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

Resource Management Operations Support - Other Banking Operations Support

LBP RESOURCES & DEVELOPMENT CORPORATION 2017

(Name of Departn For the Year

Mega Process Maior Process

Sub-Proces Construction and Renov Serv Primary Risk Owners Engr. Joev Atienza ners Team leaders, Engr. Tomas Tuazon Jr., Engr.Osing Rellora, Engr. Diosdado Gallero, Engr. darv Risk Ow RISK MEASUREMENT / ASSESSMENT RISK IDENTIFICATION RISK ASSESSMENT OF INHERENT LOSS ASSESSMENT OF CONTRO RISK ASSESSMENT OF RESIDUAL LOSS BASEL II RISK EVENT CATEGORIES CONTROL ADEQUACY HISTORICAL EREQUENCY RISK REFERENCE RISK RISK DRIVERS IMPACT LEVEL INHERENT LOSS BASIS OF COMPUTATION EXISTING CONTROLS PROBABILITY RESIDUAL LOSS Expected Future LEVEL I LEVEL II LEVEL III Description Rating Frequency of Occurrence Rating Activity 1. Construction and renovation services 5.00% 30.000.0 Implementation of amended systems and procedures for withdrawal/procurement of constructior materials, tools and equipment Execution Deliver and Process Management liquidated damages due to late delivery of material and completion of projects nprofessional manner of delivering invices to clients ndors and LRDC-2017-CRS-1 oduct Delivery & Support 600,000.00 tsourcing 0 Event in a Year tely Under Con Key duties and responsibilities, qualifications, standards for the posit quamications, standards for the position have been adopted. 2. Setting of work standards, institutionalization of Performance Targets Worksheets for P.E. and Team Londow 600,000.00 liquidated damages due to late completion of projects Inexperience and inadequate training of supervisors and skilled workers Execution Del and Process Management Other task RDC-2017-CRS-2 nt & Perl Leaders 3. Conduct internal trainings and inars for Team Leaders/Project Engineers, and 4. Performance Evaluation and Appraisal of workers 16 25% 0% 25% 50% 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 Timely endorsement of documents i.e., NOA, PO, NTP to Finance Department for Contractor's All Risk Insurance (CARI) application. ess Dis actual damages to third party liability LRDC-2017-CRS-3 and Systems Failures 480.000.00 erv Lo ossible accident claims. 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. 650,000.00 pletely Under Control 1 to 2 Event/s in a Year 16.25% Construction agreement between LBP and LBRDC states that the primary rsponsibility of the contractor is to secure a building permit prior to mobilization Failures 0% 25% 50% 4,000,000.0 Low RDC-2017-CRS-4 /surcharges Submission of complete documentatry requirements for billing purposes and regular meetings with LBP-PMED to econcile records 0.00% etely Under Cor Business Disrupt and Systems Long outstanding receivables from LBP of completed projects. opportunity LRDC-2017-CRS-5 ounting, Reporting and Disclosure 1,410,000.0 ery Lo Upgrading the pay grade for some positions, e.g. Team Leaders, PEs, Foreman and skilled workers to be at par with industry rates. Continues orientation of Project etely Under Cont 0 Event in a Yea 0.005 Employment Practices and Compensation benefit terminati opportunity loss due to reduce acceptance of LRDC-2017-CRS-6 ecruiting & Retention Salaries and wages are not competitive 9 000 000 00 Andera Unsale working environment (non-standard stairways, burned-out transformers, broke Negligent loss or damage of client nated cost of 0% 1 to 2 Event/s in a Year 25% 50% 16.25% 503.602.90 LRDC-2017-CRS-7 ent Relationship Mana 3,099,094.7 terials' loss due to ery