

RISK MANAGEMENT REPORT IN 2024

RISK MANAGEMENT SYSTEM

The creation of the PFDA Risk Management Committee (RMC) established the agency's commitment to an integrated approach to risk management that can be applied consistently to all areas of operations, both support and operating units, enabling it to achieve its strategic and operational objectives. A strengthened risk management system has also been the key to addressing the ISO 9001:2015 QMS requirements specific to Risk Management.

To ensure the sustainability of public service delivery, risks at the strategic and operational levels including control measures to mitigate their occurrence and possible impact have been identified. At the strategic level, risks are identified by looking at both the external factors (like standards or regulations) and the internal factors (such as the organization's strengths and weaknesses) that could affect how risks are managed. On the other hand, at the operational level, risks are looked at during the planning stage, where specific goals are set, along with the necessary plans and resources needed to reach those goals, all of which help in achieving the broader strategic objectives.

In CY 2023, the PFDA reinforced its commitment to organizational risk management through the issuance of Office Order No. 1, series of 2023, titled *Adoption, Integration, and Implementation of Risk Management Procedure*. This initiative aimed to ensure sustainability and enhance public service delivery by proactively addressing risks and opportunities amidst uncertainties. By implementing identified risk control measures and maintaining a systematic approach to updating, monitoring, and evaluating identified risks, the PFDA successfully mitigated potential challenges, contributing significantly to the achievement of its organizational targets.

MANAGEMENT OF RISKS IN CY 2024

The PFDA Management, through the leadership of its General Manager, is leading the continuous implementation of flagship infrastructure projects (Regional Fish Ports) and the provision of post-harvest facilities and essential services nationwide. The combined resources and efforts are envisioned to improve the efficiency in the handling and distribution of fish and fishery products toward a food secure and resilient Philippines. However, challenges in the implementation of these projects might occur due to the following identified risks:

1. Strategic Level Risks

As the public authority mandated to establish, operate and maintain strategic and globally competitive fishery post-harvest infrastructures and facilities, encountering strategic risks are unavoidable during implementation.

One of these are the late or non-submission of documentary requirements, changes in the approved plans to suit the actual field conditions, and the volume of projects to be managed or handled. This will eventually lead to a delayed or non-completion of the project supposedly implemented and completed in an ideal timeframe. Despite the potential risks, the PFDA had established several control measures to lessen, if not eliminate the impact of these project



Management System
ISO 9001:2015
www.tuv.com
ID 910658343



PCA Annex Building
Elliptical Road Diliman, Q.C.
Telefax. No. 8925-61-41
<https://pfda.gov.ph>

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implementation risks. To handle these challenges, PFDA through its Board of Directors, established an ad hoc committee, the Infrastructure Project and Clearing House (IPCH) and the Project Management Office (PMO) for Infrastructure Projects to assist the concerned unit in the early stages of project management and expedite the processing and endorsement of requests. Additionally, PFDA had maintained close coordination and constant communication with the LGU thru meetings prior to and during implementation and utilized the assistance from consultancy service to streamline the design and build aspects of a specific project.

2. Operational Level Risks

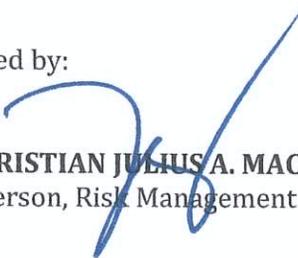
Operational level of risks is typically related to the strategic level of risks. Some of the operational risks that arise from the operational level are exposure of the agency to vulnerabilities through ICT failure, possible data loss from cybersecurity risks, not being able to audit the technical operations of fish port that may lead to uncomprehensive findings caused by lack of technical experts, and the emergence of fake or slanted news about the PFDA due to misinformation or media-related issues. The PFDA tracks the impact severity of the consequences by reviewing and assessing the control measures implemented by every PFDA unit to mitigate risks that may arise during operation.

All units within the Central Office and Regional Fish Ports play a vital role in verifying the effectiveness of the risk treatment plans outlined in their respective Risk Registries. The Central Office - QMS Team complements these efforts by reviewing and monitoring updates to the agency-wide risk registry and treatment plans. Through continuous monitoring and evaluation, they ensure that risks are effectively managed and controlled. This process also identifies opportunities to optimize safety measures for addressing specific risks.

