

# 2022 PNCC MANAGEMENT RISKS

DESCRIPTION OF RISK	SOURCE / CAUSE	CONSEQUENCE OR IMPACT TO THE INTENDED MANAGEMENT SYSTEM OUTCOMES	RISK RATING (Consequence x Likelihood)	CURRENT CONTROL / EXISTING SITUATION	RESPONSIBLE OFFICE	ACTION PLAN
<b>OFFICE OF THE PRESIDENT</b>						
Continuity of Business of Plan	Change in leadership and policy making bodies	New directives, no action on existing plans Loss of potential income, loss business opportunity	<b>Moderate</b>	Implement GCG directive	Office of the President	Taking risk in order to pursue an opportunity
Adjustment / compliance with policies	New legislation	Inability to comply in a timely manner, fines and penalties for non-compliances	<b>Moderate</b>	Competent Legal Officer,	Concerned Department / Department Head	Retaining risk by informed decision
Good relation with Tollway Investors	Joint Venture Agreement (Tollways)	Commitment to tollway project	<b>Moderate</b>	Due diligence on prospective partner / Investor Selection and Evaluation Procedure	Legal Department / TWG	Taking risk in order to pursue an opportunity, priority action, project to be pursued
Bad relation with regulatory agencies	Submission of Contracts (OP/TRB)	Timely approval of contracts	<b>Low</b>	Denial of contract	Legal Department / TWG	Improve relation with regulatory bodies
Bad media views on PNCC	News article, media reviews	Investors veer away in doing business with the company	<b>Moderate</b>	Competent Corporate Information Officer	MIS Department	Eliminating the risk source Convene ManCom, issue directive on possible media campaign
<b>TREASURY DEPARTMENT</b>						
Defalcation and shortages without insurance and bonds	Loose observation of check and balance	Loss of money without coverage / insurance	<b>High</b>	Insurance and fidelity bond Check and balance procedure	Sharing the risk	Updated insurance and fidelity bond Observe check and balance
Decrease earnings from investment or loss from investment due to low interest rates negotiated	Disregard of economic factors and feedback from financial managers	Opportunity loss due to error in business decision	<b>Moderate</b>	Constant monitoring and data analysis of market changes	Treasury Department	Eliminating the risk source by constant monitoring and data analysis of market changes
Internal conflicts - Hampering of daily operations	Contingency plan for alternates not in place	Possible complaints of service undelivered	<b>High</b>	Job rotation / familiarization of each function	Treasury Department	Eliminating the risk source by implementing job rotation for familiarization of each function
Lost or irregular receipts and unclear nature of the expense Overlapping cash advances Processes and Systems - Overdue surrender of excess cash advance	<ul style="list-style-type: none"> <li>Misinformation on the legitimacy / acceptability of receipts</li> <li>Non-monitoring of cash advances</li> <li>Non-observation of check and balance</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory criticism (COA AOM)</li> <li>Delay in replenishments / reimbursement will defeat expediency in the release of funds</li> </ul>	<b>High</b>	<ul style="list-style-type: none"> <li>Requirement of acceptable OR</li> <li>Petty Cash Process Flowchart</li> </ul>	Treasury Department	Eliminating the risk source by: <ul style="list-style-type: none"> <li>Strict requirement of acceptable OR</li> <li>Observe notice of outstanding CA in the CA slip</li> </ul>

