FOR PROCESS RISK

LBP RESOURCES & DEVELOPMENT CORPORATION

(Name of Department/Office)

For the Year

2017

Mega Process	Resource Management
Major Process	Operations Support - Other Banking Operations Support
Sub-Process	Construction and Renovation Services
Primary Risk Owners	Construction Management Manager, Engr. Joey Adenza
Secondary Risk Owners	Team leaders, Engr. Tomas Tuszon, Jr., Engr. Oling Bellora, Engr. Diosdado Gallero, Engr.

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY	LIKELIHOOD		PROBABILITY	RESIDUAL LOSS	
			Rating	Rating	Frequency of Occurrence					Rating	Expected Future Events		Rating				
Activity 1. Construction and renovation services																	
LRDC-2017-CRS-1	Product Delivery & Support	Unprofessional manner of delivering services to clients	Execution Delivery and Process Management	Vendors and Suppliers	Outsourcing	600,000.00	liquidated damages due to late delivery of materials and completion of projects	Very Low	Implementation of amended systems and procedures for withdrawal/procurement of construction materials, tools and equipment	Completely Under Control	0%	0 Event in a Year	0%	Possible	50%	5.00%	30,000.00
LRDC-2017-CRS-2	People Development & Performance	Inexperience and inadequate training of supervisors and skilled workers	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance	600,000.00	liquidated damages due to late completion of projects	Very Low	1. Key duties and responsibilities, qualifications, standards for the position have been adopted. 2. Setting of work standards, institutionalization of Performance Targets Worksheets for P.E. and Team Leaders 3. Conduct internal trainings and seminars for Team Leaders/Project Engineers, and 4. Performance Evaluation and Appraisal of workers	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-CRS-3	Insurance	Additional project cost no longer covered by Contractor's All Risk Insurance (CARI). Insufficient insurance coverage to protect the company from financial loss due to possible accident claims.	Business Disruption and Systems Failures	Systems	Hardware	480,000.00	actual damages to third party liability	Very Low	Timely endorsement of documents i.e., NDA, PO, NTP to Finance Department for Contractor's All Risk Insurance (CARI) application.	Completely Under Control	0%	1 to 2 Event/s in a Year	25%	Possible	50%	16.25%	78,000.00
LRDC-2017-CRS-4	Contract	Construction agreement between LBP and LBRDC states that the primary responsibility of the contractor is to secure a building permit prior to mobilization	Business Disruption and Systems Failures	Systems	Hardware	4,000,000.00	penalties/surcharges	Low	Per revised construction agreement between LBP & LBRDC states that the primary responsibility of the contractor is to secure a building permit prior to start of the project.	Completely Under Control	0%	1 to 2 Event/s in a Year	25%	Possible	50%	16.25%	650,000.00
LRDC-2017-CRS-5	Accounting, Reporting and Disclosure	Long outstanding receivables from LBP on completed projects.	Business Disruption and Systems Failures	Systems	Hardware	1,410,000.00	estimated opportunity loss	Very Low	Submission of complete documentary requirements for billing purposes and regular meetings with LBP-PMED to reconcile records	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-CRS-6	Recruiting & Retention	Salaries and wages are not competitive	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	9,000,000.00	opportunity loss due to reduce acceptance of projects	Moderate	Upgrading the pay grade for some positions, e.g. Team Leaders, PEs, Foreman and skilled workers to be at par with industry rates.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-CRS-7	Client Relationship Management	Unsafe working environment (non-standard stairways, burned-out transformers, broken glass panels)	Execution Delivery and Process Management	Customer or Client Account Management	Negligent loss or damage of client assets	3,099,094.75	estimated cost of materials' loss due to pilferage	Very Low	Continues orientation of Project Engineers/supervisors and workers prior to project implementation	Completely Under Control	0%	1 to 2 Event/s in a Year	25%	Possible	50%	16.25%	503,602.90
