

RISK MANAGEMENT REPORT: ASSESSMENT OF RISKS IN 2022 AND 2023 BCDA CORPORATE RISK REGISTRY

A. EVALUATION/BREAKDOWN OF RISKS BY THE NUMBERS

In 2021, the Regulatory, Compliance and Risk Management Department (RCRMD) began the establishment and implementation of a Risk Management System. This is documented through the BCDA Corporate Risk Registry, which is a living document that is regularly reviewed, revised and updated.

There are certain risks that should be excluded from the registry when its impact on the organization has reduced over time. If risks are recurrent, then this means that the control or treatment plan has not been effective. During the monitoring and review phase, risk owners shall also identify if residual risks occurred. A review and update on risk treatment plans is therefore imperative.

In 2021, there were thirty-five (35) risks, with a very high- or high-risk rating, that were documented. Being the first risk registry prepared, all risks from departments with very high- or high-risk rating were included in the risk registry. Upon assessment and evaluation in 2022, RCRMD concluded the following:

1. The risk treatment plans were adequate in mitigating the effects despite some of the risks' occurrence.
2. The likelihood of its occurrence was low; hence, its risk rating has decreased.

Accordingly, 2022 saw a decrease in the risks documented. Fourteen (14) risks were removed, while a new one (1) was added¹. Thus, twenty-one (21) risks were documented and reported to the Board.

In 2023, RCRMD made an evaluation of the risks submitted by the different departments with the following conclusions:

1. There are risks, though high, that are not for corporate-level and should be removed. The risks that should be included are those that directly impact the objectives and should be documented for the information of the Board.
2. There are different types of risks² and majority of the risks submitted by the departments are Unknown Knowns. These are risks that can already be managed through established controls of each department.

With the above analysis, the risks were further reduced to four (4) from the 21 documented risks. Below is the breakdown of risks in the Corporate Risk Registry by the numbers:

¹ In 2022, the Ukraine-Russia war erupted. The effects included the weekly increase in fuel prices. As a development company, the impact that it could have is the possible increase in construction costs. Moreover, it was possible that there might be a decrease in the investment appetite of potential investors.

² Types of Risks:

- a. Known-Known – are the risks we know about and how it will affect the organization
- b. Known-Unknown – are the risks that the organization is aware of but is unaware of the size and effect of the risk
- c. Unknown-Unknown are risks which organizations are not cognizant of
- d. Unknown-Known – are risks that an organization is aware of and can be mitigated through established controls.

Strategic Objectives	2021	2022	2023
Improve the facilities for the military	2	2	1
Create communities where families can work, live and play together	2	2	
Provide consistent contributions to the AFP and National Government	2	1	
Ensure sustainability of BCDA by building recurring revenue sources and effectively managing costs	4	4 (1 removed and a new risk was added)	
Execute and deliver quality development projects on time, on specifications and on budget	5	3	1
Cultivate strong and fair partnerships with customers, partners and stakeholders	1	1	1
Design, develop and ensure full execution of master plans of communities	2	2	
Establish and maintain robust internal control and governance systems	15	4	
Build and maintain a highly competent, creative and committed work force	3	2	1
TOTAL	35	21	4

B. BCDA 2023 CORPORATE RISK REGISTRY

The risks are interconnected with each other that, should one department’s risk occur, the operations of different departments will likely be affected and their expected deliverables delayed.

In the long run, this will either lead to the non-accomplishment of BCDA’s short-term and long-term vision or at least delay its accomplishment.

Based on the PCEO’s directive/vision of One Clark, resources are needed to be consolidated. Thus, BCDA needs revenues to ensure that programs and projects leading to its realization are accomplished. However, challenges in the revenue stream might occur if the following documented risks are not mitigated:



1. Delays in the implementation of infrastructure projects will delay the receipt of revenues that we get from private partners. Moreover, this will impact our reputation/credibility as a development partner with potential investors. BCDA aims to mitigate this through its existing control measures and possible contract termination or through the imposition of liquidated damages.
2. Delays in the transfer of title to private entities will affect our reputation, in the sense that other parties that have malicious intent may use this as black propaganda against BCDA. BCDA aims to mitigate this through assistance to affected lot owners and regular coordination with the Department of Environment and Natural Resources for approval of survey plans.
3. Negative news on BCDA might affect its development projects. These may come from controversial projects that have opposition from different sectors due to legal issues, or interested parties that might launch a black propaganda on BCDA. BCDA aims to mitigate this through the implementation of a communication plan that counters negative, or wrong information about BCDA. This consists of the release of positive stories on BCDA, improvement of relationships with stakeholders and media partners, and conduct of dialogues with different sectors.
4. People are the fundamental assets of any organization. They are the drivers that can help the organization accomplish its vision. Thus, possible resignation of BCDA Employees due to the distortion of rates in the Compensation and Position Classification System (CPCS) implementation is a risk that should be mitigated. The resignation of employees might create a vacuum in the organization. BCDA aims to mitigate this through the parallel implementation of a) creation of a succession plan; and b) filing of appeal with the Governance Commission for GOCCs.