Lov ngineers/supen/isors and workers p lass panels) Delay in the implementation of specialty vilferage liquidated damages di project implementation etely Under Contr 0% 0 Event in a Year 50% 5.00% 30.000.00 Utility outage or Implementation of Revised Implementi RDC-2017-CRS-8 sourcing Arrangemen works item due to lack of qualified nd Systems 600.000.00 o late completion of erv I aw Rules and Regulations of R.A. 9184 ecialized contractor Theft or extortion timated loss due to etely Under Contr 0% 0 Event in a Year Unlikely 0.00% 0% 10,330,315.82 LRDC-2017-CRS-9 aud Acceptance of bribe or extortion ternal Fraud heft and Fraud zzlement or mpliance with materia oderate Existing company's code of conduct specifications Lack of qualified young professionals that 1,462,500.00 1 to 2 Event/s in a Year 16.25% pletely Under Conti 0% 25% 50% Execution Delive and Process Management nsaction Cap opportunity loss due to reduce acceptance of Continuous recruiting/hiring of qualified applicant by the Company's Human Resources Development will be trained in case some senior engineers went abroad or retired from ilateral anagement failu RDC-2017-CRS-10 sion Planning cution and 9,000,000.00 ects 0 Event in a Year 0.00% etely Under Co Lack of qualified staff that will regularly monitor the prices of construction materials ecution Del Process Continuous recruiting/hiring of qualified applicant by the Company's Human Resources Development estimated loss on material cost RDC-2017-CRS-11 nitoring and corting ccurate extern ort_loss incurr 3,099,094.7 ery Lov asting Lack of orientation and motivation of Project Engineers/ supervisors/ warehousemen on the acceptance and releasing of construction materials and 0% 0.00% mplementation of amended systems nd procedures for rithdrawal/procurement of construction naterials, tools and equipment ecution Deli 3 Process nagement 3,099,094.75 estimated cost of materials' loss due to pilferage itoring and orting RDC-2017-CRS-12 ternal Control /erv I av ing obligat deployment of manpower pletely Under Contro 0% 0 Event in a Year 0% 50% 5.00% 20,000.0 Compliance with the provisions specifie in the Building Code of the Philippines, Construction Safety and Health Progra timated cost of Employment Practices and Workplace Safet anking Regulations (including internal licies) Inexperience and inadequate training of projet supervisors and skilled workers LRDC-2017-CRS-13 and safety rules 400.000.00 emergency medication top of SSS/Philhealth Enviror and events and other construction related guidelines and policies. Tight Control in Place 16.25% 97,500.0 Lack of orientation and motivation of Project Engineers/supervisors on the monitoring of actual performance of 25% 0 Event in a Year 0% 50% Execution Deliv and Process Management liquidated damages due to late completion of Regular monitoring of actual performance vis-à-vis targets to ensure attainment of Unit's objectives. easuring & Monitoring of Major itiatives oring and iled mandatory LRDC-2017-CRS-14 600,000.00 ery Lo eporting orting obligatio ects orkers and sub-contractors -built plans duly signed and s 0.00% Execution Delive and Process Management 0% Delay and non-processing of final paymen due to non-submission of as-built plans and other documents estimated opportunity 1,410,000.00 loss due to non collecti of account receivables itoring and orting ailed mandatory porting obligatio by respective professionals shall be forwarded to LBP-PMED to facilitate Turn-over and Accepatance. RDC-2017-CRS-15 mation Security and Cor