LRDC-2017-CRS-8	Outsourcing Arrangements	Delay in the implementation of specialty works item due to lack of qualified specialized contractor	Business Disruption and Systems Failures	Systems	Utility outage or disruptions	600,000.00	liquidated damages due to late completion of projects	Very Low	Implementation of Revised Implementing Rules and Regulations of RA. 9184	Completely Under Control	0%	0 Event in a Year	0%	Possible	50%	5.00%	30,000.00
LRDC-2017-CRS-9	Fraud	Theft or extortion or embezzlement or robbery	Internal Fraud	Theft and Fraud	estimated loss due to non-compliance with materials specifications	10,330,315.82	estimated loss due to non-compliance with materials specifications	Moderate	Existing company's code of conduct	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-CRS-10	Succession Planning	Lack of qualified young professionals that will be trained in case some senior engineers were abroad or retired from work	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	collateral management failure	9,000,000.00	opportunity loss due to reduce acceptance of projects	Moderate	Continuous recruiting/hiring of qualified applicant by the Company's Human Resources Development	Completely Under Control	0%	1 to 2 Event/s in a Year	25%	Possible	50%	16.25%	1,462,500.00
LRDC-2017-CRS-11	Forecasting	Lack of qualified staff that will regularly monitor the prices of construction materials	Execution Delivery and Process Management	Monitoring and Reporting	Inaccurate external report, loss incurred	3,099,094.75	estimated loss on material cost	Very Low	Continuous recruiting/hiring of qualified applicant by the Company's Human Resources Development	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-CRS-12	Internal Control	Lack of orientation and motivation of Project Engineers/ supervisors/ warehousemen on the acceptance and releasing of construction materials and equipment of manpower	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	3,099,094.75	estimated cost of materials' loss due to pilferage	Very Low	Implementation of amended systems and procedures for withdrawal/procurement of construction materials, tools and equipment	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-CRS-13	Banking Regulations (including internal policies)	Inexperience and inadequate training of project supervisors and skilled workers	Employment Practices and Workplace Safety	Safe Environment	Employee health and safety rules and events	400,000.00	estimated cost of emergency medication on top of SSS/Philhealth	Very Low	Compliance with the provisions specified in the Building Code of the Philippines, Construction Safety and Health Program and other construction related guidelines and policies.	Completely Under Control	0%	0 Event in a Year	0%	Possible	50%	5.00%	20,000.00
LRDC-2017-CRS-14	Measuring & Monitoring of Major Initiatives	Lack of orientation and motivation of Project Engineers/supervisors on the monitoring of actual performance of workers and sub-contractors	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	600,000.00	liquidated damages due to late completion of projects	Very Low	Regular monitoring of actual performance vs-3-3s targets to ensure attainment of Unit's objectives.	Tight Control in Place	25%	0 Event in a Year	0%	Possible	50%	16.25%	97,500.00
LRDC-2017-CRS-15	Information Security and Confidentiality	Delay and non-processing of final payment due to non-submission of as-built plans and other documents	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	1,410,000.00	estimated opportunity loss due to non collection of account receivables	Very Low	As-built plans duly signed and sealed by respective professionals shall be forwarded to LBP-PMED to facilitate Turn-over and Acceptance.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

