

RISK MANAGEMENT

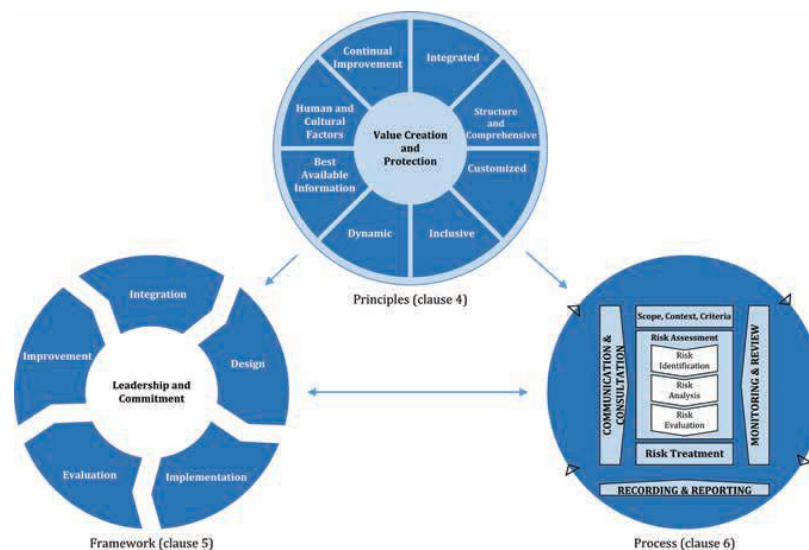
Introduction

The Cultural Center of the Philippines (CCP) like any other institutions is exposed to a variety of risks. Failure to adequately manage these risks exposes CCP to the possibility that it may not achieve the objectives of the center. The Cultural Center of the Philippines adapted the ISO 31000 2018 that described the principles, framework and process of managing risk aligned with ISO 9001 2015.

Definitions of Terms

1. **Consequence** refers to outcome of an event affecting objectives. A consequence can be certain or uncertain and can have positive or negative direct or indirect effects on objectives. Consequences can be expressed qualitatively or quantitatively. Or any consequence can escalate through cascading and cumulative effects.
2. **Control** measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice and/or actions which maintain and/or modify risk. Controls may not always exert the intended or assumed modifying effect.
3. **Communication and Consultation. A process where** external and internal stakeholders should take place within and throughout the risk management process; It will bring different areas of expertise together for each step of the risk management process; ensure that different views are appropriately considered when defining risk criteria and when evaluating risks; and providing enough information to facilitate decision making.
4. **Event** refers to occurrence or change of a particular set of circumstances. It can have one or more occurrences, and can have several causes and several consequences. An event can also be something that is expected which does not happen, or something that is not expected which does happen. An event can be a risk source.
5. **Interested Party** refers to person or CCP that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
6. **Likelihood** refers to the chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability or a frequency over a given time period).
7. **Monitoring and review** should take place in all stages of the process. Monitoring and review include planning, gathering and analyzing information, recording results and providing feedback.
8. **Risk** refers to the chance of something happening that will have an impact on objectives. It can be positive or negative. Opportunities are the positive result.
9. **Risk Management** refers to coordinated activities to direct and control a CCP with regard to risk.

10. **Risk Source** refers to element which alone or in combination has the potential to give rise to risk.
11. **Risk Identification** describe the opportunities and threats involves and pinpointing the most important areas where resources in risk assessment should be directed and the risks that might help or prevent the center from achieving its objectives.
12. **Risk analysis** identify the sources and to estimate the extent of the risk. It provides an input to risk evaluation and to decide what appropriate strategies will be used to address this. It involves a detailed consideration of uncertainties, risks sources, consequences, likelihood, events, scenarios, controls and their effectiveness.
13. **Risk evaluation** evaluates the significance of the risk and assessing the likelihood of its occurrence. With risk evaluation, management becomes aware of the actions need to be undertake and their relative priority or urgency. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.
14. **Recording and Reporting** is a process and its outcomes should be documented and reported through appropriate mechanisms such communicate risk management activities and outcomes across the CCP, provide information for decision- making, and improve risk management activities.
15. **Risk Management.** A process that manages the risk, making informed decisions, and setting strategy to achieve the center’s objectives. The CCP adapted the ISO 31000:2018 that described the principles, framework and process of managing risk as shown below.