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

LBP RESOURCES & DEVELOPMENT CORPORATION (Name of Department/Office)

2017

For the Year

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<table-container> Image base in the section of the sectin of the section of th</table-container>	Primary Risk Owners																		
Partner Description	Secondary Risk Owners	Account Officer, Business Developme																	
<table-container> Image: participant state state</table-container>			RISK IDENTIFICATION							I	RISK MEASUREMENT	/ASSE	SSMENT						
<table-container> Marce in the set of the set of</table-container>				BAS	EL IL RISK EVENT CATEGO	PIES	RISK ASSES	SMENT OF INHERENT LOSS		ASSESSMENT							AL LOSS		
Note: N	RISK REFERENCE	RISK	RISK DRIVERS	5/13	EE II KISK EVENT CATEGO	INIE3	INTEREST LOCO	DAGIS OF COMPLETATION			CONTROL ADEQUACY		HISTORICAL FREQUEN	CY		D		RESIDUAL LOSS	
Result Result<				LEVELI	LEVEL II	LEVEL III	INFERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EAISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating		Rating	PROBABILITY	RESIDUAL LOSS	
Image: Probability of the stand of the s	Activity 1. Brokering Servi	ices																	
International Matrix Ma								Monetary loss is on the		Referror's fee is released by the cashier in	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
Control Contro Control Control	_RDC-2017-PMMS-1	Fraud	Acceptance of bribe or extortion	Internal Fraud	Theft and Fraud	Bribes or kickbacks		part of the referror or	Very Low										
LACE 277 MAGE Gene fragment Implement Montane method								customer who gives bribe		transfer.									
Image: Market in the sector of the secto			Unprofessional manner of delivering	Clients Products and	Improper Business	Improper trade or				Code of Conduct with Compliance	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
LINDER	_RDC-2017-PMMS-2	Client Relationship Management				1	-	Without monetary loss	Very Low										
JACH AND				5		Level Issues to				Strict implementation of company policy	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
Image: Control in the contro in the control in the control in the control in the control in th	RDC-2017-PMMS-3	Employee Communication					4.000.00		Very Low										
Description Descripition <thdescription< th=""> <thdescription< th=""></thdescription<></thdescription<>			ICI, CCT, etc)		Documentation		,	documents and courier.	.,	Access and Disclosure of Information									
LACC 117-PAREA Result with with with with with with with wit				Execution Dolivery		Miscellaneous					Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
And the set of t	RDC-2017-PMMS-4	Business Continuity Planning	Decrease in the number of ROPAs for sale		Trade		159.000.00		Very Low										
NA SA Cond Con					Counterparties	disputes		ROPA per year	.,	LBP SPAD									
NAL Mathematical and matrix and matr	N/A					disputes													
NA Act or in the interval of the inte																			
Number of the sector																			
Lack of control website of processing results of process																			
Label decode Index Label decode Index	N/A																		
LACC 2017-PMAMES Find Find Introde microarce (non-statement (non	Activity 2. Housekeeping, a	Sanitation, manpower & maintenance Se				Theft or extortion or					Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
NUMBOR Description Description <thdescrin< th=""> <thdescrin< th=""> Descrin<</thdescrin<></thdescrin<>	RDC-2017-PMMS-5	Fraud		Internal Fraud	Theft and Fraud		100,000.00	Without monetary loss	Very Low						,				
LBC2 2017-PAMEsProduct Delivery & Support (ass parted)Underivery and performance indegrate (ass parted)Underivery and performance (ass parted)Underivery and performance 			and loss of personal properties of employees		-	robbery					Completely Under Control	09/	0 Event in a Vers	09/	Unlinet	00/	0.00%		
Image: Control (0) Contro (0) Control (0											Completely Under Control	0%	0 Event in a rear	0%	Uninkely	0%	0.00%		
LBC-2017-PMMS-7 Recruiting & Resention Upprofessional renorms of delivering generations to clearis Const of adverting on propune frames Const of adverting on propropropune frames Const of adverting on propune f	_RDC-2017-PMMS-6	Product Delivery & Support			Safe Environment	safety rules and	50,000.00		Very Low										
LpC 2:017-PMMS-7 Recating & Reterion United is Product in Statuting on possible and po			giass pariets)	workplace darety	Coloction	eventa		top of i finitearting 000		regulations	Completely Under Control	09/	0 Event in a Van	09/	Unlikely	08/	0.00%		
Image: Constraint of the series of barbon in the series fraction of	_RDC-2017-PMMS-7	Recruiting & Retention					30.000.00		Very Low		Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
LRDC 2017-PMMS49 Engloyee Communication Ause of authonity Ause of machine Macronance in and macronance in antice of macronance in the section and macronance in the sectin and macronance in the section and macronanc		····· • • • • • • • • • • • • • • • • •	services to clients		Exposure	exposure limits		recruitment		•									
IndexIndexIndexManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagementManagement<	DDC 2017 DMMC 0	Freelows Communication	Abuse of authority			Minner		Without menatory land	Verslew		Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
LRDC-2017-PMMS-9Organizational StructureVague compensation and benefit point Basiness PracticeSomeon phased Basiness PracticeValueSomeon phased activeValueSupplement activeControlValueValueSomeon phased activeValueValueSupplement activeValueValueValueSupplement activeValueValueValueValueSomeon phased activeValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueValueVal	_RDC-2017-PMIM3-6	Employee Communication	Abuse of authonity	Management		wiscommunication	-	without monetary loss	very Low										
CHCU-2017-PMMS-10Organization and complexation a				Clients Products and				Cost of advertising on			Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
LRDC-2017-PMMS-10ContractFailure to perform the duties and obligation provided in the contractEmployment reactions and eventsEmployment reactions and eventsEmployment reactions and eventsEmployment reactions and eventsEmployment reactions and eventsEmployment reactions and eventsEmployment reactions and eventsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment reactionsEmployment re	_RDC-2017-PMMS-9	Organizational Structure	Vague compensation and benefit policy		Sponsorship and	Unlicensed activity	30,000.00		Very Low										