LAND BANK OF THE PHILIPPINES

ANNUAL RISK AND CONTROL SELF-ASSESSMENT (RCSA) FOR PROCESS RISK

LBP RESOURCES & DEVELOPMENT CORPORATION

(Name of Department/Office)

For the Year **2017**

Mega Process	Resource Management
Major Process	Operations Support - Other Banking Operations Support
Sub-Process	Property Management & Maintenance Services
Primary Risk Owners	PMMS Manager, Selena Marasigan
Secondary Risk Owners	Account Officer, Business Development Specialist, Lilia Quijano, Nicanor Barnes

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
										Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating		
Activity 1. Brokering Services																	
LRDC-2017-PMMS-1	Fraud	Acceptance of bribe or extortion	Internal Fraud	Theft and Fraud	Bribes or kickbacks	-	Monetary loss is on the part of the referrer or customer who gives bribe	Very Low	Referrer's fee is released by the cashier in the form of check or through bank transfer.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-2	Client Relationship Management	Unprofessional manner of delivering services to clients	Clients Products and Business Practice	Improper Business or Market Practices	Improper trade or market practice	-	Without monetary loss	Very Low	Code of Conduct with Compliance Certificate strictly implemented	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-3	Employee Communication	Lost/stolen Bank's documents in transit (e.g. TCT, CCT, etc)	Execution Delivery and Process Management	Customer Intake and Documentation	Legal documents missing or incomplete	4,000.00	Cost of reproduction of documents and courier.	Very Low	Strict implementation of company policy on Guidelines on Classification, Handling, Access and Disclosure of Information Assets	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-4	Business Continuity Planning	Decrease in the number of ROPAs for sale	Execution Delivery and Process Management	Trade Counterparties	Miscellaneous nonclient counterparty disputes	159,000.00	Management Fee of one ROPA per year	Very Low	Close monitoring of ROPA accounts with LBP SPAD	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
N/A																	
N/A																	
N/A																	
N/A																	
N/A																	
Activity 2. Housekeeping, Sanitation, Manpower & Maintenance Services																	
LRDC-2017-PMMS-5	Fraud	Lack of security measure resulting to theft and loss of personal properties of employees	Internal Fraud	Theft and Fraud	Theft or extortion or embezzlement or robbery	100,000.00	Without monetary loss	Very Low	Monitoring of required frequency of calls/visits to clients	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-6	Product Delivery & Support	Unsafe working environment (non-standard stairways, burned-out transformers, broken glass panels)	Employment Practices and Workplace Safety	Safe Environment	Employee health and safety rules and events	50,000.00	Est. cost fro emergency medication of employees on top of Philhealth & SSS	Very Low	strict implementation with DOLE DO 18-A and other government rules and regulations	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-7	Recruiting & Retention	Unprofessional manner of delivering services to clients	Clients Products and Business Practice	Selection Sponsorship and Exposure	Exceeding client exposure limits	30,000.00	Cost of advertising on recruitment	Very Low	Regular review of the existing organizational structure	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-8	Employee Communication	Abuse of authority	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Miscommunication	-	Without monetary loss	Very Low	Review of contract/memorandum of agreement by the Head of PMMSD and President & CEO	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-9	Organizational Structure	Vague compensation and benefit policy	Clients Products and Business Practice	Selection Sponsorship and Exposure	Unlicensed activity	30,000.00	Cost of advertising on recruitment	Very Low	Closer monitoring of prices of janitorial supplies and keep updated of minimum wage orders.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-10	Contract	Failure to perform the duties and obligation provided in the contract	Employment Practices and Workplace Safety	Safe Environment	Employee health and safety rules and events	100,000.00	Estimated damages for legal cases	Very Low	Review of contract/memorandum of agreement by the Head of PMMSD and President & CEO	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-11	Product Pricing	Inability to develop and enhance employee skills and provide a sound employee performane management system may reduce employee motivation and may adversely impact the achievement of desired performance and conduct	Clients Products and Business Practice	Improper Business or Market Practices	Unlicensed activity	100,000.00	Estimated loss for error in billing	Very Low	Closer monitoring of prices of janitorial supplies and keep updated of minimum wage orders.