LAND BANK OF THE PHILIPPINES

ANNUAL RISK AND CONTROL SELF-ASSESSMENT (RCSA) FOR BUSINESS PROCESSES

LBP RESOURCES AND DEVELOPMENT CORPO

(Name of Department/Office) For the Year 2014

Mega Process Major Process ub-Process A. RISK IDENTIFICATION **B. RISK ASSESSMENT** RISK ASSESSMENT OF INHERENT LOSS BASIS OF COMPUTATION ASSESSMENT OF CONTROL BASEL II RISK EVENT CATEGORIES (e.g., actual loss, nalties/sanctions, cost of recovery, overtime RISK DRIVER IMPACT CONTROL ADEQUACY RISK REFERENCE RISK INHERENT LOSS (Causes of Risk) EXISTING CONTROLS solute Amount in Peso) pay/additional manhours, LEVEL III Level Score Free LEVEL I LEVEL II Score Description opportunity loss, etc.) ORMULATION OF B SS PLAN & STRA Inability to foresee and react to Clients Products Improper Business Improper trade or orecasting -actively recognize & respond arket trends and Business Market Practices arket practice ess opportunities: keep abreast Practice trends in the market Conduct of review and perform ment COMPLIANCE TO E Banking Regulations/ Accounting, naccurate / incomplete reports or Execution Delivery Monitoring and Failed mandatory omote a strong compliance cult Reporting and Disclosure delayed/non-submission of reports and Process Reporting eporting obligation u education and training of respons - Lack awareness/ knowledge on the Management oyees on compliance matters isseminate to staff all regula bank's monitoring and reporting requirements ves/ memo/ circulars on monit Unintentional/ deliberate nonegulatory requirements compliance to regulatory valuate training needs/send staff equirements priate trainings arge to erring personnel penal sanctions imposed on no liance to regulatory requirements onduct close supervision, coach counseling of Branch personnel Provide feedback on the need p and upgrade Bank's repo PERSONNEL ADM Unprofessional/unethical conduct Execution Delivery Transaction Capture Other task Perform applicable action ales (Business Growth) Incompetence and Process Execution and nisperformance ngthen / enhance employee ethi Maintenance Marketing Management uct and work performance: Client Relationship Management Send personnel to training / semina Reputation Employee orientation program, e.g Bank creation - its mandate, vision nission, organizational structure, etc. ployee code of conduct Moral renewal and integr opment program Personality development and othe s enhancement training ommend outstanding performe n/recognition Draw up career path and success lidate client complaint / feedback Subject to approval, imple Culture/Ethics Lack of understanding of job Execution Delivery ransaction Captu Other task nsure adherence to job descrip descriptions/ organizational and Process Execution and nisperformance nments defined in the Bran structures resulting to confusion and Management Maintenance anual/ Branch, Area or Group Orders pin pointing/ overlapping of esponsibilities Culture/Ethics Failure to inculcate good moral Execution Delivery Transaction Capture Missed deadline or Instill employee aware values that would help refrain and Process Execution and responsibility anding / conforme with the Coo Conduct for Land Bank Employe mployees from committing unethical Management Maintenance conduct, such as contracting other administrative policie cate adherence to all its ethic personal loans of money or roperties from persons with whom the bank has business relations Send employees to value

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HISTORICAL FREQUEN	CY	(Control Sc	RISK MEAS BABILITY ore x Historical ncy Score)	RISK SCORE (Impact Score x	RISK WEIGHT	POTENTIAL LOSS (Inherent Loss X Risk Weight)
equency of Occurrence	Score	Score	Level	Probability Level)		
	•	•				