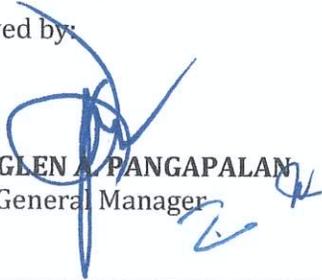
CONCLUSION

As a government corporation, some uncertainties are impossible to predict to complete the desired outcome of a project. Whether these changes are in technology, market conditions, or expectations from the stakeholders, risks are unavoidable factors to happen. While these are naturally bound to occur, the PFDA has stayed committed to implementing control measures that will aid in managing these risks, ensuring the successful execution of programs and activities in accordance with the agency's mandates are accomplished within the specified timeframe and compliant with the requirements set by the standards and oversight agencies.

Prepared by:


MC CHRISTIAN JULIUS A. MACARANAS II
Chairperson, Risk Management Committee

Approved by:


ATTY. GLEN A. PANGAPALAN
Acting General Manager

CONSOLIDATED RISK REGISTRY - PFDA CENTRAL OFFICE
As of September 2024

Risk Code	Risk Source (Activities)	Event	Likelihood	Consequence	Impact Severity of the consequence					Risk	Control Measures/Risk Treatment	Impact Severity of the consequence after risk treatment					Residual Risk
					Financial	People	Reputation	Service Outputs	Legal			Financial	People	Reputation	Service Outputs	Legal	
PFDA1	Research and Development (Concept notes, Infrastructure Assessment Studies (IAS), etc.) (CPD-CPMISD)	Insufficient funding requirement for the conduct of IAS	4	Limited assessments conducted				5		20	(A) Prioritization of areas with high fish production based on conducted preliminary research. (A) Increase in the agency proposed budget for the next fiscal year (subject to evaluation of DBM, House of Representatives, and the Senate).						0
PFDA2	Project Preparation (IPCH)	Delayed submission of Pre-Feasibility Studies by the TSD to the IPCH	5	Delay in evaluating and commenting on the submitted Pre-FS is expedited				4		20	(A) Create policy regarding the submission of Pre-Feasibility Studies						0
PFDA3	Project Planning and Detailed Engineering (TSD)	Change of project site and issues on site's technical suitability	4	Delayed completion of Detailed Engineering Design				5	1	20	(A) Strict adherence to site selection process (A) Enhancement of MOA provision on construction management to include final location approved by the project management/LGU						0
PFDA4	Project Implementation (TSD)	Late/non submission of documentary requirements, e.g. resolution on the availability of site for the project, ECC, other permits and clearances	5	Delayed or non completion of the project				5	2	25	(A) Close coordination and communication with LGU thru meetings prior and during implementation of the project (A) Establishment of an ad hoc committee to assist TSD in the early stages of project management						0

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PFDAS	Project Implementation (TSD)	Changes in the approved plans to suit actual field conditions	5	Delayed or non completion of the project	5		5	2		25	(A) Expedite and streamline the processing and endorsement of request and preparation of variation order (EC) Extensive engineering assessment and evaluation of the proposed site including consideration of the information taken from stakeholders						0	
PFDA6	Project Implementation (TSD)	Voluntinous projects to be managed/handled	5	No proper monitoring of projects	2		4	2		10	(S) Outsourcing design and build and consultancy services thru CMS						0	
PFDA7	Network and Cyber Security Management (ITD-CPMISD)	Inadequate IT Security Policies	5	Inconsistent security practices across the agency can pose significant security risk			4	5		25	(A) Update and implement the existing approved IT policies of the agency (A) Conduct regular employee information sharing and awareness	1		1	1		1	
PFDAS	Network and Cyber Security Management (ITD-CPMISD)	Failure to detect and respond to security incidents and breaches in a timely manner on Cyberattacks and Data Breaches	5	Possible financial and data loss, and legal and administrative consequences			4	5		25	(A) Strengthen IT security solution through strategic investment to enhance agency security posture	1		5	4		5	
PFDA9	Network and Cyber Security Management (ITD-CPMISD)	Technical failure of ICT third-party services	5	Expose the agency to vulnerabilities and breaches			4	5		25	(A) Service Level Agreements (SLAs) with provider Regular monitoring	1		4	5		5	