– Nothing follows –

Bases Conversion and Development Authority

CORPORATE RISK REGISTRY 2023

RISK IDENTIFICATION			RISK ASSESSMENT			RISK TREATMENT	
Risk ID	Risk Category	Risk Description	Likelihood	Consequence	Risk Rating	Action	Plan
BCDA-ESSD-2023-01	Operational	Delay in the implementation of projects due to:	Almost Certain (5)	Moderate (3)	High (10-15)	Avoid	1.1. Regular coordination with contractors, CMS, PAPs, LGUs and other government agencies, i.e. NHA, DENR, NCIP, DSWD, DILG. 1.2. Conduct of clearing operations at least one year before infra procurement/ property disposition in New Clark City. <i>(RCRMD recommendation)</i> 2. Build & strengthen relationships with the LGU and other concerned agencies.
		1. Challenges in ROW clearing operations					
		2. Challenges in securing approval of relocation action plans.					
		3. Changes in design due to discrepancies and erros in the issued Construction Drawings					3.1. Review and Resolution of design issues ahead of scheduled implementation of affected works. 3.2. Regular coordination with CMS and design consultant.

		4. Insufficient deployment of manpower, equipment and materials by the contractor.					<p>4.1. Issuance of warning letters to contractors when significant delays are incurred.</p> <p>4.2. Coordination with decision-makers from contractor's and end-user's end.</p> <p>4.3. Contract termination or Liquidated damages.</p> <p>4.4. Use CPES Rating to disqualify contractor in subsequent bidding.</p>
		<p>This might lead to:</p> <ol style="list-style-type: none"> 1. Delay in subsequent deliverables of the project 2. Foregone revenues as part of contract obligations of BCDA 3. Possible breach of contract on the part of BCDA. 4. Loss of budget for GAA-funded projects 5. Additional cost on the part of BCDA 					

BCDA-LADD-2023-02	Operational - Project Delivery Legal - Dispute	Delay in the transfer of title to private entities/ owners of subdivided land titles due to: 1. Lack of documentary requirements from lot owners. 2. Delay in DENR approvals. 3. Backlogs in titling in other projects with separate PMOs	Likely(4)	Major(4)	Very High (16-25)	Reduce	<ol style="list-style-type: none"> 1. Assist lot owners to get necessary requirements. 2. Close coordination with DENR to facilitate approval of survey plans. 3. Regular Coordination and building building of harmonious relationship with external stakeholders, i.e. LGUs, approving agencies, etc. 4. Parallel implementation of titling by PMOs for ongoing projects and LADD for backlogs in concluded projects
BCDA-PAD-2023-03	Operational - Reputational	Negative News on BCDA due to: 1. Controversial projects (projects facing opposition from some sectors); 2. Presence of legal issues, political interests, business interests and other malicious intentions; 3. Inaccurate or wrong Information/data published from news organization (e.g. misquoted sources); and, 4. Black propaganda against BCDA	Almost Certain (5)	Major (4)	Very High (16-25)	Reduce	<ol style="list-style-type: none"> 1. Counter wrong information through official channels of communication and with the support of government media 2. Release of positive stories favorable to BCDA 3. Proactively improve our relationships with major media outlets, stakeholders and allies through dialogues and meetings. 4. Regular Quad-Media Monitoring 5. Networking activities

		<p>This might lead to:</p> <ol style="list-style-type: none"> 1. Compromised credibility and image of BCDA among media and the public; 2. Weakened reputation of BCDA as a development partner of investors and locators and as steward of state assets particularly AFP land ; 3. Creation of conflict and confusion among partners and stakeholders; 4. Delay in project implementation; and, 5. Lower satisfaction rating that will affect BCDA standing in Corporate Governance Scorecard. 					<ol style="list-style-type: none"> 6. Preparation of strategic communication plan to include traditional, digital media, mass media and interpersonal communication (i.e. dialogue, forum) 7. Project and events calendar in aid of sustained developmental news
BCDA-HRMD-2023-04	Operational - People	<p>Possible resignation of employees due to issuances from OP, GCG on discontinuation of compensation.</p> <p>Opportunity: The CPCS may encourage other NG personnel to apply to BCDA</p>	Possible (3)	Major (4)	High (10-15)	Accept	<ol style="list-style-type: none"> 1. Prepare BCDA Succession Plan 2. Appeal certain implementing components of CPCS with GCG

SECRETARY'S CERTIFICATE

Republic of the Philippines)
Taguig City) SS.

I, **CHRISTIAN T. DULDULAO**, of legal age, being the Corporate Secretary of the Bases Conversion and Development Authority (BCDA), with office address at the 2/F Bonifacio Technology Center, 31st Street corner 2nd Avenue, Bonifacio Global City, Taguig City, do hereby certify that that on the occasion of the 647th Regular BCDA Board Meeting held on 22 November 2023 with a quorum being present, the Board of Directors, upon motion duly seconded, unanimously approved the following resolution:

Resolution No. 2023-11-183

Resolve, as it is hereby resolved, that upon review of BCDA's material controls and risk management systems and finding them to be adequate, the BCDA 2023 Corporate Risk Registry be, as it is hereby APPROVED.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 27th day of December 2023.


CHRISTIAN T. DULDULAO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this DEC 27 2023 at Taguig City, Philippines, by Atty. CHRISTIAN T. DULDULAO who exhibited to me his Passport No. P8274275B, issued at DFA Manila on 24 November 2021 and valid until 23 November 2031.

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Purpose: For reference of RCRMD
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YB2023-0696


ATTY. MARICEL C. CORONACION-SANTOS
NOTARY PUBLIC FOR AND IN TAGUIG CITY
NOTARIAL COMMISSION EXTENDED UNTIL DECEMBER 31, 2023
ROLL OF ATTORNEYS NO. 03834
BAR NO. 273119 / 01-06-2023 / RIZAL
PTR NO. A-5700892 / 01-05-23 / TAGUIG CITY
MCLE COMPLIANCE NO. VI. 0005758 / 30 JULY 2023