LERDC-2017-PMMS-10ContractPractices and provided in the operation of the			Failure to conform the dution and of Postform	Employment	CAPOSULE	Employee health and		Estimated domesors (1)			Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
Very LowProduct PricingNotifying a state provide a sound employee performance and conductNotifying a s	_RDC-2017-PMMS-10	Contract		Practices and	Safe Environment		100,000.00		Very Low	agreement by the Head of PMMSD and									
LRDC-2017-PMMS-11 Product Pricing Inability to develop and enhance enhappee beformane magement system may reduce enployee motivation and may adversely impact the achievement of desired performance and conduct Improper Business Business Practices				Workplace Safety		events				President & CEO	Completely Linder Control	0%	0 Event in a Year	0%	Linikely	0%	0.00%		
LRDC-2017-PMMS-11 Product Pricing performane management system may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and may adversely impact the achievement of deal products and performance and conduct Unlicensed activity 100,000.00 Estimated loss for error in supplies and loss for error in wage orders. Very Low Border monitoring of prices of jaintonal supplies and wage products of minimum wage orders. Inclusion of duly approved/authorized for min											Completely Under Control	0 /6	o Event in a real	0 /8	Offlikely	0 /0	0.00%		
LFUC-2017-PMIMS-11 Product Pricing Induct Price Difference Or Market Practices Or Mar				Clients Products and	Improper Business			Estmated loss for error in											
Image: Control adversely inplace the addiversely inplace	_RDC-2017-PMMS-11	Product Pricing	reduce employee motivation and may	Business Practice		Unlicensed activity	100,000.00		Very Low										
LRDC-2017-PMMS-12 Internal Control Inability to established and maintain control procedures may result to errors or commissions financial control Execution Deliver and Process Management Customer Intake and Decumentation Legal documents missing or incomplete Jacounted inventory of supples Very Low Preparation of duly approve/authorized release of inventories from stockroom Of D Event in a Year 0% Unlikely 0% 0.00% 0.00% LRDC-2017-PMMS-13 Accounting, Reporting and Disclosure payments collected. Failure to accurately and completely account failures Systems Utility outage or disruptions 10,000.0 Estimated loss on supples Very Low Securing of prenumbered withdrawal/requesting slip. Of 0.00% Unlikely 0% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%										wago oradio.									
LRDC-2017-PMMS-12 Inhemial Control Inhability to established and maintain control procedures may result to errors or cormissions financial control Execution Delivery and Process Management Legal documents bising or incomplete 1 and counted inventory of release of inventories from stockroom Very Low Preparation of duly approve/duthorized release of inventories from stockroom Inhemial Control Inhemial Contr			performance and conduct									_							
LRDC-2017-PMMS-12 Internal Control procedures may result to errors or Management and Process Management Customer make and power traition nssing or micromplete a.g. Notice Security and process release of inventories from stockroom Very Low requesting slip/withdrawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support release of inventories from stockroom Image: Slip with drawal slips to support			Inability to established and maintain control	Execution Delivery		Legal documents				Preparation of duly approved/authorized	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
Length C-2017-PMMS-13 Accounting, Reporting and Disclosure Failure to accurately and completing account Business Discruption and Systems Failure to accurately and completing account Business Discruption and Systems Failure to accurately and completing account Business Discruption and Systems Systems Utility outage or discruptions Complete Systems and Systems Systems Utility outage or discruptions Estimated loss on unrecorded withdrawal/requesting slip Completely Under Control 0% 0 Event in a Year 0% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% <t< td=""><td>RDC-2017-PMMS-12</td><td>Internal Control</td><td></td><td>and Process</td><td></td><td></td><td>3,000.00</td><td></td><td>Very Low</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	RDC-2017-PMMS-12	Internal Control		and Process			3,000.00		Very Low										
LRDC-2017-PMMS-13 Accounting, Reporting and Disclosure for all the services rendered and for all payments collected. Systems Systems Systems Outing output and systems services rendered and for all payments collected. Failures Systems Output and Systems Systems Output an				Management	Documentation			subblies											
LRDC-2017-PMMS-13 Accounting, Reporting and Disclosure for all the services rendered and for all payments collected. Systems Systems Systems Outing of a system of the services rendered and for all payments collected. Systems Collected Systems Sys			Failure to accurately and completely account	Business Disruption				Estimated loss on			Completely Linder Control	0%	0 Event in a Vear	0%	Linikoly	0%	0.00%		
pyments collected. Failures discuplence and a supplies supplies of the supplie	_RDC-2017-PMMS-13	Accounting, Reporting and Disclosure			Systems		10,000.00		Very Low		Completely Under Control	0%	o Event in a rear	0%	Unikely	0 /6	0.00%		
Lack of awareness or non monitoring of new Execution Delivery transmission of new Execution Delivery 0% 0.00%			payments collected.	Failures		aisruptions				withdrawal/requesting slip			_						
LPDC 2017-2MMS-14 Compliance risk procuporements circular and DOLE and process Monitoring and Prailed mandatory	PDC-2017-PMMS-14	Compliance risk	Lack of awareness or non monitoring of new		Monitoring and	Failed mandatory	10,000,00	Cost of courier and mail of	Very Low	Conduct of Customer Satisfaction Survey	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%		
Chruster and a constraint of the structure and a constraint of the structu	1120-2017 F WIWIG-14	Compliance lisk			Reporting	reporting obligation	10,000.00	documents	Very LOW	Conduct of Customer Satisfaction Survey									