Principles, Framework and Process
(Source: ISO 31000:2018)

1. Principles. The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives. The principles provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. The principles are the foundation for managing risk and should be considered when establishing the CCP's risk management framework and processes. These principles should enable the CCP to manage the effects of uncertainty on its objectives. Effective risk management requires the following elements as follows.

- 1.1. Integrated. Risk management is an integral part of all CCP activities;
- 1.2. Structured and comprehensive. A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- 1.3. Customized. The risk management framework and process are customized and proportionate to the CCP's external and internal context related to its objectives.
- 1.4. Inclusive. Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- 1.5. Dynamic. Risks can emerge, change or disappear as an CCP's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner
- 1.6. Best available information. The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.

3. Framework. The purpose of the risk management framework is to assist the CCP in integrating risk management into significant activities and functions. The effectiveness of risk management will depend on its integration into the governance of the center, including decision-making. This requires support from stakeholders or interested parties, particularly top management. Framework development encompasses integrating, designing, implementing, evaluating and improving risk management across the CCP. The center evaluates its existing risk management practices and processes, evaluate any gaps and address those gaps within the framework. The components of the framework and the way in which they work together should be customized to the needs of the CCP.

- 3.1 Leadership and commitment.** Top management and oversight bodies, where applicable, should ensure that risk management is integrated into all CCP activities and should demonstrate leadership and commitment by issuing a statement or policy that establishes a risk management approach, plan or course of action; Ensuring that the necessary resources are allocated to managing risk; Assigning authority, responsibility and accountability at appropriate levels within the organization.

This will help the center to align risk management with its objectives; strategy and culture; recognize and address all obligations, as well as its voluntary commitments; establish the amount and type of risk that may or may not be taken to guide the development of risk criteria, ensuring that they are communicated to the CCP and its stakeholders; communicate the value of risk management to the CCP and its stakeholders; promote systematic monitoring of risks; ensure that the risk management framework remains appropriate to the context of the CCP.

Top management is accountable for managing risk while oversight bodies are accountable for overseeing risk management to oversight bodies are often expected or required to: ensure that risks are adequately considered when setting the CCP's objectives; understand the risks facing the CCP in pursuit of its objectives; ensure that systems to manage such risks are implemented and operating effectively; ensure that such risks are appropriate in the context of the CCP's objectives; ensure that information about such risks and their management is properly communicated.

- 3.2 Integration.** Integrating risk management relies on an understanding of organizational structures and context. Structures differ depending on the CCP's purpose, goals and complexity. Risk is managed in every part of the CCP's structure. Everyone in an organization has responsibility for managing risk.

Governance guides the course of the CCP, its external and internal relationships, and the rules, processes and practices needed to achieve its purpose. Management structures translate governance direction into the strategy and associated objectives required to achieve desired levels of sustainable performance and long-term viability. Determining risk management accountability and oversight roles within an organization are integral parts of the CCP's governance.

Integrating risk management into an organization is a dynamic and iterative process, and should be customized to the CCP's needs and culture. Risk management should be a part of, and not separate from, the organizational purpose, governance, leadership and commitment, strategy, objectives and operations.

3.3 Design

- 3.3.1 Understanding the organization and its context.** When designing the framework for an aging risk, the CCP should examine and understand its external and internal context using the SWOT analysis. The template below organizes the Context of the Organization (defined by CCP in ISO 9001 2015) and required in ISO 31000 2018 to address the risk.

<i>CONSOLIDATED CONTEXT OF ORGANIZATION</i>					
Department / Division	External Issues	Internal Issues	Interested Party	Interested Party Requirements	Criteria & Methods

3.3.1.1 External Issues may include, but is not limited to: the social, cultural, political, legal, regulatory, financial, technological, economic and environmental factors, whether international, national, regional or local; trends affecting the objectives of the CCP; external stakeholders’ relationships, perceptions, values, needs and expectations; contractual relationships and commitments; the complexity of networks and dependencies.

3.3.1.2 Internal Issues may include, but is not limited to: vision, mission and values; governance, organizational structure, roles and accountabilities; strategy, objectives and policies; the organization’s culture; standards, guidelines and models adopted by the organization; capabilities, understood in terms of resources and knowledge; data, information systems and information flows; relationships with internal stakeholders, taking into account their perceptions and values; contractual relationships and commitments; interdependencies and interconnections.

3.3.1.3 Interested Parties and their Requirements. The CCP identified the relevant interested parties and their requirements such as Board of Trustee (good financial performance), CCP clients (for timely and quality services); Oversight Agencies / Top management (compliance to policies, law, and regulatory requirements); Officers and Employees (professional or personal growth, security of tenure, fair compensation, efficient working conditions, and incentive and recognition); Supplier (efficient procurement process): Outsourced Services (partnership with the CCP).