						<ul style="list-style-type: none"> <li>• Checking date of turnover of cash against the last transaction date of OR</li> <li>• Regular (at most weekly) cash count of fund and checking of cash book</li> </ul>
Processes and Systems - Delay in depositing collection	Oversight – none or incomplete information received for the collection	<ul style="list-style-type: none"> <li>• No outright recognition of assets as Cash in Bank</li> <li>• Differences in the details of collection</li> </ul>	High	Time Deposit Process Flowchart	Treasury Department	<p>Eliminating the risk source by:</p> <ul style="list-style-type: none"> <li>• Comparing rates with other depository banks and haggling for above board rates</li> <li>• A week before monitoring of would be maturities</li> <li>• Securing immediately passbooks/certificate after every placement/renewal</li> <li>• Review of amount in passbook/certificates with manual computation</li> </ul>
Non-issuance / unclear details of the OR						
Image of the Organization – Overdrafts, complaints for possible delays in check processing	<ul style="list-style-type: none"> <li>• Certifying funds from inaccurate balance</li> <li>• Delays unjustified</li> </ul>	Putting the financial capacity of the company under doubt	Extreme	Online monitoring of bank balances	Treasury Department	<p>Eliminating the risk source by:</p> <ul style="list-style-type: none"> <li>• Intensified online monitoring of balances in order to ensure sufficiency of funds</li> <li>• Observe the less than 8-hour turn-around time of collection deposit</li> </ul>
<b>Processes and Systems – Disbursements</b> - Inconsistency of check details	<ul style="list-style-type: none"> <li>• No review of details</li> <li>• Leniency due to familiarity to Supplier representative</li> </ul>	<ul style="list-style-type: none"> <li>• Client’s complaint due to denied check transaction</li> <li>• Error results to rework and delays</li> <li>• Absence of proof of purchase would result to regulatory criticism</li> </ul>	Extreme	Check Disbursement Process Flowchart	Treasury Department	<p>Eliminating the risk source by:</p> <ul style="list-style-type: none"> <li>• Strict checking of details</li> <li>• Awareness of the concerned employee of his responsibility on check releasing and OR submission</li> <li>• Bank monitoring on reconciliation of outstanding checks</li> <li>• Submission of Bank Advice for confirmation of daily disbursements</li> </ul>
<b>Processes and Systems – Disbursements</b> – Sales Invoices / Official Receipts no required from Supplier						
<b>Processes and Systems – Disbursements</b> – Releasing check to unauthorized person						
<b>Processes and Systems – Disbursements</b> – Not						

monitored outstanding check of 6 months						
<b>Processes and Systems – Disbursements</b> – Deviation from signing authority	<ul style="list-style-type: none"> <li>No updates of signing authority</li> </ul>	Misinformation on levels of authority				Eliminate the risk source by: <ul style="list-style-type: none"> <li>Update of signing authority</li> <li>Update bank records</li> </ul>
<b>LEGAL DEPARTMENT</b>						
<b>Processes and Systems – Contract Review</b>	Novelty or complexity of the legal question and work load of OGCC	Delay in the formulation or implementation of policy	<b>Moderate</b>	Contract Review Procedure – Timeliness to follow-up	Legal Department	Eliminate the risk source by: <ul style="list-style-type: none"> <li>Institutionalize regular face to face meeting</li> <li>Improve relationship</li> <li>Identify the are where PNCC to be able to provide assistance in facilitation of any opinion requested</li> </ul>
<b>Government Policies – Changes in the policy and implementation of policies</b>	Changes in the policies of the government and landmark decisions of the Supreme Court	Changes in the policy and implementation of policies	<b>Moderate</b>	Monitoring and updates of current policies and Supreme Court cases	Legal Department	Eliminate the risk source by: <ul style="list-style-type: none"> <li>Institutionalize regular face to face meeting</li> <li>Improve relationship</li> <li>Identify the area where PNCC can be able to provide assistance in facilitation of any opinion requested</li> </ul>
<b>Regulatory bodies and policies</b> Delay in the rendering of legal action and opinion	Novelty or complexity of the legal question and workload of OGCC	Delay in the formulation or implementation of policy	<b>Moderate</b>	Contract Review Procedure – Timeliness to follow-up	Legal Department	Eliminate the risk source by: <ul style="list-style-type: none"> <li>Institutionalize regular face to face meeting</li> <li>Improve relationship</li> </ul> Identify the are where PNCC to be able to provide assistance in facilitation of any opinion requested
<b>Regulatory bodies and policies</b> <ul style="list-style-type: none"> <li>Delay in filing in the government agency of required compliance</li> <li>Filing of penalties, motion, appeal or management disputes complaint, claims</li> </ul>	<ul style="list-style-type: none"> <li>Novelty or complexity of the legal question and workload of OGCC</li> <li>Excessive workload</li> <li>Inconsistent policies</li> <li>Lack of resources / budget constraints / lack of staff member</li> <li>Lack of awareness</li> <li>Lack of planning</li> </ul>	<ul style="list-style-type: none"> <li>Delay in the formulation or implementation of policy</li> <li>Litigations</li> <li>Loss of credibility / lost of trust</li> <li>Inconsistencies</li> <li>Financial cost</li> </ul>	<b>Moderate</b>	Monitoring and updates of current policies and Supreme Court cases	Legal Department	Eliminate the risk source by: <ul style="list-style-type: none"> <li>Institutionalize regular face to face meeting</li> <li>Improve relationship</li> <li>Identify the area where PNCC to be able to provide assistance in facilitation of any opinion requested</li> </ul>