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-12	Internal Control	Inability to established and maintain control procedures may result to errors or commissions financial control	Execution Delivery and Process Management	Customer Intake and Documentation	Legal documents missing or incomplete	3,000.00	unaccounted inventory of supplies	Very Low	Preparation of duly approved/authorized requesting slip/withdrawal slips to support release of inventories from stockroom	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-13	Accounting, Reporting and Disclosure	Failure to accurately and completely account for all the services rendered and for all payments collected.	Business Disruption and Systems Failures	Systems	Utility outage or disruptions	10,000.00	Estimated loss on unrecorded withdrawal of supplies	Very Low	Securing of prenumbered withdrawal/requesting slip	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-14	Compliance risk	Lack of awareness or non monitoring of new pronouncements circular and DOLE and other agencies	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	10,000.00	Cost of courier and mail of documents	Very Low	Conduct of Customer Satisfaction Survey	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
										Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating		
LRDC-2017-PMMS-15	People Development and Performance	Inability to develop and enhance employee skills and provide a sound employee performance management system may reduce employee motivation and may adversely impact the achievement of desired performance and conduct	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance	30,000.00	Estimated cost for costing of ads on recruitment of employees	Very Low	Performance evaluation of employees before renewal of contract	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-16	Measuring & Monitoring of Major Initiatives	Failure to identify appropriate performance metrics and standard to monitor attainment of objectives and targets may prevent to achievement of desired output and performance	Execution Delivery and Process Management	Customer or Client Account Management	Incorrect client records_loss incurred	3,000.00	Cost of courier and mail of documents	Very Low	Conduct of customer satisfaction survey	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
N/A																	
N/A																	
N/A																	
Activity 3. Property Security and Upkeep Services																	
LRDC-2017-PMMS-17	Internal Control	Delay in the payment of real estate taxes of various ROPA accounts	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	200,000.00	Overpayment of tax	Very Low	Regular monitoring of real estate taxes. Validation/review of documents by Accounting and Internal Audit staff.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-18	Contract	Falsification of documents (fake/fraudulent documentary requirements)	External Fraud	Unauthorized Activity	Transactions not reported_intentional	11,500.00	Cost of reproduction, notarization and other legal fees	Very Low	Contracts are subject to legal review/ sufficiency by the Legal Counsel	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-19	Client Relationship Management	Natural calamities (earthquake, typhoon, flood, fire, tsunami, lightning, etc.)	Damage to Physical Assets	Disaster and Other Events	Natural disaster losses	-	ROPA owned by LBP	Very Low	ROPA insurance	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-20	Outsourcing Arrangements	Conivance with third-party service provider (overcharging, short delivery, etc.)	Execution Delivery and Process Management	Vendors and Suppliers	Outsourcing	20,000.00	Cost of advertisement for the bidding process	Very Low	Service Provider contract term was reduced to one (1) year instead of until the ROPA is sold. Outsourcing of service provider is conducted through bidding	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
N/A																	
N/A																	
N/A																	
N/A																	
N/A																	
Activity 4. Marketing																	
LRDC-2017-PMMS-21	Competition	Malicious intent on appraisal of properties (collaterals or ROPA)	Clients Products and Business Practice	Product Flaws	Product defects	48,000.00	Reduction in service fee/income	Very Low	Strict implementation of company policies and procedures on charging of service fees.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-PMMS-22	Marketing	Product defects	Clients Products and Business Practice	Improper Business or Market Practices	Improper trade or market practice	306,000.00	Opportunity loss - cost of the property X prevailing rate of investment in Bank	Very Low	Continuous effort to market the Grand Garden Villas Units through advertising, proposed decrease in the contract price.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