		A. RISK IDENTIFICATION									B. RISK ASSESS	SMENT	
						RISK ASSESSMENT	OF INHERENT LOSS			ASSESSMENT	OF CONTROL		
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BAS	EL II RISK EVENT CATEO	BORIES	INHERENT LOSS (Absolute Amount in Peso)	BASIS OF COMPUTATION (e.g., actual loss, penalties/sanctions, cost of recovery, overtime	IMPAC	т	EXISTING CONTROLS	CONTROL ADEQUA	ICY	
			LEVEL I	LEVEL II	LEVEL III	- ·····	pay/additional manhours, opportunity loss, etc.)	Level	Score		Description	Score	Frequ
	People Development and Performance	Inability to develop and enhance employees skills to carry out the assigned duties and responsibilities	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance					Constant coaching and close supervision of branch personnel Retool branch personnel thru attendance to seminars/ trainings Monitor personnel thru feedback and			
	People Development and Performance	Lack of personnel knowledge/ training which could result to: - High incidence of fraud - Frequent occurrence of procedural lapses - Regulatory penalties	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance					Continuously send staff to trainings and re-tooling seminars such as AMLA, Branch and Accounting Operations, Bank Fraud and Forgery Detection, Familiarization of 3rd Currencies, among others Closely supervise, coach and counsel			
	People Development and Performance	Delayed transfer of employee to other Units for career advancement due to lack of immediate replacement	Internal Fraud	Unauthorized Activity	Transaction type unauthorized (with monetary loss)					 Tap reliever/s to perform function of transferring employees 			
	Client Relationship Management	Unmatched volume of transactions vis-à-vis staffing parameters	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	e Other task misperformance					 Conduct work volume analysis vis-à- vis staffing parameters Perform regular review of staffing parameters 			
	Recruiting & Retention	Hiring of high risk/incompetent staff	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	e Delivery failure					 Perform stringent screening of applicants 			
	Recruiting & Retention	Low employee morale / lack of motivation/ commitment - Work overload - Overstaying in the position ("untog" situation) of performing personnel - Delayed promotion due to insufficient training requirements (non-attendance/postponement due to lack of relievers)	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues					Closely supervise, coach and counsel staff; give recognition to deserving staff Track training needs thru the HRIS/career pathing Conduct Work Volume Analysis; request additional manpower, if warranted Tap reliever/s to perform function of employees sent to trainings			
	Recruiting & Retention	Health problems caused by work- related stress	Employment Practices and Workplace Safety	Safe Environment	Employee health & safety rules and events					 Implement Wellness Program to promote health safety and enhance productivity 			
	Succession Planning	Prolonged acting capacity to the position	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues					Update Succession Plans for all levels			
	Succession Planning	Non-availability of competent person for the position	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Delivery failure					 Send deserving staff to training programs 			
	Banking regulations	Assignment of contractual employees to sensitive positions	Clients Products and Business Practice	Suitability Disclosure and Fiduciary	Fiduciary breaches or guideline violations					Observe existing Policy on GBL positions/BSP Rules & Regulations			
												 	
CCOUNTING AND	REPORTING	-					1						<u> </u>
	Banking Regulations Fraud Accounting, Reporting and Disclosure	Deviations/nonconformity to bank regulations, policies and guidelines Erroneous/delayed or non- recording of transaction Submission of erroneous / delayed or non-submission of required reports	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation					 Monitor / check proper accounting and reporting of credit transactions: Legal enforceability Compliance to standard credit reportorial systems and procedures, e.g., prescribed standard form / format, report deadline, signing and approving authority, required attachments, etc. Regulatory controls, e.g. AMLA Accuracy and completeness Proper documentation and safekeeping of reports 			
	URITY AND CONFIDENTIALITY												

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			RISK MEAS	UREMENT		
HISTORICAL FREQUEN	1	(Control Sc Freque	BABILITY ore x Historical ncy Score)	RISK SCORE (Impact Score x Probability Level)	RISK WEIGHT	POTENTIAL LOSS (Inherent Loss X Risk Weight)
uency of Occurrence	Score	Score	Level			