3.3.1.4 Criteria and Method. The criteria and method used on how to achieve the interested party requirements.

3.3.2 Articulating risk management commitment. Top management and oversight bodies, where applicable, should demonstrate and articulate their continual commitment to risk management through a policy, a statement or other forms that clearly convey an organization’s objectives and commitment to risk management.

The commitment should include, but is not limited to: the organization’s purpose for managing risk and links to its objectives and other policies; reinforcing the need to integrate risk management into the overall culture of the organization; leading the integration of risk management into core business activities and decision-making; authorities, responsibilities and accountabilities; making the

necessary resources available; the way in which conflicting objectives are dealt with; measurement and reporting within the CCP's performance indicators; review and improvement.

The risk management commitment should be communicated within an organization and to stakeholders, as appropriate.

3.3.3 Assigning organizational roles, authorities, responsibilities and accountabilities. Top management and oversight bodies, where applicable, should ensure that the authorities, responsibilities and accountabilities for relevant roles with respect to risk management are assigned and communicated at all levels of the organization, and should: emphasize that risk management is a core responsibility; identify individuals who have the accountability and authority to manage risk (risk owners).

3.3.4 Allocating resources. Top management and oversight bodies, where applicable, should ensure allocation of appropriate resources for risk management, which can include, but are not limited to: people, skills, experience and competence; the CCP's processes, methods and tools to be used for managing risk; documented processes and procedures; information and knowledge management systems; professional development and training needs. The CCP should consider the capabilities of, and constraints on, existing resources.

3.3.5 Establishing communication and consultation. The CCP should establish an approved approach to communication and consultation in order to support the framework and facilitate the effective application of risk management. Communication involves sharing information with targeted audiences.

Consultation also involves participants providing feedback with the expectation that it will contribute to and shape decisions or other activities. Communication and consultation methods and content should reflect the expectations of stakeholders, where relevant.

Communication and consultation should be timely and ensure that relevant information is collected, collated, synthesized and shared, as appropriate, and that feedback is provided and improvements are made.

3.4 Implementation. The CCP should implement the risk management framework by: developing an appropriate plan including time and resources; identifying where, when and how different types of decisions are made across the organization, and by whom; modifying the applicable decision-making processes where necessary; ensuring that the organization's arrangements for managing risk are clearly understood and practiced.

Successful implementation of the framework requires the engagement and awareness of stakeholders. This enables CCPs to explicitly address uncertainty in decision-making,

while also ensuring that any new or subsequent uncertainty can be taken into account as it arises.

Properly designed and implemented, the risk management framework will ensure that the risk management process is a part of all activities throughout the organization, including decision-making, and that changes in external and internal contexts will be adequately captured.

- 3.5 Evaluation.** In order to evaluate the effectiveness of the risk management framework, the CCP should: periodically measure risk management framework performance against its purpose, implementation plans, indicators and expected behavior; determine whether it remains suitable to support achieving the objectives of the organization.

3.6 Improvement

3.6.1 Adapting. In order to evaluate the effectiveness of the risk management framework, the CCP should: periodically measure risk management framework performance against its purpose, implementation plans, indicators and expected behavior; determine whether it remains suitable to support achieving the objectives of the organization.

3.6.2 Continual Improvement. The CCP should continually improve the suitability, adequacy and effectiveness of the risk management framework and the way the risk management process is integrated. As relevant gaps or improvement opportunities are identified, the organization should develop plans and tasks and assign them to those accountable for implementation. Once implemented, these improvements should contribute to the enhancement of risk management.

- 4. Process.** The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk.

- 1.1. Communication and consultation.** The purpose of communication and consultation is to assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required.

Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making. Close coordination between the two should facilitate factual, timely, relevant, accurate and understandable exchange of information, taking into account the confidentiality and integrity of information as well as the privacy rights of individuals.

Communication and consultation with appropriate external and internal stakeholders should take place within and throughout all steps of the risk management process.

Communication and consultation aim to: bring different areas of expertise together for each step of the risk management process; ensure that different views are appropriately considered when defining risk criteria and when evaluating risks; provide sufficient information to facilitate risk oversight and decision-making; build a sense of inclusiveness and ownership among those affected by risk.

