

Philippine Charity Sweepstakes Office

RISK MANAGEMENT







RISK MANAGEMENT PLAN*

RISK	INHERENT RISKS			THREAT	MITIGATING MEASURES	RISK OWNERS (Responsible PCSO Office for management of risk and monitoring)	MEASURE & CONTROL	DESIRED OUTCOME
	IMPACT OF RISK <i>Extreme Major Moderate Minor Insignificant</i>	LIKELIHOOD <i>Almost certain (80%+) Likely (60-79%) Moderate (30-59%) Unlikely (5-29%) Rare (<5%)</i>	RISK LEVEL <i>Critical High Medium Low</i>					
1 Natural and man-made disasters/ calamities resulting in prolonged power interruptions and broken communication lines for on-line games or those unforeseen incidents that prevent the betting public from patronizing PCSO games: a. Flooding b. Strong typhoons c. Earthquake d. Military stand-off/ war with rebels e. Others	Major	Almost Certain (PHL visited by at least 20 typhoons on the average per year)	High	DECLINE IN AND/OR LOSS OF REVENUE GENERATION OPPORTUNITY	<ul style="list-style-type: none"> Provision for back-up generators/other energy source (solar power) including alternative communication source (3G,4G, GPRS) compliant including back up data center; 	<ul style="list-style-type: none"> Gaming Sector in coordination with Branch Operations Sector 	Provision for back up generators, other energy source: <ul style="list-style-type: none"> Included in the equipment to be delivered to all agents (cost integrated in the cost of agency application and covered by insurance) 	<ul style="list-style-type: none"> ✓ Unhampered holding and conduct of gaming activities ✓ Sustained revenue generation ✓ Prevention and mitigation of damage to person and property
					<ul style="list-style-type: none"> Introduction of Business Continuity Plan (BCP) for all critical gaming operations and data recovery management and provisions against power or communication interruptions during calamities and disasters 	<ul style="list-style-type: none"> Gaming Sector and Branch Operations Sector 	Business Continuity Plan; 3G/4G/GPRS communication source: <ul style="list-style-type: none"> Require inclusion of a business continuity plan for the bidding of the PCSO Nationwide On-Line Lottery System (NOLS) 	

						<p>and unforeseen events with the following components;</p> <ul style="list-style-type: none"> a. Resilience b. Recovery c. Contingency <p>Close coordination with disaster mitigation and response offices of the National Government</p> <ul style="list-style-type: none"> • Introduction of “Contingency Measures” during Calamities and Disasters to be observed in all PCSO offices and sales outlets 	<ul style="list-style-type: none"> • Gaming Sector and Branch Operations Sector 	<p>in 2015;</p> <ul style="list-style-type: none"> • Test run and regular upgrading of the BCP for on-line games and other gaming activity; • The BCP shall be required for all new games. <p>Formulation/ implementation of policy including BOD approval of the Guidelines on Disaster and Calamity Plan for gaming activities.</p> <ul style="list-style-type: none"> • Identification of hazards and disasters; • Chain of Command • Emergency Alerts; kits • Priority of life • Recovery Mechanism 	

2	<p>Protracted legal battle with on-line lottery suppliers:</p> <p>DFNN- Hand held Betting Devices; TMA-thermal roll/bet slips; PGMC and POSC- lottery equipment lease providers (i.e., additional betting terminals in Luzon).</p>	Major	Almost Certain	High	DECLINE IN AND/OR LOSS OF REVENUE GENERATION OPPORTUNITY	<ul style="list-style-type: none"> • Close coordination and collaboration of the PCSO Legal Department with the Office of the Government Corporate Counsel (OGCC) for litigation and case management; • Exhaustion of all available legal remedies including possible resort to arbitration/ mediation under terms most advantageous to PCSO, where applicable. • Inclusion of buffer stocks for thermal rolls and bet slips based on average consumption and its inclusion in the Business Continuity Plan for gaming activities; • Bidding of the Nationwide On-Line Lottery System (NOLS) 	<ul style="list-style-type: none"> • Legal Department in coordination with: <ul style="list-style-type: none"> a. OGCC; b. Gaming Sector and Branch Operations Sector 	<ul style="list-style-type: none"> • Favorable resolution of cases in the best interest of PCSO 	<ul style="list-style-type: none"> ✓ Unhampered holding and conduct of gaming activities ✓ Sustained revenue generation
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3	False and inaccurate information being spread by people regarding the Agency, officers and its gaming operations resulting in negative publicity	Major	Almost Certain	High	<p>AFFECTS:</p> <p>a) Corporate Goodwill;</p> <p>b) Trust, credibility and Integrity of gaming operations and products</p>	<ul style="list-style-type: none"> Responsible, accurate, timely, prompt and clear communication of information concerning the agency, its programs, projects/advocacies, and overall gaming operation to its various publics; Sustained information campaign for all pro-poor programs and services; Maintaining harmonious relations with media, public relations groups, government offices and socio-civic organizations (to include NGOs). 	<ul style="list-style-type: none"> Corporate Planning Department (<i>Public Relations & Corporate Communication Division</i>); Product Standard, Development and Marketing Dept.; Charity Assistance Department In coordination with Gaming Sector, Branch Operations Sector and Charity Sector 	<p>Formulation and the implementation of policy including BOD approval of Public Relations Plan taking into account various stakeholders of PCSO and the over-all policy on transparency in all public dealings.</p>	<ul style="list-style-type: none"> ✓ Promotion and protection of PCSO's corporate goodwill; ✓ Promotion and protection of the trust, credibility, efficiency and integrity of all gaming products and charitable services.
4	Thermal rolls and bet slips below stock level	Moderate	Moderate	Medium	DECLINE IN AND/OR LOSS OF REVENUE GENERATION	<ul style="list-style-type: none"> Maintain a manageable stock buffer; Closely monitor card 	<ul style="list-style-type: none"> Asset and Supply Management Department in 	<ul style="list-style-type: none"> Introduction of a Supply Chain and Inventory Management System 	<ul style="list-style-type: none"> ✓ Unhampered holding and conduct of gaming activities