	• Service disruption					
<b>CONTROLLERSHIP DEPARTMENT</b>						
<b>Technological Capacity</b> Lack of literacy in computer software application	Failure to adapt to IT / new business tools / application	Not up-to-date information / not readily available when needed	<b>Moderate</b>	Use of legacy system, data disintegration	Controllership Department	Taking risk in order to pursue an opportunity by: Training employees to new business tools / application
<b>Technological Capacity</b> Accounting process automation	• Lack of appropriate accounting software			Data storage on various file types and media		Taking risk in order to pursue an opportunity by acquiring appropriate accounting software
<b>Technological Dependencies</b> Financial Data Security	Lack of appropriate data backup and recovery system	• Loss of data integrity • Unsecured storage of backup media	<b>Low</b>	• Daily backup of data files to media • Storage media housed in a fire proof cabinet with lock and key		Taking risk in order to pursue an opportunity by implementing a data backup and recovery system
<b>Processes and Systems</b> Internal Cash Flow – Timeliness of bank reconciliation	Booking / recording of bank transaction not up-to-date	• Information not real time • Lessen the purpose of bank reconciliation	<b>Moderate</b>	Bank Reconciliation Procedure - Close monitoring on activities involved on booking / recording of bank transactions		Eliminating risk source by • Professional awareness training • CPD Training Resources • Use of external counsel • Officials' Indemnity Insurance in place
<b>Processes and Systems</b> Financial Reporting – Timeliness of Financial Reports		Regulatory agency's imposition of fines and penalties for late submission of reports	<b>Low</b>	Close monitoring of regulatory due dates		
<b>Change in regulatory policies / current and anticipated legislations</b> • Adjustment / compliance policies • Non-compliance with legislation / regulatory guidance	• New legislations • Inadequate legislation / regulatory guidance • Lack of awareness • Lack of planning • Lack of resources / budget constraints • Excessive workload • Inconsistent policies • Loss of staff members • Lack of specialist knowledge (planning)	• Litigation • Loss of credibility • Imposition of penalties and fines	<b>Low</b>	Close monitoring on activities involved in reportorial requirements based on new legislations		
<b>MANAGEMENT INFORMATION SYSTEM DEPARTMENT</b>						
<b>Technological developments</b> Obsolescence of existing hardware	New technology in market	Hardware obsolescence	<b>Moderate</b>	Direct coordination with users to evaluate their requirement	MIS Department	Take a risk to pursue an opportunity by acquiring new technology in replacement of obsolete hardware