		RISK IDENTIFICATION								RISK MEASUREMENT	/ASSES	SMENT					
				SEL II RISK EVENT CATEGO		RISK ASSES	SMENT OF INHERENT LOSS		ASSESSMENT	OF CONTROL				RISK ASSESSME	NT OF RESID	UAL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS	BAS	SEL II RISK EVENT CATEGO	ORIES					CONTROL ADEQUACY	(HISTORICAL FREQUEN	CY	LIKELIHOO	D		
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating	PROBABILITY	RESIDUAL LOSS
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 achivement 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		Performance evluation 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 maill 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 Securit	v 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		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 advetisement 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																	
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		Strict implementation of company policies and procedures on charging of service fees.			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%	-

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

LBP RESOURCES & DEVELOPMENT CORPORATION

(Name of Department/Office) For the Year

(Name of Department/Office)																
For the Year	2017																
Mega Process	Resource Management			-													
Major Process Sub-Process	Operations Support - Other Banking C Finance & Accounting	perations Support		-													
Primary Risk Owners	Finance & Accounting Finance Manager, Olive Princess Silva	200															
	Account Specialist, Elsa Gragasin			-													
		RISK IDENTIFICATION								RISK MEASUREMENT		SMENT					
		Riskidentineation									7 40020	JOMENT					
			BAS	EL II RISK EVENT CATEGO	ORIES	RISK ASSES	SMENT OF INHERENT LOSS		ASSESSMENT C					RISK ASSESSME		UAL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS			•	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT	EXISTING CONTROLS	CONTROL ADEQUAC	Y	HISTORICAL FREQUEN	ICY	LIKELIHOO	D	PROBABILITY	RESIDUAL LOSS
			LEVEL I	LEVEL II	LEVEL III	INITERENT LOSS	BASIS OF COMPOTATION	LEVEL		Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating	PROBABILITY	KESIDORE E033
Activity 1. Cashiering and	Liquidation of Cash Advance													Liens			
										Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
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	 All checks/cash collection are deposited within the day. Recording of cash/checks collection to Collection Book within the day. Collection beyond banking hour should be sealed in an envelope with the initial of Internal Auditor (deposit in transit). Daily cash count of revolving fund 								
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	 Availment per employee should be exceed or not more than 50,000. 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	Implementation succesion policy 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 - amounnt of insurance coverage represented by the fidelity bond and amount of Revolving Fund in the cash box	Very Low	All checks/cash collection are deposited within the day. Recording of cash/checks collection to Collection Book within the day. S. Collection beyond banking hour should be sealed in an envelope with the intittal of Internal Auditor (deposit in transit)		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											<u> </u>						
N/A																	

Activity 2. Disbursement (Revolving Fund and Cash Disbursement)

		RISK IDENTIFICATION								RISK MEASUREMENT	ASSES	SMENT					
						RISK ASSES	SMENT OF INHERENT LOSS		ASSESSMENT	OF CONTROL				RISK ASSESSME	NT OF RESIDU	JAL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS	BAS	EL II RISK EVENT CATEGO	ORIES			IMPACT		CONTROL ADEQUACY		HISTORICAL FREQUEN	ICY	LIKELIHOO			
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	LEVEL	EXISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating	Expected Future	Rating	PROBABILITY	RESIDUAL LOSS
LRDC-2017-FA-8	Fraud	 Non-review of disbursement orders / cash advances / supporting documents resuting to manipulation and double claiming of Disbursement Orders. Wilful, malicious and unethical actions of employees or other stakeholders (e.g. management, customers) aimed at realizing material or rinancial gains could result in operational difficulty, financial losses and impairment of the Entity's reputation. 	Internal Fraud		Transaction type	100,000.00	amount of maximum Cash Advance each bonded employee aside from the Cashier	Very Low	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 reviewichecking procedures to ensure compliance with standard operating procedures re: disbursement activities. 5. Estabilishment 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%	Events Unlikely	0%	0.00%	
LRDC-2017-FA-9	Client Relationship Management	Unavailabiliyt 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	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 risj 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		 Required cut-off time for the submission of Accomplishment report from Operations Unit, the documents needed to support the billing statement. Preparation of billing statement is every 25th and 30th of the month. Regular monitoring of actual performance vis-a-vis targets t 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	 Implementation succesion policy Identification and development of potential leadres or "successors" 	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-