		A. RISK IDENTIFICATION									B. RISK ASSESS	MENT	
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BAS	EL II RISK EVENT CATEG	ORIES	RISK ASSESSMENT	OF INHERENT LOSS BASIS OF COMPUTATION (e.g., actual loss, penalties/sanctions, cost of recovery, overtime	IMPA	АСТ	ASSESSMENT EXISTING CONTROLS	OF CONTROL	сү	F
			LEVEL I	LEVEL II	LEVEL III	1	pay/additional manhours, opportunity loss, etc.)	Level	Score		Description	Score	Freque
	Fraud / Information Security and Confidentiality	Unauthorized system access: - Entrusting Supervisor's password to staff - Delegating responsibility to staff (e.g. keying-in of Officer/Supervisor User ID) - Failure to temporarily sign-off User ID before leaving the workstation	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance					Strictly observe the "no sharing of password" policy Refrain from delegating responsibility to process transactions using the different IT systems Observe strict supervision and monitoring Maintain audit trail e.g. logbooks incident reports			
	Fraud / Information Security and Confidentiality	Misuse/abuse of access rights given - Permanent enrollment of alternates with incompatible duties	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional					Sight very/callback employees transactions			
	Fraud / Information Security and Confidentiality	Failure to delete system access of re- assigned/separated employees	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance					•Ensure deletion of access rights of re- assigned/ separated employees			
	People Development & Performance	Limited knowledge on bank systems operations	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	misoperation					Continuously send staff to trainings and re-tooling seminars			
	People Development & Performance	Insufficient hands-on training on systems operations	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	misoperation					Seek assistance from help desks			
	Banking Regulations Information Security & Confidentiality Fraud Client Relationship Management Reputation	Unauthorized disclosure of classified/confidential information Unauthorized access to classified / confidential information, e.g. use of security code by person other than custodian Classified / confidential information not maintained in secured (i.e., with lock/security code) and designated place Custodian without proper authorization Deliberate / illicit disclosure of classified / confidential information	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss					 Implement standard guidelines and procedures to warrant proper administration of classified and confidential information in conformity with the Guidelines on Classification Handling, Access and Disclosure of Information Assets (E.O. No. 073, s 2009), Corporate Identity Manual standard internal control procedures such as designation of properly authorized custodian, installation of dua control and access code, etc. Ensure that disclosure of classified/confidential information is in accordance with standard guidelines and procedures at all times 			
													
HANDLING AND MA	ANAGEMENT OF SPECIFIC ACTIVITIES												
6.1 Timekeeping													
	Banking Regulations	Inaccurate/delayed MAIR preparation Unauthorized Official Business (OB)/travel Undocumented OB/travel	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation					 Discuss / update standard guidelines and procedures on timekeeping and attendance Allow travel only to those without unliquidated cash advances and to require presentation of required 			
												 	
6.2 Fixed Asset:	s & Equipment Product Delivery & Support Business Continuity Planning	Frequent system/ equipment breakdown Loss/damage to property Non-disposal of uneconomical/ unserviceable assets / equipment	Clients Products and Business Practice	Product Flaws	Negligent loss or damage of client assets					Draft action plan / control measures to maintain normal business operations and to safeguard assets: >Request for timely purchase equipment >Maintain back-up facility/ equipment >Apprise employee on proper use and regular maintenance of facilities equipment >Dispose uneconomical of unserviceable assets / equipment >Remit timely payment for taxes licenses / permit >Designate personnel to take charge of maintenance of facilities and equipments >Maintain tracking system to monitor timely application of action plan/measures			

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quency of Occurrence	Score	Score	Level			