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PFDA10	Provision of other IT Support and Services (ITD-CPMISD)	Inadequate ICT hardware backup and redundant services for disaster recovery solution	5	Disrupt PFDA operations related to ICT and lead to extended business operation downtime			4	5		25	(A) Invest in additional ICT backup to ensure redundancy (A) Recommend for budget allocation in the annual procurement plan	2			4	5		10
PFDA11	Conduct of Operations Audit (IAD)	Not able to fully audit the technical operations of port (e.g. Refrigeration and Facilities due to lack of Technical Experts)	5	Audit report may not contain comprehensive and in depth findings and recommendations				5		25	(A) Request for assistance from the Technical Services Department (A) Hiring of Technical Staff (Engineer, IT)							0
PFDA12	Mis/disinformation and fake news; Media relations (PID)	Emergence of fake or stanted news about PFDA, its operations, services, projects, etc.	5	Information about the agency, particularly sensitive events, may be mis-framed due to lack of clarification. Clients, stakeholders, and employees may be misinformed, distorting their understanding of a	1	4				20	(A) Strict implementation and observance of the guidelines and policies included in PFDA Office Order 08 s. 2024 (PFDA Communication and Media Relations Policy).	5	1	2				10

Prepared by:

MS. CRISSIA ANNE A. AGUILA

Head, QMS Secretariat Team

Approved by:

ENGR. DANILLO A. AXALAN

Quality Management Representative

CONSOLIDATED RISK TREATMENT PLAN - PFDA CENTRAL OFFICE
As of September 2024

Risk Description	Control Effectiveness	Risk Treatment			Monitor & Review	Implementation Status
		Treatment Action	Responsibility	Implementation Date		
PFDA1 - Insufficient funding requirement for the conduct of IAS will lead to limited assessments conducted	Very High	(A) Prioritization of areas with high fish production based on conducted preliminary research. (A) Increase in the agency proposed budget for the next fiscal year (subject to evaluation of DBM, House of Representatives, and the Senate)	CPD-CPMISD	2025 or subject to the approval of the conduct of the updating of the PFDA masterplan		To be started
PFDA2 - Delayed submission of Pre-Feasibility Studies by the TSD to the IPCH	Very High	(A) Create a policy regarding the submission of Pre-Feasibility Studies.	IPCH/Top Management/TS D	1st Qtr of 2025	Number of Pre-FS submitted on time.	To be started
PFDA3 - Change of project site and issues on site's technical suitability	Very High	(A) Strict adherence to site selection process (A) Enhancement of MOA provision on construction management to include final location approved by the project management/LGU	TSD			To be started
PFDA4 - Late/non submission of documentary requirements, e.g. resolution on the availability of site for the project ECC, other permits and clearances	Very High	(A) Close coordination and communication with LGU thru meetings prior and during implementation of the project (A) Establishment of an ad hoc committee to assist TSD in the early stages of project management	TSD	January 2024		

Risk Description	Control Effectiveness	Risk Treatment			Monitor & Review	Implementation Status
		Treatment Action	Responsibility	Implementation Date		
PFDA5- Changes in the approved plans to suit actual field conditions	Very High	(A) Expedite and streamline the processing and endorsement of request and preparation of variation order (EC) Extensive engineering assessment and evaluation of the proposed site including consideration of the information taken from stakeholders	TSD	January 2024		
PFDA6- Voluminous projects to be managed/handled	Very High	(S) Outsourcing design and build and consultancy services thru CMS	TSD	January 2024		