		RISK IDENTIFICATION							RISK MEASUREMENT	/ ASSES	SMENT					
						RISK ASSESSMENT OF INHERENT LOSS		ASSESSMENT	FCONTROL				RISK ASSESSME	NT OF RESIDU	AL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS	BAS	EL II RISK EVENT CATEG	DRIES		IMPACT		CONTROL ADEQUAC	(HISTORICAL FREQUE	NCY	LIKELIHOO	D		
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS BASIS OF COMPUTATION	LEVEL	EXISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating	Expected Future	Rating	PROBABILITY	RESIDUAL LOSS
						amount of maximum Ca	sh		Completely Under Control	0%	0 Event in a Year	0%	Events Unlikely	0%	0.00%	
LRDC-2017-FA-15	Insurance	Vague compensation and benefit policy	Employment Practices and	Employee Polations	Compensation benefit termination	Advance each bonded	Very Low	Collecting/disbursing officers is bonded with the Bureau of Treasury for P1.0 M to		0,0	o Etoni ina roa	070	Onintoly	070	0.0070	
ERDG-2017-1 A-13	Insulance	vague compensation and benefit policy	Workplace Safety	Employee Relations	issues	employee aside from the Cashier	VeryLow	be renewed annually.								
N/A	-		. ,			Cashier		,								
N/A																
Activity 3.Recording of Nor	n-cash transactions									0%		0%	Unlikely	0%		
						cost of		1. Maintaining manual bookkeeping of	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-FA-16	Technology Implementations	Computerized Accounting System is not yet working awaiting approval of license from	Internal Fraud	Theft and Fraud	Misappropriation of	purchasing/accounting 1,254,545.00 software which abolished	Very Low	financial transactions. 2. In process of securing BIR approval to								
200-2011-1 A-10	rechnology implementations	BIR.	memaniado	mentandi radd	assets	due to the absence of	VCIVLOW	use the Computerized Accounting								
						system foreign support		System.								
		1 Accounting records are not updated.			1			1. Hiring of contractual personnel to	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
		2. Inaccurate recording and reporting of				Total amount of		assists in updating of records.								
		material financial transcation				discrepancies noted in C 2013 HOSTAD Finding.		2. Compliance with the acceptabe								
		 Inacrurate recording and reporting of material financial transactions in accordance 			Transactions not	The amount of misposting		accounting principlas and standards 3. Call back of done transactions.								
LRDC-2017-FA-17	Accounting Reporting and Disclosure	with existing standards may result to	Internal Fraud	Unauthorized Activity	reported_intentional	2,132,795.26 long outstanding, posted twice, reclassification of	Very Low	Supervisory review of financial recording								
		regulatory sanctions for the company and				accounts and difference		and preparation of reports required by different regulatory bodies. 4.								
		may also lead to misinformed business decisions by management and other				between the amount post	ed	Reconciliation of Subsidiary and General								
		stakeholders.				and should be.		Ledger Balances.								
									Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
								 Authorize the accounting staff to render overtime. 								
								2. Only authorized personnel who have								
						no loss		access to the Fax Pro Journal Voucher System are authorized to use the same.								
						(Subsidiary Ledger is only to determine the itemized		Non-cash transactions must be supported								
LRDC-2017-FA-18	Fraud	No Subsidiary Ledger maintained in the	Internal Fraud	Unauthorized Activity	Transaction type	transaction recorded in th	Very Low	by documents before its recognition.								
	11000	records.	moman rada	onduiton200 / tourity	monetary loss	General Ledger but the transaction is 100%	1019 2011	 Transactional audit performed by Internal Auditor. 								
						reflected in the Financial		4. Proper segragation of duties le.g.								
						Reports.)		personnel who prepare and handle subsidiary ledgers or scheduleds mus not								
								handle General Ledger posting								
								functions).								
									Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
						18% interest on the										
		Failure to comply with applicable laws,				overdue amount plus 25% attorney's fee (printed in		 Procedures on the signing of generated reports shall continue to be 								
		regulations including internal policies, code of conduct and standards of good practive			T	one of the supplier's		observed.								
LRDC-2017-FA-19	Regulations and Internal Policies	may lead in legal or regulatory sancitons,	Internal Fraud	Unauthorized Activity	Transactions not reported_intentional	386,688.81 invoice in case of delayed		2. Strict complaince with applicable laws,								
		financial loss or loss on the reputation of the				payment) P1,459,203.0 (ave. daily payment)	3	regualtions including internal policies and procedures, code of conduct and								
		company.				multiply by 18% (30 days		standards of good practice,								
						delay) plus 25%.										
									Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
								 For information security, reports shall be classified in accordance with 								
		Inability to properly manage information						Guidelines on Classification, Handling,								
LRDC-2017-FA-20	Information Security and Confidentiality	security and confidentiality can lead to legal	Internal Fraud	Unauthorized Activity	Transactions not	- No monetary loss	Very Low	Access and Disclosure of Information Assets.								
		exposure, regulatory sanctions and economic losses.			reported_intentional			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%	
								Recommend trainings on new accounting standards and updates on tax activities.								
		Lack of training / updates on accounting			Transaction type	P8,000 seminar fee per		Appropriate training should be provided								
LRDC-2017-FA-21	Development and Performance	policy and guidelines (e.g. IFRS)	Internal Fraud	Unauthorized Activity	unauthorized_with monetary loss	80,000.00 year of employee (amount x 10 accounting staff)	t Very Low	to equip LBRDC personnel with necessary skills/knowledger to perforn								
					monetary loss	x to accounting starr)		their duties and responsibilities and to								
								mee the function's objectives.								
								1								