LAND BANK OF THE PHILIPPINES

ANNUAL RISK AND CONTROL SELF-ASSESSMENT (RCSA) FOR PROCESS RISK

LBP RESOURCES & DEVELOPMENT CORPORATION

(Name of Department/Office)

For the Year 2017

Mega Process	Resource Management
Major Process	Operations Support - Other Banking Operations Support
Sub-Process	Finance & Accounting
Primary Risk Owners	Finance Manager, Olive Princess Silvano
Secondary Risk Owners	Account Specialist, Elsa Gragasin

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL		RISK ASSESSMENT OF RESIDUAL LOSS						
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
										Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating		
Activity 1. Cashiering and Liquidation of Cash Advance																	
LRDC-2017-FA-1	Fraud	Misuse of petty cash fund	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss	500,000.00	1 person (cashier) x 500,000.00 = 500,000.00 - amount of insurance coverage represented by the fidelity bond and amount of Revolving Fund in the cash box	Very Low	1. All checks/cash collection are deposited within the day. 2. Recording of cash/checks collection to Collection Book within the day. 3. Collection beyond banking hour should be sealed in an envelope with the initial of Internal Auditor (deposit in transit). 4. Daily cash count of revolving fund	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-2	Regulations and Internal Policies	Lack of monitoring of changes in Unit's existing policy and updating the same may result to deviation from applicable activity and affects internal policies	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	500,000.00	500,000.00 = the total cash on hand by the Cashier	Very Low	1. Availment per employee should be exceed or not more than 50,000. 2. Prescribed liquidation is not more 30 days from the date of release or 20 days from the completion of purpose.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-3	People Development and Performance	Lack of training on cashiering and liquidation and adversely impact the achievement of desired performance and conduct.	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	8,000.00	P8,000 seminar fee per year of employee	Very Low	Appropriate training should be provided to equip LBRDC personnel with necessary skills/knowledge to perform their duties and responsibilities and to meet the function's objective.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-4	Succession Planning	Lack of turn-over of duties and accountability	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	500,000.00	500,000.00 = the total cash on hand by the Cashier	Very Low	1. Implementation succession policy 2. Identification and development of potential leadres or "successors"	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-5	Internal Control	Negligence of system administrator resulting on double credit of payment, salaries, deposits, etc.	Internal Fraud	Theft and Fraud	Misappropriation of assets	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	Cash collection beyond banking hours should be sealed in an envelope with the initial of Internal Auditor.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-6	Measuring & Monitoring of Major Initiatives	Misuse of petty cash fund	Internal Fraud	Unauthorized Activity	Mismarking of position_intentional	500,000.00	1 person (cashier) x 500,000.00 = 500,000.00 - amount of insurance coverage represented by the fidelity bond and amount of Revolving Fund in the cash box	Very Low	1. All checks/cash collection are deposited within the day. 2. Recording of cash/checks collection to Collection Book within the day. 3. Collection beyond banking hour should be sealed in an envelope with the initial of Internal Auditor (deposit in transit)	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-7	insurance	In case of loss of cash/checks	Employment Practices and Workplace Safety	Safe Environment	General liability	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	Collecting officers is bonded with the Bureau of Treasury for P1.0 M to be renewed annually.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
N/A																	
N/A																	
N/A																	
Activity 2. Disbursement (Revolving Fund and Cash Disbursement)																	