1.2. **Scope, context and criteria.** The purpose of establishing the scope, the context and criteria is to customize the risk management process, enabling effective risk assessment and appropriate risk treatment. Scope, context and criteria involve defining the scope of the process, and understanding the external and internal context.

1.2.1. **Defining the Scope.** The CCP should define the scope of its risk management activities. As the risk management process may be applied at different levels (e.g., strategic, operational, programmed, project, or other activities), it is important to be clear about the scope under consideration, the relevant objectives to be considered and their alignment with organizational objectives.

When planning the approach, considerations include: objectives and decisions that need to be made; outcomes expected from the steps to be taken in the process; time, location, specific inclusions and exclusions; appropriate risk assessment tools and techniques; resources required, responsibilities and records to be kept; relationships with other projects, processes and activities.

1.2.2. **External and internal context.** The external and internal context is the environment in which the CCP seeks to define and achieve its objectives. The context of the risk management process should be established from the understanding of the external and internal environment in which the organization operates and should reflect the specific environment of the activity to which the risk management process is to be applied.

Understanding the context is important because: risk management takes place in the context of the objectives and activities of the organization; organizational factors can be a source of risk; the purpose and scope of the risk management process may be interrelated with the objectives of the organization as a whole.

1.2.3. **Defining risk criteria.** The CCP should specify the amount and type of risk that it may or may not take, relative to objectives. It should also define criteria to evaluate the significance of risk and to support decision making processes.

Risk criteria should be aligned with the risk management framework and customized to the specific purpose and scope of the activity under consideration. Risk criteria should reflect the CCP's values, objectives and resources and be consistent with policies and statements about risk management.

The criteria should be defined taking into consideration the organization's obligations and the views of stakeholders. While risk criteria should be established at the beginning of the risk assessment process, they are dynamic and should be continually reviewed and amended, if necessary.

To set risk criteria, the following should be considered: the nature and type of uncertainties that can affect outcomes and objectives (both tangible and intangible); how consequences (both positive and negative) and likelihood will be defined and measured; time-related factors; consistency in the use of measurements; how the level of risk is to be determined; how combinations and sequences of multiple risks will be taken into account; the CCP's capacity.

1.3. **Risk Assessment.** The overall process of risk identification, risk analysis and risk evaluation. It should be conducted systematically, iteratively and collaboratively, drawing on the knowledge and views of stakeholders. It should use the best available information, supplemented by further enquiry as necessary. Risk is defined as the effect of uncertainty on objectives. Risk Assessment process consist of the following

1.3.1. Risk Identification refers to the identification of opportunities and threats to the achievement of the control objectives. It involves pinpointing the most important areas where resources in risk assessment should be channeled or directed. It also determines who is best responsible for the management of the risk. The purpose of risk identification is to find, recognize and describe risks that might help or prevent an organization from achieving its objectives.

1.3.2. Risk analysis is the systematic use of information to identify the sources and to estimate the extent of the risk. This is about developing an understanding of the risk and providing an input to risk evaluation and to decisions on whether or not risks need to be responded to, as well as on what the most appropriate response strategies and methods are.

This involves consideration of the causes and sources of risks. The purpose of risk analysis is to comprehend the nature of risk and its characteristics, including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risks sources, consequences, likelihood, events, scenarios, controls and their effectiveness. An event can have multiple causes and consequences and can affect multiple objectives.

1.3.3. **Risk evaluation** is the process of evaluating the significance of the risk and assessing the likelihood of its occurrence. With risk evaluation, management becomes aware of the actions which need to be undertaken and their relative priority or urgency. The purpose of risk evaluation is to support decisions.

Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required. This can lead to a decision to: do nothing further; consider risk treatment options; undertake further analysis to better understand the risk; maintain existing controls; or reconsider objectives.

- 1.3.4. Risk Treatment. The purpose of risk treatment is to select and implement options for addressing risk. Risk treatment involves an iterative process of: formulating and selecting risk treatment options; planning and implementing risk treatment; assessing the effectiveness of that treatment; deciding whether the remaining risk is acceptable; if not acceptable, taking further treatment.
- 1.3.5. Selecting the most appropriate risk treatment involves balancing the potential benefits derived in relation to the achievement of the objectives against costs, effort or disadvantages of implementation.

Justification for risk treatment is broader than solely economic considerations and should take into accounts all of the CCP's obligations, voluntary commitments and stakeholder views. The selection of risk treatment options should be made in accordance with the CCP's objectives, risk criteria and available resources.