		RISK IDENTIFICATION								RISK MEASUREMENT	/ ASSES	SMENT					
						RISK ASSES	SMENT OF INHERENT LOSS		ASSESSMENT	OF CONTROL				RISK ASSESSME	NT OF RESID		
			BAS	EL II RISK EVENT CATEG	ORIES	NOR ADDED			Addeddimetri	CONTROL ADEQUAC	Y	HISTORICAL FREQUEN	CY	LIKELIHOO		JAL LOUG	
RISK REFERENCE	RISK	RISK DRIVERS	LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT LEVEL	EXISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating	PROBABILITY	RESIDUAL LOSS
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	d Suitability Disclosure and Fiduciary	Misuse of confidential information	1,459,203.03	daily average payable to suppliers.	Very Low	Recommend trainings on new accountng standards and updates on tax activities.	Completely Under Control		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 accountng 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/disbursing 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 Processin	ng																
LRDC-2017-FA-26	Accounting Reporting and Disclosure	 Conivance with third-party service provider (overcharging, short delivery, etc.) 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	Accessability 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 compy 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 remitance P1,000,000.00 (average remitance of taxes as withholding tax agent) x25% x 25% = P312,500)	Very Low	 Procedures on the signing of generated reports shall continue to be observed. Strict complaince with applicable laws, regualitons 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-a-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 dulies and responsibilities and to meet the function's objecives.	Completely Under Control		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	 Conivance with third-party service provider (overcharging, short delivery, etc.) 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	Propert 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	/ ASSES	SMENT					
			BAS	EL II RISK EVENT CATEGO	DRIES	RISK ASSES	SMENT OF INHERENT LOSS	1	ASSESSMENT					RISK ASSESSMEN		UAL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS			•	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT	EXISTING CONTROLS	CONTROL ADEQUACY	(HISTORICAL FREQUEN	ICY	LIKELIHOO)	PROBABILITY	RESIDUAL LOSS
			LEVEL I	LEVEL II	LEVEL III	INTERENT E033	BASIS OF COMPOTATION	LEVEL	EXISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating	PROBABILITY	KESIDORE LOSS
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	I. 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%	

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

LBP RESOURCES & DEVELOPMENT CORPORATION (Name of Department/Office)