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
									Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating			
LRDC-2017-FA-8	Fraud	1.) Non-review of disbursement orders / cash advances / supporting documents resulting to manipulation and double claiming of Disbursement Orders. 2.) Wilful, malicious and unethical actions of employees or other stakeholders (e.g. management, customers) aimed at realizing material or financial gains could result in operational difficulty, financial losses and impairment of the Entity's reputation.	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	1. Required cut-off time for the submission of Accomplishment report from Operations Unit, the documents needed to support the billing statement 2. Preparation of billing statement is every 25th and 30th of the month. 3. To avoid the risk of double payment stamp Disbursement Orders and the corresponding supporting documents (e.g. Official/Collection Receipts). 4. Conduct of supervisory review/checking procedures to ensure compliance with standard operating procedures re: disbursement activities. 5. Establishment of a clear documented policy on assignment of responsibility and delegation of authority to provide accountability and control.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-9	Client Relationship Management	Unavailability of funds.	Employment Practices and Workplace Safety	Safe Environment	Employee health and safety rules and events	1,400,000.00	Average daily payable	Very Low	1. Prompt processing of payment to avoid delay payment to clients. 2. Revolving Fund Voucher (RFV) shall be placed in the separate cash box and kept at all times in a safe under sole custody of the Cashier. 3. Revolving Fund Voucher transactions shall be recorded in the Revolving Fund Voucher Cash Book by the RFV Custodian in chronological order immediately after the approval of the RFV.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-10	Regulations and Internal Policies	Lack of monitoring of changes in Unit's existing policy and updating the same may result to deviation from applicable activity and affects internal policies	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	Strict compliance with applicable laws, regulations including internal policies and procedures, code of conduct and standard of good practice,	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-11	Internal Control	Non-review of disbursement orders / cash advances / supporting documents resulting to manipulation and double claiming of Disbursement Orders.	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	1. Required cut-off time for the submission of Accomplishment report from Operations Unit, the documents needed to support the billing statement 2. Preparation of billing statement is every 25th and 30th of the month. 3. To avoid the risk of double payment, stamp Disbursement Orders and the corresponding supporting documents (e.g. Official/Collection Receipts)	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-12	Measuring & Monitoring of Major Initiatives	Lack of system to determine spurious bills/checks.	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	1. Required cut-off time for the submission of Accomplishment report from Operations Unit, the documents needed to support the billing statement. 2. Preparation of billing statement is every 25th and 30th of the month. 3. Regular monitoring of actual performance vis-a-vis targets to ensure the effective and efficient preparation and submission of accounting reports. Immediate processing of transactions.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-13	Development and Performance	Lack of training on Procurement Law	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	Appropriate training should be provided to equip LBRDC personnel with necessary skills/knowledge to perform their duties and responsibilities and to meet the function's objectives.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-14	Succession Planning	Lack of turn-over of duties and accountability	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	1. Implementation succession policy 2. Identification and development of potential leaders or "successors"	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL			RISK ASSESSMENT OF RESIDUAL LOSS					
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
									Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating			
LRDC-2017-FA-15	Insurance	Vague compensation and benefit policy	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	Collecting/dispersing officers is bonded with the Bureau of Treasury for P1.0 M to be renewed annually.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
N/A																	
N/A																	
Activity 3. Recording of Non-cash transactions																	
LRDC-2017-FA-16	Technology Implementations	Computerized Accounting System is not yet working awaiting approval of license from BIR.	Internal Fraud	Theft and Fraud	Misappropriation of assets	1,254,545.00	cost of purchasing/accounting software which abolished due to the absence of system foreign support	Very Low	1. Maintaining manual bookkeeping of financial transactions. 2. In process of securing BIR approval to use the Computerized Accounting System.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-17	Accounting Reporting and Disclosure	1. Accounting records are not updated. 2. Inaccurate recording and reporting of material financial transaction 3. Inaccurate recording and reporting of material financial transactions in accordance with existing standards may result to regulatory sanctions for the company and may also lead to misinformed business decisions by management and other stakeholders.	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	2,132,795.28	Total amount of discrepancies noted in CY 2013 HOSTAD Finding. The amount of misposting, long outstanding, posted twice, reclassification of accounts and difference between the amount posted and should be.	Very Low	1. Hiring of contractual personnel to assists in updating of records. 2. Compliance with the acceptable accounting principles and standards 3. Call back of done transactions. Supervisory review of financial recording and preparation of reports required by different regulatory bodies. 4. Reconciliation of Subsidiary and General Ledger Balances.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-18	Fraud	No Subsidiary Ledger maintained in the records.	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss	-	no loss (Subsidiary Ledger is only to determine the itemized transaction recorded in the General Ledger but the transaction is 100% reflected in the Financial Reports.)	Very Low	1. Authorize the accounting staff to render overtime. 2. Only authorized personnel who have access to the Fax Pro Journal Voucher System are authorized to use the same. Non-cash transactions must be supported by documents before its recognition. 3. Transactional audit performed by Internal Auditor. 4. Proper segregation of duties i.e. personnel who prepare and handle subsidiary ledgers or schedules must not handle General Ledger posting functions).	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-19	Regulations and Internal Policies	Failure to comply with applicable laws, regulations including internal policies, code of conduct and standards of good practice may lead in legal or regulatory sanctions, financial loss or loss on the reputation of the company.	