When selecting risk treatment options, the organization should consider the values, perceptions and potential involvement of stakeholders and the most appropriate ways to communicate and consult with them. Though equally effective, some risk treatments can be more acceptable to some stakeholders than to others.

Risk treatments, even if carefully designed and implemented might not produce the expected outcomes and could produce unintended consequences. Monitoring and review need to be an integral part of the risk treatment implementation to give assurance that the different forms of treatment become and remain effective.

Risk treatment can also introduce new risks that need to be managed. If there are no treatment options available or if treatment options do not sufficiently modify the risk, the risk should be recorded and kept under ongoing review. Decision makers and other stakeholders should be aware of the nature and extent of the remaining risk after risk treatment. The remaining risk should be documented and subjected to monitoring, review and, where appropriate, further treatment.

- 1.3.6. **Preparing and implementing risk treatment plans.** The purpose of risk treatment plans is to specify how the chosen treatment options will be implemented, so that arrangements are understood by those involved, and progress against the plan can be monitored.

The treatment plan should clearly identify the order in which risk treatment should be implemented. Treatment plans should be integrated into the management plans and processes of the organization, in consultation with appropriate stakeholders.

The information provided in the treatment plan should include: the rationale for selection of the treatment options, including the expected benefits to be gained; those who are accountable and responsible for approving and implementing the plan; the proposed actions; the resources required, including contingencies; the performance measures; the constraints; the required reporting and monitoring; when actions are expected to be undertaken and completed.

1.4. Risk Assessment at the Organizational Level. Risks can be assessed at the organizational and sectoral levels. Risk assessment must cover not only the risk of public agencies / organizations, but also the risk to the network of public service sector organizations, the public to serve and stakeholders that are involved in the achievement of their sectoral goals and objectives.

1.4.1. **Assessment of Operations Risks.** Operations are the cost structure which consists of programs and corresponding expenditures that relate to the main purpose for which the CCP has been created. It involves direct production of goods or delivery of services or direct engagement in regulations. The units responsible for addressing risks must make the assessment of their own risks. Operations risks are the responsibility of the operating units, thus, assessment of risks at the operational level must be done by the operating units themselves.

1.4.2. The determination on whether or not the risk management system would address the risk in operations is the responsibility of the operating and functional units concerned. CCP Operational Plan and Risk Contingency Plan on Operational Plan (Identified by CCP in their ISO 9001 2015) were described below

Consolidated Operational Plan											
Department /Division	Objective	Key Result Area	Key Performance Indicator	Current KPI	Target KPI	Programs , Projects, Activities, (PPAs)	Responsible Person	Resources Needed	Start and Completion Month	Budget	Identified Risk

Consolidated Risk Contingency Plan on Operational Plan CY 00

Department /Division	Programs, Activities, Projects (PAPs)	External Issue	Internal Issue	Identified Risk	Risk Category (H/M/L)	Opportunities	Interested Party	Needs and expectations of Interested Party/ies	Contingency Plan	Responsible Unit	Resources Needed	Completion Date	Monitoring Status

1.4.3. **Assessment of GAS Risks.** General Administration and Support (GAS) is a cost component of the agency budget which consists of the activities and projects dealing with the provision of overall administrative management and operational support to the entire agency operations. It includes activities such as general management and supervision, human resource development, and financial and administrative services. In like manner, administrative and financial risks are the responsibility of the functional units concerned.

1.4.3.1. General Management and Supervision

1.4.3.1.1. The Six-Month Contingency Plans (July to December 2021) from 7 Departments was drafted to address the identified risk during pandemic.

1.4.3.2. Human Resource Development.

1.4.3.2.1. **Succession Risk Management.** The succession plan of the center, Memorandum Circular No.01, Reference Code: 1-Org-Sys-001, CCP Succession Plan Guidelines was drafted; however, the center might be exposed to risk if the Succession Plan Guidelines was not properly implemented. Succession risk management will address the possibility that vacancy in critical roles will not be filled up on time and will have a negative impact on the organization as whole. Some of the factors but not limited to the following describe below need to be considered in succession risk management.

1.4.3.2.2. The role that is critical to the organization, and the potential candidate to undertake this position.

- Identify the critical role with greatest span of control or big number of staff; Roles with greatest ministerial function, Role with technical skills or specialist role; and Role that manages a major project within the CCP.
- Identify the potential candidate within the CCP based on their capability, aspiration, engagement, experience and achievement, and readiness to take

the position.

- Identify the potential candidate outside the CCP (if applicable) based on their skills, knowledge, and personal attributes.