(Name of Department/Office)																	
For the Year	2017																
Mega Process	Resource Management]													
Major Process Sub-Process	Operations Support - Other Banking C Administrative	Operations Support															
Primary Risk Owners	Administrative head. ALLAN REDONDO	<u>o</u>															
Secondary Risk Owners	HR Specialist. Purchasing Specialist &	Admin Assistant (Ariane Juanio. Jan Car	lo Libiran. Cvril														
		RISK IDENTIFICATION								RISK MEASUREMENT	/ASSES	SMENT					
			BAS	EL II RISK EVENT CATEGO	RIES	RISK ASSES	SMENT OF INHERENT LOSS	1	ASSESSMENT C					RISK ASSESSME		UAL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS			-	INHERENT LOSS	BASIS OF COMPUTATION	IMPACT	EXISTING CONTROLS	CONTROL ADEQUAC	Y	HISTORICAL FREQUEN	ICY	LIKELIHO	DD	PROBABILITY	RESIDUAL LOSS
			LEVEL I	LEVEL II	LEVEL III			LEVEL		Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating		
Activity 1. Find Sourcing											00/	0 Event in a Vana	00/	Lie Bire k	00/	0.000/	
LRDC-2017-A-1	Internal Control	No control on receipt and release of Bank's assets (e.g. authorized withdrawal of appliances/lumitures). No updating of inventory of Bank's assets	Internal Fraud	Theft and Fraud	Theft or extortion or embezzlement or robbery	1,000,000.00	Average withdrawal + tranfer of contruction materials	Very Low	Issuance/withdrawal of materials is supported by Withdrawal Slip and Property Transfer Slip; Conduct of physical construction materials twice a year; inventory report regularly updated; Warehouseman covered by bond.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-A-2	Contract	Falsification of documents (fake/fraudulent documentary requirements)	Execution Delivery and Process Management	Vendors and Suppliers	Vendor disputes	45,000.00	Liquidated damages = 3/10 (1%) (Contract amount) (estimated no of days delayed)	Very Low	Contracts are subject to legal review by the Legal Counsel	Completely Under Control	0%	1 to 2 Event/s in a Year	25%	Possible	50%	16.25%	7,312.50
LRDC-2017-A-3	Fraud	loss of construction materials assigned to employee	Internal Fraud	Theft and Fraud	Theft or extortion or embezzlement or robbery	300,000.00	Average construction materials delivered per project	Very Low	Code of Conduct with Compliance Certificate strictly implemented	Completely Under Control	0%	0 Event in a Year	0%	Possible	50%	5.00%	15,000.00
LRDC-2017-A-4	Client Relationship Management	delayed of delivery due to natural calamities	Damage to Physical Assets	Disaster and Other Events	Natural disaster losses	50,000.00	Penalities and charges	Very Low	Yearly renewal of insurance	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-5	Measuring & Monitoring of Major Initiatives	Lack of knowledge/training on the use of system resulting in system failure	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	50,000.00	Penalities and charges	Very Low	Performance Targets of employees on twice a year.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-A-6	Succession Planning	lack of manpower to handle inventory	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	-	No monetary loss	Very Low	Additional (warehouse) personnel to handle construction inventory	Tight Control in Place	25%	0 Event in a Year	0%	Unlikely	0%	11.25%	-
LRDC-2017-A-7	Product Delivery & Support	Delayed delivery of construction materials due to non compliance of the specification stated in the contract	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	100,000.00	Estimated cost of construction materials	Very Low	Quality and specification of materials delivered are property observed	Completely Under Control	0%	0 Event in a Year	0%	Possible	50%	5.00%	5,000.00
LRDC-2017-A-8	Accounting, Reporting and Disclosure	Forgery of signature	Internal Fraud	Theft and Fraud	Theft or extortion or embezzlement or robbery	1,000,000.00	Average construction materials delivered per project	Very Low	Issuance/withdrawal of materials is supported by Withdrawal Slip and Property Transfer Slip; Conduct of physical construction materials twice a year; Stock cards/inventory report regularly updated.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
N/A N/A															-		
Activity 2. Recruitment & H	iring																
LRDC-2017-A-9	Organizational Structure	Vague compensation and benefit policy	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	30,000.00	cost of advetising thru public newspaper and internet x twice in a month	Very Low	Continuous manpower pooling for project employees. Updated salary structure of project employees. Strict implementation of the provisions of the Labor Code on mandated benefits.	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	
LRDC-2017-A-10	Competition	Unprofessional manner of delivering services to clients	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	-	No monetary loss	Very Low	Performance Targets of employees on twice a year and yearly traning related to Human Resources	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-11	Measuring & Monitoring of Major Initiatives	Lack of knowledge/training on the use of system resulting in system failure	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	-	No monetary loss	Very Low	Yearly review and update of qualifcation standard and conduct regular training related to HR	Completely Under Control		0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-12	Contract	Falsification of documents (fake/fraudulent documentary requirements)	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	10,000.00	Estimated atty acceptance fee	Very Low	Contracts are subject to legal review/ sufficiency by the Legal Counsel	Completely Under Control		0 Event in a Year	0%	Possible	50%	5.00%	500.00
LRDC-2017-A-13	Internal Control	Abuse of authority	Execution Delivery and Process Management	Unauthorized Activity	Transactions not reported_intentional	-	No monetary loss	Very Low	Yearly review and update of qualifcation standard	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
LRDC-2017-A-14	Recruiting & Retention	Delayed deployment of manpower due to lack of manpower pooling	Damage to Physical Assets	Disaster and Other Events	Natural disaster losses	10,000.00	insurance	Very Low	Continuous recruiting/hiring of qualified applicant	Completely Under Control	0%	0 Event in a Year	0%	Unlikely	0%	0.00%	-
N/A																	
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		RISK IDENTIFICATION								RISK MEASUREMENT	ASSES	SMENT					
				EL II RISK EVENT CATEGO	20/50	RISK ASSES	SMENT OF INHERENT LOSS		ASSESSMENT	OF CONTROL				RISK ASSESSMEN	NT OF RESID	UAL LOSS	
RISK REFERENCE	RISK	RISK DRIVERS	BAS	SEL II RISK EVENT GALEGO	JRIE5			IMPACT		CONTROL ADEQUACY	r	HISTORICAL FREQUEN	ICY	LIKELIHOO	D		
			LEVEL I	LEVEL II	LEVEL III	INHERENT LOSS	BASIS OF COMPUTATION	LEVEL	EXISTING CONTROLS	Description	Rating	Frequency of Occurrence	Rating	Expected Future Events	Rating	PROBABILITY	RESIDUAL LOSS
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		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 requistion 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)		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%	-