				Critical	OPPORTUNITY	<p>consumption and budget allocation;</p> <ul style="list-style-type: none"> • Early Procurement - take into consideration delays that may arise in the procurement process 	<p>coordination with:</p> <ol style="list-style-type: none"> Gaming Sector; End users (Branch Operations Sector); PCSO Bids and Awards Committee 		<ul style="list-style-type: none"> ✓ Sustained revenue generation
5	Proliferation of illegal gambling activities (jueteng, masiao, lotteng, etc.) which compete with PCSO products.	Extreme	Almost Certain		DECLINE IN AND/OR LOSS OF REVENUE GENERATION OPPORTUNITY	<ul style="list-style-type: none"> • Introduction of alternative, more entertaining and competitively priced games with attractive prize structure: <ol style="list-style-type: none"> Office of the President approval of Loterya ng Bayan (to replace STL); Expansion of market reach of PCSO products thru the opening of additional branch offices, sales retailers including 	<ul style="list-style-type: none"> • Product Standard, Development and Marketing Dept. In coordination with: <ol style="list-style-type: none"> Corporate Planning Dept. (Corporate Public Relations); 	<ul style="list-style-type: none"> • Introduction of Expanded STL Program to replace “Loterya Ng Bayan”; • Introduction of Strategic Sales and Marketing Plan including brand management; • Conduct of regular and comprehensive market research and segmentation to align fast evolving market preference to the 	<ul style="list-style-type: none"> ✓ Sustained revenue generation thru: <ol style="list-style-type: none"> Market penetration and development; New revenue source from the Expanded STL program; Satisfied players (more entertaining games that are competitively priced and with

						<p>partnership with merchant corporations;</p> <p>c. Aggressive and strategic brand management of all PCSO games as alternative to illegal games.</p> <p>d. Test run of alternative games and its introduction if found commercially viable.</p> <ul style="list-style-type: none"> • Close coordination/collaboration with PNP/LGUs/ Military/ NBI against illegal games (i.e. crackdown, saturation drive, sustained monitoring of illegal games, etc.); 	<p>b. Gaming Sector and Branch Operations Sector (sales and marketing of PCSO products)</p>	<p>agency's strategic sales and marketing plan.</p>	<p>attractive prize structure).</p>
6	<p>Insufficient manpower for deployment to newly opened Branch Offices including effects of the GCG approved rationalization plan</p>	Moderate	Moderate	Moderate	<p>INSUFFICIENT NUMBER OF PERSONNEL WHO WILL ATTEND TO CLIENTS' NEEDS</p>	<ul style="list-style-type: none"> • Continuous recruitment process / pooling of applicants; • Conduct of capability building and/or re-tooling seminars, lectures and trainings to equip new hires and/or existing employees with new functions under the rationalized PCSO; 	<ul style="list-style-type: none"> • Administrative Sector (Human Resource Dept.) 	<ul style="list-style-type: none"> • Introduction of CSC approved Competency-Based Development and Promotion Program; • Resort to "JOB ORDER" for urgently needed manpower requirement. 	<p>✓ Creation and development of a competent, productive and efficient workforce.</p>

7	Prize claims using tampered or fake lottery tickets including text messages scams.	Moderate	Medium		Lotto scams & get reach quick scams using the name of PCSO and any of its officers	<ul style="list-style-type: none"> • Sustained information campaign (i.e., announcement/advisories during daily live lotto draws for the betting public against unscrupulous lotto text messages and use of tampered and fake lottery tickets. • Referral of holders of tampered PCSO tickets to the National Bureau of Investigation for investigation and if warranted, criminal prosecution. 	<ul style="list-style-type: none"> • Legal Department in coordination with: <ul style="list-style-type: none"> a. NBI (investigation); b. OGCC (litigation) c. Prize Claim Division, Acctg. & Budget Department/IAS / Treasury Dept.; d. Branch Operations Sector 		
APPLICABLE TO ALL RISK		Activation of the PCSO Crisis Management Team (PCMT) including coordination with concerned agencies.				<ul style="list-style-type: none"> • Office of the General Manager (as head of PCMT) with OAGMs as members 	<ul style="list-style-type: none"> • Creation of the PCSO Crisis Management Team (PCMT) as an adjunct body to the Management Committee; • Inclusion of the PCMT as one of the function of the Management 	<ul style="list-style-type: none"> ✓ Creation of Management Quick Response Team (MQRT) to address risks caused by disasters, calamities and other unforeseen events; 	

			<p>Committee under the PCSO Manual of Corporate Governance;</p> <ul style="list-style-type: none"> • Conduct of regular Management Committee meetings/consultation to anticipate and address risks in PCSO's gaming activities and day to day operation. 	<p>✓ Pro-active and calibrated management response to risks as they unfold or before it happens.</p>
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** PCSO may revise, amend or modify any and all items in this PLAN in the exigency of the service and to the applicable provisions of RA 10149, its Implementing Rules and regulations including but not limited to GCG Memorandum Circular No. 2012-07.*