1.4.3.2.2.3. Analyzing Information from different sources and possible risk that can exist when vacancy occur taking into account the potential candidate within and outside the CCP.

1.4.3.2.2.4. Identify the risk; prioritize the risks to take the most likely and least desirable; designing mitigation activities that will address the risk if they occur; and reassessing the risk identified to determine if the risk treatment was effective.

- **Vacancy Risk.** A critical role becomes vacant and no candidates can be found within an acceptable timeframe.

- ❖ Create and target the development of internal talent pools for particular types of critical role.

- ❖ Establish a process for sharing information across the organization about people who have potential for success in a particular type of critical role, encountered through: previous recruitment processes.

- ❖ Create opportunities to build and sustain relationships with people who may, one day, apply for a critical role.

- ❖ Re-design critical roles so that capability requirements align with skills and knowledge sets commonly available in either the internal or external labor markets.

- ❖ Implement communication strategies to position the organization as a desirable place to work in the minds of preferred candidates for particular types of critical role.

- ❖ Make hard-to-fill critical roles more

desirable. Ensure recruitment processes are clear, engaging and competitive

- **Readiness Risk.** A critical role becomes vacant and none of the members of the internal talent pool are ready, willing or able to move in to the role, or perform at the level required and the role remains vacant longer than is acceptable.
 - ❖ Influence the timing and nature of departures from critical roles, so that CCP has sufficient time to prepare potential successors.
 - ❖ Redesign critical roles so that they align more readily with skills and attributes easily found in the internal talent pools.
 - ❖ Assess the potential of internal candidates to succeed in particular types of critical role and assess how long it might take until internal candidates will be ready to apply for, and succeed, in the roles.
 - ❖ Establish the capacity to speed up the development of staff in light of potential vacancy risks.
- **Transition Risk.** A critical role becomes vacant and a person is appointed to it. However, they fail to perform in the role and leave shortly after their appointment because they did not have the right qualities or because the role was not what they expected. The failure to perform, or early departure, has a negative impact similar to the impact if the role had remained vacant.
 - ❖ Establish processes for gaining and sharing implied knowledge about critical roles.
 - ❖ Identify barriers to optimum performance in different types of critical role and actively manage these by either removing the barriers or increasing employee skills to deal with them effectively.

- ❖ Establish a clear induction and role on-boarding process to support transition into critical roles.
- ❖ Use arranges of activities to develop internal talent, especially opportunities for direct experience of a particular type of critical role and learning through peer groups and mentors.

1.4.3.2.2.5. Target Mitigation Activities. Succession risks happen from misalignments between roles, skills, time, expectations and support. CCP must have control over these factors. In most cases mitigation of succession risk does not require significant ‘stand-alone’ initiatives. Everyday management activities can be used in a focused way to address them is alignments that are contributing to the organization’s succession risks.

- The role design that contributes to creating and shaping critical roles.
- Retention of staff that has direct impact on the management of succession risk through reducing the likelihood that critical role will become vacant.
- The CCP practices and protocols for departing employees that have direct impact on the timing of vacancies and on the opportunity to pass the knowledge about the role to a new appointee.
- Creation of programs to build talent within the CCP for different types of critical role to ensure a ready supply of suitably prepared candidates for critical roles when they become vacant.

1.4.3.2.2.6. Reviewing effectiveness of strategies to benchmark the performance of any programs or initiatives against a set of key performance indicators.

- Reduction in the time that critical roles remained unfilled
- Increase the number of credible candidates on shortlists to fill critical roles vacancies

- Increase in the number of staff formally identified as having potential for particular types of critical roles.
- Increase in the number of staff formally identified as being ready to apply for, and succeed in, particular types of critical roles
- Increase in the number of appointments to particular types of critical role from existing staff
- Decrease in under performance of new appointees.
- Decrease in early departures of new appointees.

1.4.3.2.2.7. Activities to address the Succession Risk Management.

- Include succession risk management responsibilities in the performance plans of all managers.
- Share or duplicate critical tasks and accountabilities across two or more roles.
- Actively address aspects of the organizational climate and behaviors' that impede performance or the attractiveness of the organization as a place to work.
- Provide clear guidance for managers of incumbents in critical roles about options for negotiating a delayed or staged departure to create more time to fill roles, allow time for hand-over and reduce the amount of time critical roles are vacant.

1.4.3.3. **Financial and Administrative Services.** The Commission on Audit identified the following risk in their audit of CCP Financial Statements for FY 2020. (Source: COA Audit Report, FY 2020 - CCP2020, Part I, Notes to Financial Statements).