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	386,688.81	18% interest on the overdue amount plus 25% attorney's fee (printed in one of the supplier's invoice in case of delayed payment) P1,459,203.03 (ave. daily payment) multiply by 18% (30 days delay) plus 25%.	Very Low	1. Procedures on the signing of generated reports shall continue to be observed. 2. Strict compliance with applicable laws, regulations including internal policies and standards of good practice,	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-20	Information Security and Confidentiality	Inability to properly manage information security and confidentiality can lead to legal exposure, regulatory sanctions and economic losses.	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	-	No monetary loss	Very Low	1. For information security, reports shall be classified in accordance with Guidelines on Classification, Handling, Access and Disclosure of Information Assets. 2. Strict compliance with EO 71 series of 2013 re: Guidelines on the conduct of Information Security Risk Assessment.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-FA-21	Development and Performance	Lack of training / updates on accounting policy and guidelines (e.g. IFRS)	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss	80,000.00	P8,000 seminar fee per year of employee (amount x 10 accounting staff)	Very Low	Recommend trainings on new accounting standards and updates on tax activities. Appropriate training should be provided to equip LBRDC personnel with necessary skills/knowledge to perform their duties and responsibilities and to meet the function's objectives.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
										Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating		
LRDC-2017-FA-22	Succession Planning	Lack of turn-over of duties and accountability	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	386,688.81	18% interest on the overdue amount plus 25% attorney's fee (printed in one of the supplier's invoice in case of delayed payment) P1,459,203.03 (ave. daily payment) multiply by 18% (30 days delay) plus 25%. The number of days of the turnover.	Very Low	Effective succession policy. Identification and development of potential leaders or "successors".	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-23	Internal Control	Falsification of documents (fake/fraudulent documentary requirements)	Clients Products and Business Practice	Suitability Disclosure and Fiduciary	Misuse of confidential information	1,459,203.03	daily average payable to suppliers.	Very Low	Recommend trainings on new accounting standards and updates on tax activities.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-24	Measuring & Monitoring of Major Initiatives	Forgery of signature	Execution Delivery and Process Management	Monitoring and Reporting	Inaccurate external report_loss incurred	1,459,203.03	daily average payable to suppliers.	Very Low	Recommend trainings on new accounting standards and updates on tax activities.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-25	Insurance	Covered only General Liability Insurance	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	1,000,000.00	amount of insurance coverage from Bureau of Treasury.	Very Low	Collecting/dispersing officers is bonded with the Bureau of Treasury for P1.0 M to be renewed annually.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
Activity 4. Payroll Processing																	
LRDC-2017-FA-26	Accounting Reporting and Disclosure	1. Conivance with third-party service provider (overcharging, short delivery, etc.) 2. Inaccurate recording and reporting of material financial transactions in accordance with existing standards	External Fraud	Systems Security	Hacking damage	4,000,000.00	average amount of payroll for the month.	Low	Accessibility in the system is defined and hiring of the IT Personnel. Supervisory review of financial recording and preparation of Summary of Attendance with computation of deductions/overtime claims.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-27	Regulations and Internal Policies	Failure to comply with applicable laws, regulations including internal policies, code of conduct and standards of good practice may lead in legal or regulatory sanctions, and economic losses.	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	312,500.00	25% interest plus 25% penalty charges by the BIR failure to remit on time the monthly remittance P1,000,000.00 (average remittance of taxes as withholding tax agent) x25% x 25% = P312,500)	Very Low	1. Procedures on the signing of generated reports shall continue to be observed. 2. Strict compliance with applicable laws, regulations including internal policies and procedures, code of cond and standard practice	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-28	Measuring & Monitoring of Major Initiatives	Lack of monitoring	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	640,000.00	estimated amount of inaccuracy of Financial Reports (P32.00 MM (net income for CY 2014) multiply by 2% (allowable percent by COA for inaccuracy of amount)	Very Low	Regular monitoring of actual performance vis-à-vis targets to ensure attainment of operating targets.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-29	Development and Performance	Lack of training on operating system (e.g. government regulations)	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	-	no monetary loss	Very Low	Appropriate training should be provided to equip LBRDC personnel with necessary skills/knowledge to perform their duties and responsibilities and to meet the function's objectives.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-30	Succession Planning	Lack of turn-over of duties and accountability	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	-	no monetary loss	Very Low	Effective succession policy. Identification and development of potential leaders or "successors".	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-31	Fraud	1. Conivance with third-party service provider (overcharging, short delivery, etc.) 2. Inaccurate recording and reporting of material financial transactions in accordance with existing standards	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	4,000,000.00	average amount of payroll for the month.	Low	Proper segregation of duties resulting to check and balance or internal control	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
									Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating			
LRDC-2017-FA-32	Information Security and Confidentiality	Inability to properly manage information security and confidentiality can lead to legal exposure, regulatory sanctions and economic losses.	Internal Fraud	Systems Security	Hacking damage	-	no monetary loss	Very Low	1. Password is kept in a sealed envelope under the custody of the Internal Auditor and temporarily kept in the Cashier's vault. 2. For information security, reports shall be classified in accordance with 3. Guidelines on classification, handling, access and disclosure of Information Assets 4. Strict compliance with EO No. 71 S., of 2013, re: Guidelines on the conduct of Information Security Risk Assessment.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