		A. RISK IDENTIFICATION									B. RISK ASSES	SMENT	
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASI	EL II RISK EVENT CATEG	GORIES	RISK ASSESSMENT INHERENT LOSS (Absolute Amount in Peso)	OF INHERENT LOSS BASIS OF COMPUTATION (e.g., actual loss, penalties/sanctions, cost of recovery, overtime	IMPA	ст	ASSESSMENT C	F CONTROL CONTROL ADEQUA	АСҮ	
	Accounting, Reporting and Disclosure Internal Control Fraud	Inaccurate/delayed/ non- reporting of fixed assets Unaccounted bank assets/equipment	LEVEL I Execution Delivery and Process Management	LEVEL II Monitoring and Reporting	LEVEL III Failed mandatory reporting obligation		pay/additional manhours, opportunity loss, etc.)	Level	Score	Monitor timely preparation of annual property inventory / turn-over / periodic reports to determine: Existence/condition of	Description	Score	Frequ
		Non-designation of Property and Supply Officer								assets/equipment > Accuracy and completeness of report > Accountability			
6.3 Supplies	Product Delivery & Support	Insufficient/unavailable supplies Wastage/misuse of supplies	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance					Maintain a tracking system to monitor timely supplies requisition and availability Monitor/review preparation of supplies budget to serve as benchmark for requisition Monitor actual usage vs. budget			
										Monitor adequacy/ availability of supplies			
6.4 Petty Cash F	Product Delivery and Support	Petty Cash Officer not bonded	Execution Delivery	Transaction Conture	Accounting error or					Monitor compliance with internal control			
	Accounting, Reporting and Disclosure Internal Control	Unavailability of petty cash fund Erroneous liquidation Delayed replenishment	and Process Management	Execution and Maintenance	entity attribution error					guidelines in the handing of petty cash fund: >Designation of bonded Petty Cash Custodian >Timely replenishment >Prescribed liquidation of cash advances			
	Fraud	Presentation of tampered/ fictitious receipts/documents for liquidation	Internal Fraud	Unauthorized Activity	Transaction type unauthorized_with monetary loss					Review authenticity / accuracy / completeness of liquidation documents			
6.5 File / Record			1	1									
	Banking regulation / Information Security and Confidentiality / Contract	confidential information in violation of Bank Secrecy Law	Practice	Suitability Disclosure and Fiduciary	Suitability or disclosure issues					 Follow policy on Information Security and Confidentiality 			
	Banking regulation / Information Security and Confidentiality / Contract	documents	Clients Products and Business Practice	Suitability Disclosure and Fiduciary	Breach of privacy					Monitor/track all incoming and outgoing documents; maintain logbook, transmittal/ courier slips and other tracking devices Observe proper custody, safekeeping, retention and retrieval of Bank records; follow guidelines on records keeping and retention / IDRARS Implement monthly records clean-up / "linis" day Observe proper turn-over of records/documents; utilize the standardized turn-over checklist			
	Fraud Client Relationship Management Internal Control Contract Banking Regulations Reputation	Lost / missing documents Unauthorized disclosure / access / release of documents improper safekeeping of files / records	Execution Delivery and Process Management	Customer or Client Account Management	Negligent loss or damage of client assets					Safekeep files / records documents in closed and locked cabinet / vault			

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HISTORICAL FREQUEN		(Control Sc	3ABILITY ore x Historical ncy Score)	RISK SCORE (Impact Score x Probability Level)	RISK WEIGHT	POTENTIAL LOSS (Inherent Loss X Risk Weight)
quency of Occurrence	Score	Score	Level			

		A. RISK IDENTIFICATION									B. RISK ASSESS	SMENT									
						RISK ASSESSMENT	OF INHERENT LOSS			ASSESSMENT OF	CONTROL					RISK MEA	SUREMENT				
RISK REFER	NCE RISK	RISK DRIVER (Causes of Risk)	BAS	SEL II RISK EVENT CATEG	ORIES	INHERENT LOSS (Absolute Amount in Peso)			(e.g., actual loss, penalties/sanctions, cost of recovery, overtime		ACT EXISTING CONTROLS		CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Score x Historic: Frequency Score)			RISK WEIGHT	POTENTIAL LOSS (Inherent Loss X Risk Weight)
			LEVEL I	LEVEL II	LEVEL III		pay/additional manhours, opportunity loss, etc.)	Level			Description	Score	Frequency of Occurrence	Score	Score	Level	Trobability Lottely				
	Banking Regulations	Credit files not properly culled and disposed of Delayed / non-transfer of documents to designated warehouse Non-maintenance of logbook / transmittal report on transfer / disposal of documents Non-maintenance of back-up files	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility					Conduct regular file maintenance / culling / retention per EO No. 20 s. of 2001 and Credit Manual and the following specific procedures: ≻Maintenance of tracking system to monitor incoming / outgoing documents ≻Documentation of duly authorized release / access to credit files / records ≻Documentation of duly authorized transfer / turn-over of files from one personnel to another ≻Maintenance of back-up files • Stamp documents with their proper classification per established guidelines on document classification											

SUMMARY	
Total Inherent Loss	Php0.00
Total Potential Loss	Php0.00
Overall Risk Level for Process Risk	Very Low

Prepared by:

Reviewed by:

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