<b>Technological developments</b> Obsolence of existing application software	New version of application software in market	Use of application software with less features as updates are no longer available online	<b>Low</b>	Direct coordination with users to evaluate their requirement	MIS Department	Take a risk to pursue an opportunity by acquiring new version of the application software in replacement of outdated software
<b>Intellectual property compliance</b> Use of unlicensed application software	Installation and use of unlicensed / pirated application software	Litigation, imposition of fines and penalties	<b>Low</b>	Guidelines in Software Installation	MIS Department	Take a risk to pursue an opportunity by using the new technology by purchasing licensed application software
<b>Hardware, Software, Network resources and IT Services</b> Outage or disruption of internet connection	Connection / signal issue of Internet Service Provider (ISP)	Disrupted operation, inefficient web / online transactions	<b>Low</b>	Direct coordination with ISP	MIS Department	Eliminating risk source by evaluating performance of ISP by benchmarking and consider subscription of standby ISP
<b>Cyber Security</b> System hacking	Unauthorized access to system Inadvertent downloading of malicious softwares (adware, spyware, viruses, trojan, malware, etc.)	<ul style="list-style-type: none"> <li>Loss of integrity of data</li> <li>Loss of confidentiality, integrity, unavailability of information (company website)</li> </ul>	<b>Low</b>	Maximize use of Firewall	MIS Department	<ul style="list-style-type: none"> <li>Transfer risk to third party (service provider)</li> <li>Implement ISSP (Information Security System Planning) including hardware and software acquisition and installation</li> </ul>
<b>Technological threats</b> Hardware and software failure	Power loss or data disruption, presence of malicious software / virus infection	<ul style="list-style-type: none"> <li>Loss of integrity of data (operation)</li> </ul>	<b>Low</b>	Periodic conduct of preventive maintenance	MIS Department	Eliminate the risk source by periodic conduct of preventive maintenance which includes data backup, maintain service units, keep abreast of latest technology in market and evaluate if needed
<b>HUMAN RESOURCES DEPARTMENT</b>						
<b>Manpower Complement</b> No qualified applicant for certain position	<ul style="list-style-type: none"> <li>High demand of certain position internationally</li> <li>Not competitive compensation and benefit package</li> <li>Perception of company reputation or stability</li> </ul>	<ul style="list-style-type: none"> <li>Delay in rendering services needed</li> <li>Cannot meet the requirement of stakeholders</li> <li>Increase in recruitment cost</li> </ul>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Posting online platforms</li> <li>Recommendations from previous and current employees</li> <li></li> </ul>	HR Department	Eliminating risk source by: <ul style="list-style-type: none"> <li>Expanding sources of applicants through multimedia postings, recommendations from previous and current employees, flexible evaluation of qualification to encourage more applicants</li> <li>Offer more competitive compensation and benefit package</li> </ul>