RISK IDENTIFICATION						RISK MEASUREMENT / ASSESSMENT											
RISK REFERENCE	RISK	RISK DRIVERS	BASEL II RISK EVENT CATEGORIES			RISK ASSESSMENT OF INHERENT LOSS			ASSESSMENT OF CONTROL				RISK ASSESSMENT OF RESIDUAL LOSS				
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		LIKELIHOOD		PROBABILITY	RESIDUAL LOSS
									Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating			
N/A																	
N/A																	
Activity 3. Procurement																	
LRDC-2017-A-15	Fraud	Falsification of documents (fake/fraudulent documentary requirements)	Internal Fraud	Theft and Fraud	Bribes or kickbacks	100,000.00	Estimated contract amount	Very Low	Strict implementation of Procurement, Policies and Procedures. Regular update of Employees Code of Conduct.	Completely Under Control	0%	0 Event in a Year	0%	Possible	50%	5.00%	5,000.00
LRDC-2017-A-16	Internal Control	Acceptance of bribe or extortion	Internal Fraud	Fraud and Theft	Forgery_external	5,000.00	estimated percentage of the contract price	Very Low	Strict implementation of Procurement, Policies and Procedures (RA 9184)	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-17	Contract	Delayed delivery of constructions due to A.) Late preparation of requisition B.) Late procurement of construction materials	Damage to Physical Assets	Disaster and Other Events	Natural disaster losses	50,000.00	estimated cost of trucking services per trip + liquidated damages	Very Low	Timely submission of requisition of construction materials. Strict implementation of Procurement, Policies and Procedures (RA 9184)	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-18	Measuring & Monitoring of Major Initiatives	Abuse of authority	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	-	no monetary loss	Very Low	regular update in the requirements of the prequalification of suppliers/contractor	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-19	Product Delivery & Support	Unprofessional manner of delivering services to clients	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	60,000.00	Liquidated damages = 3/10 (1%) (Contract amount) (estimated no of days delayed)	Very Low	Strict implementation on the guidelines of withdrawal and transfer of materials	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-