1.4.3.3.1. **Credit Risk.** Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to

the CCP. The carrying amount of financial assets recognized in the financial statements represents the CCP's maximum exposure to credit risk.

1.4.3.3.1.1. Credit Risk Exposure. Receivables at gross of allowance for impairment amounting to P79,859,212 and P77,376,527 for the years ended December 31, 2020 and 2019, respectively.

1.4.3.3.1.2. Management of Credit Risk. The Accounting Division and the Budget and Treasury Division of the Agency are in charge of controlling, monitoring and collecting payments of all the receivables due from employees, tenants and clientele.

1.4.3.3.1.3. Settlement Risk. Settlement risk is the risk of loss due to the failure of a company to honor its obligations to deliver cash, securities or another asset as contractually agreed. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement requires transaction specific or counterparty specific approval from Risk Committee.

1.4.3.3.1.4. Risk Concentration of the Maximum Exposure to Credit Risk. Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions, concentrations indicate the relative sensitivity of the CCP's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the CCP's financial strength and undermine public confidence.

1.4.3.3.2. Liquidity risk is the risk that the CCP might encounter difficulty in meeting obligations from its financial liabilities.

1.4.3.3.2.1. Management of liquidity risk. The CCP maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans

and advances to CCP and other facilities, to ensure that sufficient liquidity is maintained within the CCP as a whole.

1.4.3.3.2.2. Exposure to liquidity risk. The liquidity risk is the adverse situation when the CCP encounters difficulty in meeting unconditionally the settlement of its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored and controlled in a comprehensive and timely manner.

1.4.3.3.2.3. Market Risks. Market risk is the risk that changes in the market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the CCP’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

1.4.3.3.2.3.1. Management of interest rate risk. The management of interest rate risk against interest gap limits is supplemented by monitoring the sensitivity of the CCP’s financial assets and liabilities to various standard and non-standard interest rate scenarios.

1.5. Risks and Opportunities Associated with the Strategic Plan.

This section identifies the risks and opportunities, both internal and external to the CCP, considering the conducted organizational strategic environment scanning. The CCP should have sufficient knowledge to identify the risks and opportunities associated with the Strategic Plan, such as those that could allow fraud. The CCP evaluates the need for investigation, and notifies the appropriate authorities as maybe applicable. CCP Strategic Plan and Risk Contingency Plan on Strategic Plan were described below.

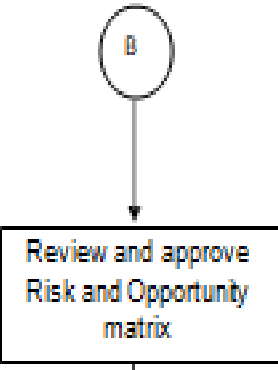
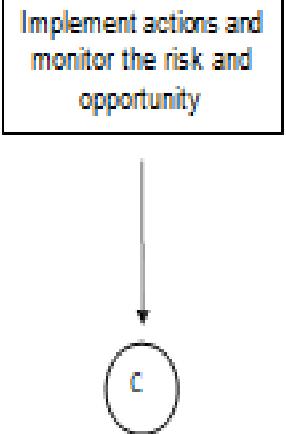
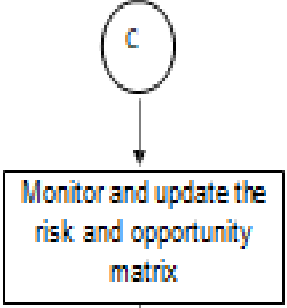
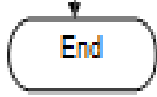
Consolidated Strategic Plan														
Department /Division	Quality Objective	Key Result Area (KRA)	Key Performance Indicators (FPI)	Actual Baseline KPI	Strategic Target Goal	Applicable Internal Issues	Applicable External Issues	Needs and Expectations of Interested Parties	Strategic Action Plan	CY1	CY2	CY3	CY4	CY5

Consolidated Risk Contingency Plan on Strategic Plan 2021-2025

Department /Division	Strategic Action Plan	External Issues	Internal Issues	Identified Risk	Risk Category (H/L/M)	Opportunities	Contingency Plan	Responsible Unit	Resources Needed	Completion Date	Monitoring Status