Risk Description	Control Effectiveness	Risk Treatment			Monitor & Review	Implementation Status
		Treatment Action	Responsibility	Implementation Date		
PFDA7- Inadequate IT Security Policies	Very High	(A) Update and implement the existing approved IT policies of the agency (A) Conduct regular employee information sharing and awareness (A) Regular review of PFDA ICT Policies	ITD	2023 (4Q) -2024	The verifiable evidence of the PFDA ICT Policy implementation can be seen in the following link and records. a.) https://portal.pfda.gov.ph/preview_pdf.php?file=ifcbqXkzVXXd1UjRkTGtMvjS7AkaiT5B88fTqmcP4X3zruvcaQRaUvEDpCkcsShIQyWUwOb3UdzMjKS4I5Ohg==&type=LT9TAL9Fipf0ksfGTUeZqu03wwWQpWdzUv6I3ImmhQg/kXKwrUgXZhpSOUm03ZY3tGSG82FnTEu7nIXpWDMXnhg== b.) Issuances Residual Risk as of June 24, 2024 (Low - 1) *Physical copies are available upon request	Open a.) Office Order No. 04 Series of 2024 (Effectivity: January 1, 2024) b.) Cybersecurity Awareness Central Office (Nov. 8-10, 2023) - Navotas Fish Port Complex (March 14, 2024) - Lucena Fish Port Complex (Nov. 16, 2023) - Sual Fish Port Complex (Nov. 22, 2023) - Iloilo Fish Port Complex (Nov. 17, 2023) - Camaligan Fish Port Complex (Nov. 13, 2024) - Davao Fish Port Complex (Nov. 29, 2024) - Zamboanga Fish Port Complex (In-progress) - General Santos Fish Port Complex (In-progress) - Buluan Fish Port Complex (In-progress) c.) ICT Policy Orientation - For PFDA IT Personnel (Julv 8, 2024)

Risk Description	Control Effectiveness	Risk Treatment			Monitor & Review	Implementation Status
		Treatment Action	Responsibility	Implementation Date		
PFDA8- Failure to detect and respond to security incidents and breaches in a timely manner on Cyberattacks and Data Breaches	Very High	(A) Strengthen IT security solution through strategic investment to enhance agency security posture	ITD / FSD / ASD-PPMD / SBAC	2024	The verifiable evidence for the strengthening of the IT security solution can be seen in the following records. a.) ISSP b.) 2024 Annual Procurement Plan c.) Renewal of Job Order d.) Purchase Request e.) Contracts f.) Licenses g.) Issuances - Memorandum - Special Order	In Progress - Delivery of security solutions (Done - 100%) - PFDA-Wide ICT Security Solutions Training – IT Team (July 9, 2024) - Regional Fish Port Deployment shall be done after ICT Training
PFDA9- Technical failure of ICT third-party services	Very High	(A) Service Level Agreements (SLAs) with provider Regular monitoring	ITD	2024	Physical copies are available upon monitoring of third-party services can be seen in the following records. a.) Contracts b.) Service Level Agreement c.) Compliance Reports Residual Risk as of June 24, 2024 (Medium - 5) Physical copies are available upon request.	Open For Discussion (to be scheduled) with third-party services: - Internet Service Provider - Security Solutions - Servers

Risk Description	Control Effectiveness	Risk Treatment			Monitor & Review	Implementation Status
		Treatment Action	Responsibility	Implementation Date		
PFDA10 - Inadequate ICT hardware backup and redundant services for disaster recovery solution	Very High	(A) Invest in additional ICT backup to ensure redundancy (A) Recommend for budget allocation in the annual procurement plan	ITD/FSD/ASD-PPMD/SBAC	2024	The verifiable evidence for the recommendation and action taken can be seen in the following link and records. a.) https://docs.google.com/spreadsheets/d/1VYJID4Ur9vUUVgoScvad0WxizXr2jneG88SYGS2T500/edit#gid=0 b.) Issuances c.) Annual Procurement Plan d.) PMP e.) Purchase Request	In-Progress: - Conducted ICT procurement for Computers, Security Solutions, Internet Service (Status: Partial delivery as of June 24, 2024) For Scheduling: - Servers - Printers - Backup Power Supply - Engineering Software's - Attendance/CSM Kiosk - Redundant Internet Service
PFDA11 - Unable to audit all Regional Ports within the year due to lack of manpower	Medium	Promote qualified IAD Staff and fill-up vacant positions 2. Ongoing rightsizing of HRD. (Refer to Risk Treatment Plan of HR)	IAD/HRD	July to December 2023	Request for hiring and opening of vacancies issued to HRD-ASD	As of Dec 2023, hired two (2) Job Order personnel, promoted three (3) IAD staff, and hired two (2) additional organic employees
PFDA12 - Emergence of fake or slanted news about PFDA, its operations, services, projects, etc	Medium	Strict implementation of PFDA Office Order 03 s. 2023 (PFDA FOI Manual)	PIID	March 29, 2023	Request made through the electronic FOI (eFOI) Portal are accessible through this link: https://www.foi.gov.ph/requests?agency=PFDA	Ongoing implementation as the Office Order remains in force unless otherwise revoked.