<b>Manpower complement</b> Qualified but did not deliver the required output/services (newly-hired employees)	Qualified but did not deliver the expected output / work performance	<ul style="list-style-type: none"> <li>• Increase workload of other employees due to his/her inefficiency</li> <li>• Delay in delivering department outputs / services</li> <li>• Demoralization of incumbent employees</li> </ul>	<b>Low</b>	Performance Monitoring thru Semi-annual Performance Evaluation	HR Department – Personnel Services	Transfer risk to Department Heads for performance evaluation during probationary period
<b>Manpower complement</b> Qualified but did not deliver the required output/services (regular employees)	Character flaws and work attitude	<ul style="list-style-type: none"> <li>• Increase workload of other employees due to his/her inefficiency</li> <li>• Delay in delivering department outputs / services</li> <li>• Demoralization of incumbent employees</li> </ul>	<b>Low</b>	Performance Monitoring thru Semi-annual Performance Evaluation, Code of Conduct on Employee Discipline (CCED)	HR Department – Personnel Services	Transfer risk to Department Heads for performance evaluation Strict implementation of CCED
<b>Infrastructure conditions</b> Deterioration of records	<ul style="list-style-type: none"> <li>• Age and environmental factors</li> <li>• Lack of manpower and resources to conduct record inventory</li> </ul>	<ul style="list-style-type: none"> <li>• Inaccessible records</li> <li>• Unusable or unreadable records</li> <li>• Difficulty in record safekeeping</li> </ul>	<b>Moderate</b>	Periodic checking of records condition, proper storage of documents	HR Department – Records Control Management	Eliminate the risk source by upgrading the storage facilities
<b>GENERAL SERVICE SECTION</b>						
<b>Infrastructure Conditions</b> Physical damage to property	<ul style="list-style-type: none"> <li>• Furniture breaks</li> <li>• Paint gets scratched</li> <li>• Exteriors wear down overtime</li> </ul>	Investment on General liability insurance	<b>Moderate</b>	Periodic inspection of property	HR Department – General Services	Eliminate the risk source by: <ul style="list-style-type: none"> <li>• Periodic inspection of property</li> <li>• Keeping of records for comparison to whether high risk areas are worsening over time or in case needed for insurance claim</li> </ul> Transfer risk to third party (insurer)
<b>Manpower complement</b> Manpower adequacy	Lack of manpower to direct work	<ul style="list-style-type: none"> <li>• Unaccomplished planned / work task</li> <li>• Nonconformities to processes</li> </ul>	<b>Moderate</b>	Assignment of additional tasks to incumbent employees	HR Department – General Services	Eliminate risk source by full utilization of incumbent manpower
<b>Process and System</b> Resources adequacy	Unavailable of required materials in the proper time	<ul style="list-style-type: none"> <li>• Inability to respond to emergency repairs</li> <li>• Disruption of operation</li> </ul>	<b>Moderate</b>	Acquisition of required materials	HR Department – General Services	Eliminate risk source by close coordination with MMD for timely acquisition of required materials
<b>Process and System</b> Mistakes in workmanship / faulty workmanship	<ul style="list-style-type: none"> <li>• Non-utilization of skilled building maintenance staff</li> <li>• Use of substandard materials</li> </ul>	<ul style="list-style-type: none"> <li>• Increased operational cost</li> <li>• Rework of job orders</li> </ul>	<b>Moderate</b>	Quality inspection on job orders	HR Department – General Services	Eliminate risk source and mitigate the possible effects by improving the future job orders
<b>External conflict</b>	<ul style="list-style-type: none"> <li>• Miscommunication</li> </ul>	Disruption of operation due to resources inadequacy	<b>Moderate</b>	Purchasing procedure	HR Department – General Services	Eliminate risk source by strict implementation of procedures,

Nonconforming deliveries from external provider	<ul style="list-style-type: none"> <li>• Error on part of external provider</li> </ul>			Supplies Control Procedure		blacklisting of nonconforming external provider
<b>Process and System</b> Non-maximization of equipment use	<ul style="list-style-type: none"> <li>• Lack of preventive maintenance</li> <li>• Improper use of equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Early retirement of equipment</li> <li>• Unrealize return in investment of equipment</li> </ul>	<b>Moderate</b>	Equipment Control Procedure	HR Department – General Services	Eliminate risk source by improving the existing procedure
<b>REALTY DEPARTMENT</b>						
<b>Internal / External Conflicts</b> Lessee tends to depart from the stipulations of the lease contract (i.e. illegal / unauthorized construction on the leased premises, subleasing to other parties, etc.)	Deviation of lessee from contract provisions	Legal issues	<b>Moderate</b>	Conduct periodic monitoring of tenant's / lessee's adherence	Realty Department	Sharing the risk to Legal Department by instituting appropriate legal action
<b>National Economies and trends</b> Pretermination of contract of lease by the lessee	Market condition / bankruptcy of lessee	Unrealized budgeted revenue	<b>Moderate</b>	Contract of Lease	Realty Department	Taking risk to pursue an opportunity to find another lessee for better terms
<b>Legal Conflict</b> Property title not yet transferred to PNCC's name	Incomplete transfer documents	<ul style="list-style-type: none"> <li>• Unable to sell the property</li> <li>• Questionable proof of ownership</li> </ul>	<b>Moderate</b>	Complete documentary requirements needed for the transfer of the title	Realty Department	Sharing the risk to Legal Department on actions to be undertaken to resolve legal issues of the subject property
<b>TECHNICAL WORKING GROUP FOR TOLLWAY DEVELOPMENT PROJECT</b>						
<b>Leadership in the Government</b> Failed tollway project due to new administration	<ul style="list-style-type: none"> <li>• New administration with different development directions</li> <li>• Change in leadership in the government agencies related to the project</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of potential income</li> <li>• Loss business opportunity</li> </ul>	<b>Moderate</b>	Selection and Evaluation of Investors Procedure	TWG	Retaining the risk by informed decision
<b>National and organizational events</b> Delayed tollway operation	Delayed in construction and implementation due to: <ul style="list-style-type: none"> <li>• Competency of contractors</li> <li>• Financial capacity of investor / contractor</li> <li>• Difficulty in the right of way acquisition</li> <li>• Viability of feasibility study and economic analysis</li> <li>• Revisions and modification on design and specification</li> </ul>	Expected start of revenue collection will be hampered / delayed (loss revenue)	<b>Moderate</b>	Selection and Evaluation of Investors Procedure	TWG	Retaining the risk by informed decision