1.6. Procedures (Flowchart) of Identifying Risk and Opportunity

Activity	Responsible Person	Criteria/ Standard	Work Instruction	Documented Information
	Division / Department concern	Relevance / Completeness of information / Appropriateness	Process owner determines sources of Risks and opportunities Department concern conducts the planning sessions Management review as venue for identifying risk and opportunity.	SWOT / PESTLE / PAWIM / Risk and Opportunity Matrix
	Management Committee (ManCom)	Timeliness / Completeness	ManCom evaluates the likelihood, consequences, impact/benefit of risk and opportunity. ManCom evaluates the risk and opportunity rating/bias/ exposure using the risk table ManCom analyzes priority risks and opportunities using the risk table.	Risk and opportunity matrix / Risk and opportunity Assessment table
	Division/ Department Concern	Timeliness / Completeness / Accuracy	Department concern identifies the mitigating action and contingency action of the priority risk and opportunity. Department concern conducts root cause analysis to identify the potential cause. Department concern identifies the actions to prevent occurrence of the risk / ensure the occurrence of the opportunity. Division concern implements all actions to mitigate/ contingency and prevents / enhances risk and opportunity.	Risk and opportunity matrix / Risk and opportunity assessment table

 <p style="text-align: center;">B</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Review and approve Risk and Opportunity matrix</p>	<p>President / VP for Administration / VP for Artistic/ Artistic Director / Department Manager Concern</p>	<p>Completeness/ Timeliness</p>	<p>Department Manager / Vice President conducts review and approve by the President based on the documented information process.</p>	<p>Document Review and Approval Sheet / Documented Risk and Opportunity Matrix.</p>
 <p style="text-align: center;">Implement actions and monitor the risk and opportunity</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">C</p>	<p>Division/ Department Concern</p>	<p>Completeness / Accuracy</p>	<p>Corporate planning division raises awareness about managing risks across the CCP through communicating the policy and responsibilities.</p> <p>Department/ Division concern routinely monitors and review ongoing risks so that risk can be effectively managed</p> <p>Department/ Division concern retains on the file the evidence of actions taken to manage risks and opportunities.</p>	<p>Approved Risk and Opportunity matrix. PAWIM / Management Review</p>
 <p style="text-align: center;">C</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Monitor and update the risk and opportunity matrix</p>	<p>Division concern / Central records</p>	<p>Timeliness / Completeness</p>	<p>Division concern and central records updates the risk details as to likelihood / consequence or actions taken based on the monitoring of data. The updating of the registry is part of the agenda in the Management Review and control of nonconformity and corrective action.</p>	<p>Approved Risk and opportunity matrix / Management Review / QMS Audit result</p>
 <p style="text-align: center;">End</p>				

1.7. Risk Category

No	Category	Evaluation of Tolerability	Description
3	High	Unacceptable	These are unacceptable. Substantial improvement in risk controls is necessary, so that the risk is reduced to a tolerable or acceptable level. The work activity should be halted until risk controls are implemented that reduces the risk so that it is no longer very high. If it is not possible to reduced risk the work should remain prohibited
2	Medium	Risk that should be reduced so that they are tolerable or acceptable	Consideration should be given as to whether the risk can be lowered, where applicable, to an acceptable level, but the cost of additional risk reduction measures should be taken into account. The risk reduction measures should be implemented within a defined time period.
1	Low	Acceptable	These risks are considered acceptable. No further action is necessary other than to ensure that the controls are maintained.

1.8 Risk Matrix.

A risk matrix is a tool used in risk assessment process. It defines the level of risk by considering the probability or likelihood of an event against the severity of the consequence to the business if it were to occur. A risk matrix is a visible representation of risks to assist a business in decision making and mitigation.

Probability (Likelihood)		Impact		
		Low	Medium	High
		Acceptable	Unacceptable	Intolerable
Low	Risk Unlikely to Occur			
Medium	Risk likely to Occur			
High	Risk will Occur			

1.8. Monitoring and Review

The purpose of monitoring and review is to assure and improve the quality and effectiveness of process design, implementation and outcomes. Ongoing monitoring and periodic review of the risk management process and its outcomes should be a planned part of the risk management process, with responsibilities clearly defined.

Monitoring and review should take place in all stages of the process. Monitoring and review include planning, gathering and analyzing information, recording results and providing feedback. The results of monitoring and review should be incorporated throughout the CCP's performance management, measurement and reporting activities.

1.9. Recording and reporting

The risk management process and its outcomes should be documented and reported through appropriate mechanisms. Recording and reporting aims to: communicate risk management activities and outcomes across the CCP; provide information for decision-making; improve risk management activities; assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.