	<ul style="list-style-type: none"> <li>• Rework due to errors and quality control during implementation and construction</li> <li>• Delayed procurement of equipment and materials</li> <li>• Delayed payment of contractors, subcontractors, suppliers, equipment, lessor, etc.</li> <li>• Unforeseen utilities affected during construction</li> </ul>					
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**SECURITY OFFICE**

<b>Processes and Systems</b> Illegal settlers / squatters and unauthorized occupants	Lapses in security measures due to lack of security personnel	Tenuous legal actions against illegal settlers and unauthorized occupants	<b>Moderate</b>	Strict implementation of security measures (fencing, periodic and random inspection) Deployment of additional security personnel	Security Officer	Eliminating the source risk by enhanced security measures
<b>Processes and Systems</b> Unaccountable visitors		Criminality (robbery, burglary, pilferage, internal theft, alcohol and drug abuse)	<b>Moderate</b>			
<b>Internal Conflicts</b> Office theft – employee personal effects	Unattended personal belongings / employee negligence	Stolen personal effects	<b>Moderate</b>	Strict implementation of security measures CCED		Eliminating the source of risk through enhanced security measure, Employee’s security workplace security awareness training
<b>Internal Conflicts</b> Office theft – company property	Lapses in security measures	Stolen company property	<b>Moderate</b>			
<b>Processes and Systems</b> Mobile device security	Use of employee’s personal devices in the office	<ul style="list-style-type: none"> <li>• Additional expenses on electricity</li> <li>• Allowing the use of personal devices in the office</li> </ul>	<b>Low</b>			
<b>Natural / Manmade Calamities</b> Damage to property and loss of lives	Location (Philippines is located along the Ring of Fire thus high possibility of earthquake and typhoons) Climate change	<ul style="list-style-type: none"> <li>• Huge capital requirements for rehabilitation</li> <li>• Access to properties is impeded</li> </ul>	<b>Low</b>	Constant liaisoning with concerned agencies		Eliminating the risk source by constant liaisoning with concerned agencies and keeping abreast of current situation
	Terrorism / civil disturbance (sabotage, labor violence and bomb threats)	<ul style="list-style-type: none"> <li>• Losses in investment</li> <li>• Suspension of work resulting to delay in rendering services</li> </ul>	<b>Moderate</b>	Workplace Security Guidelines	Retaining risk by informed decision	

**SAFETY, HEALTH AND ENVIRONMENT**

<b>Processes and Systems</b> Work related accident and sickness	Inadequate implementation of safety compliance	<ul style="list-style-type: none"> <li>• Disruption of operation</li> <li>• Bad company reputation</li> <li>• Hiring of personnel due to death or permanent disability of incumbent personnel</li> </ul>	<b>Moderate</b>	Information dissemination on SHE	Safety Officer	Eliminating the risk source by enhance guidelines on Safety, Health and Environment (SHE)
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<b>Natural and manmade calamities</b>	Increased severity of extreme weather events such as typhoon and floods	Effect of climate change	<b>Moderate</b>	Vigilant on present weather condition and prepare measures to undertake in case of occurrence of risk		Taking risk in order to pursue an opportunity by allocating budget for Calamity Preparedness Measures to mitigate effects of physical risks.
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\*Approved during ISO QMS Planning on August 4, 20 22