



Enterprise Risk Management Framework

Purpose

This framework is supplementary to ADM-018, *Enterprise Risk Management Policy* and contains definitions, procedures, and guidance to assist Management to execute the responsibilities documented within the policy.

All risks are to be identified, assessed, managed, monitored, and reported in a thorough and systematic fashion in accordance with this enterprise risk management (ERM) framework.

Through this framework Coast Mountain College (CMTN) will:

- anticipate and respond to the changing operating environment
- manage risk in accordance with leading practice and demonstrating due diligence in decision making
- balance the cost of controls with the anticipated benefits
- provide understanding of the need for enterprise-wide risk management.

Approach to Risk Management

Key risks are to be identified, assessed, managed, monitored, and reported in a thorough and systematic fashion in accordance with the risk management procedures outlined in this framework.

As depicted in the diagram, CMTN's ERM approach has five stages:

1. Risk Identification
2. Risk Assessment
3. Risk Responses and Action
4. Risk Monitoring
5. Risk Reporting.



Risk Identification

The identification of risks occurs on an on-going basis (at least annually) and on an ad-hoc basis as required for significant changes or new processes, programs, and initiatives. The process involves identifying key enterprise-wide risks on a functional (e.g., goal area; corporate services) basis, then integrating them at the Senior Management level to derive key enterprise-wide risks.

CMTN will discuss and modify its top enterprise-wide risks annually. Risks are considered within the following categories (not intended to be a complete list):

- Financial
- Learning and Growth
- Community
- Internal Operations
- Corporate/Administrative.

When identifying risks, CMTN will consider:

- current and future expected risks as well as potential emerging risks
- risks associated with recent internal changes in the business
- risks associated with external change
- the root causes for the risks (i.e., the source of the risk: why, how, and where the risk originates, either outside the organization or within its processes or activities) to achieve a more rigorous risk assessment and to better position CMTN to manage the risks.

Risk Assessment

Risk assessment considers the likelihood of a risk occurring and its impact on CMTN's ability to achieve its objectives within a five-year planning horizon.

Likelihood

The likelihood of identified risks is assessed by estimating the probability of the risk occurring during the planning horizon using the following likelihood factors:

RISK LIKELIHOOD MATRIX				
1 - RARE	2 – UNLIKELY	3 - MODERATE	4 – LIKELY	5 - ALMOST CERTAIN
<ul style="list-style-type: none"> • The event may occur only in exceptional circumstances. • Extremely rare. • Has rarely happened at CMTN. • Event occurs once every 25+ years (maybe never) 	<ul style="list-style-type: none"> • The event could occur at some time. • Has happened occasionally at CMTN or the post-secondary sector in the past. • Event occurs once every 10 to 25 years. 	<ul style="list-style-type: none"> • The event could occur at some time. • Periodic occurrence at CMTN or the post-secondary sector. • Event occurs once every five to ten years. 	<ul style="list-style-type: none"> • The event will probably occur in most circumstances. • Has occurred at CMTN in the past and could reasonably occur again. • Event occurs once every three to five years. 	<ul style="list-style-type: none"> • The event is expected to occur in most circumstances. • Extremely likely to occur at CMTN. • Event occurs at least every two to three years.

Impact

The impact of the identified risk is assessed as being:

- **Insignificant** – The consequences are dealt with by routine operations.
- **Minor** – The consequences would threaten the efficiency or effectiveness of some aspects of CMTN but would be dealt with internally.
- **Moderate** – The consequences would not threaten CMTN, but the Administration of the College would be subject to significant review or ways of operating would be changed.
- **Major** – The consequences would threaten CMTN's survival or continued effective functioning, or they would require the intervention of the Board of Governors.
- **Catastrophic** – The consequences would threaten CMTN's ability to provide core services, cause severe problems for stakeholders, or see the organization materially reorganized by the government.

The impact of identified risks is to be assessed by considering the following impact factors:

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RISK IMPACT MATRIX									
IMPACT	Description	Financial	Human			Operations			Reputation
			Student	Faculty/ Staff	Injury/ Illness	Teaching	Research	Service	
1 - Insignificant	An event, the consequences of which can be absorbed through normal activity.	Up to \$10,000 impact	Isolated complaints from students	Isolated complaints from faculty/staff	Single or multiple minor injuries requiring first aid	Inability of one faculty/unit to provide teaching activities for one day	Intermittent complaints from sponsors	Intermittent reduced ability to perform key administrative functions	Intermittent adverse coverage within campus communication channels
2 - Minor	An event, the consequences of which can be absorbed but management effort is required to minimize the impact.	\$10,000 - \$30,000 impact	Negative student experience within a single faculty	Low morale within a single faculty/unit	Single or multiple minor injuries requiring off-campus medical treatment	Inability of one faculty/unit to provide teaching activities for more than one day	Single research project cancelled; Sustained complaints from sponsors	Reduced ability to perform key administrative functions for more than one day	Intermittent adverse local media coverage (<1 week); Stakeholder faith impacted (<1 month)
3 - Moderate	An event that can be managed under normal circumstances by the organization.	\$30,000 - \$100,000 impact	Negative student experience within more than one faculty	Low morale within more than one faculty	One individual with serious long-term injury; Severe illness within a single faculty/unit	Inability of one faculty/unit to provide teaching activities for up to one week; Exams postponed	Cancellation of multiple research projects; Loss or corruption of research data	Inability to provide key administrative functions for up to one week	Sustained front page adverse local media coverage (>2 weeks); Public demonstration of students and/or community concern
4 - Major	An event that, with proper management, can be endured by the organization.	\$100,000 - \$200,000 impact	Negative college-wide student experience	Low morale college-wide	Multiple individuals with serious injury; Campus-wide severe illness	Inability to provide teaching activities college-wide for up to one week; Exams cancelled	Cancellation of a significant research project	Inability to provide key administrative functions over sustained but non-critical period	Intermittent adverse national media coverage (<2 weeks); Stakeholder faith impacted (>1 year)

RISK IMPACT MATRIX

IMPACT	Description	Financial	Human			Operations			Reputation
			Student	Faculty/ Staff	Injury/ Illness	Teaching	Research	Service	
5 – Catastrophic	An event that will likely require the organization to make a large-scale, long-term realignment of its operations, objectives, or finances.	Above \$200,000 impact	Inability to attract or retain students	Inability to recruit or retain faculty or staff	Death (single or multiple)	Inability to provide teaching activities college-wide for more than one week	Inability to increase significant research funding for one year or more	Inability to provide key administrative functions at critical times (e.g., missing payroll run, system crash impacts graduation)	Sustained front page adverse national media coverage (>2 weeks); Adverse international media coverage

Risk Responses and Actions

A risk evaluation matrix is used to calculate the residual risk exposure with a score of 1 to 25, based on the risk likelihood and the risk impact. The matrix, which is used to determine the top enterprise-wide risks for CMTN, is a tool only – Senior Management will consider matrix results in determining key enterprise-wide risks and will use other knowledge or reality checks prior to finalization of a risk management plan.

For each identified risk, Senior Management will establish an appropriate response option to optimize risk management. Five possible response options are identified below:

- Accept – CMTN accepts and monitors the level of risk and takes no action to reduce the risk (e.g., cost of mitigation is greater than the benefit).
- Mitigate – CMTN accepts some risk by implementing control processes to manage the risk within established tolerances.
- Transfer – CMTN transfers the risk to a third party (e.g., obtains insurance).
- Avoid – CMTN deems the risk to be unacceptable and therefore avoids the risk (e.g., ceases the activity).
- Increase – CMTN feels the risk is below its risk appetite and reallocates resources and accepts more risk.

The following chart depicts CMTN's risk evaluation matrix and minimum response options to residual risk ratings:

RISK-EVALUATION-MATRIX						GUIDANCE-ON-RESPONSE-TO-RESIDUAL-RISK-RATINGS	
5..... Almost-Certain	5	10	15	20	25	Risk-Rating	Action-Required
4..... Likely	4	8	12	16	20	Extreme (16--25)	Mitigate, transfer, or avoid. Immediate attention required. Action plan developed by risk owner.
3 Moderate	3	6	9	12	15	High (10--15)	Mitigate or transfer. Action plan for mitigation or transfer developed by risk owner.
2... Unlikely	2	2	6	8	10	Moderate (5--9)	Accept or mitigate. Action plan for mitigation developed by risk owner.
1..... Rare	1	2	3	4	5	Low (1--4)	Accept, monitor, or increase. Possibly no further action required.
Likelihood	1	2	3	4	5		
Impact	Insignificant	Minor	Moderate	Major	Catastrophic		

Risk Register

All risks identified will be listed and described in the risk register within its related category. CMTN will designate Risk Owners for all risks, thereby assigning responsibility for the response to the residual risk rating and to each related key mitigating procedure and control. The names of the Risk Owners and a summary of the action plan response are included in the risk register.

Within the risk register, CMTN will identify the key risk mitigation processes or controls that are in place to address the top enterprise-wide risks. This should take the form of a succinct description of ways of managing the risk and should only include key controls that comprise actions and processes which are demonstrably managed and clearly relate to mitigating the risk in question.

Business Planning Process Integration

CMTN will ensure that the top enterprise-wide risks and corresponding action plans, mitigating processes, and controls, as documented in the risk register, are formally discussed and considered during the updates of CMTN’s strategic, business, and operational plans. The linkage between the top enterprise-wide risks and CMTN’s strategy and business plans should be clear.

Budgeting Process Integration

ERM results provide significant input to resource allocation decisions. Once a linkage between the top enterprise-wide risks to CMTN's strategies is established, the budget should link limited human and financial resources to the strategies. The benefits of doing so include helping to ensure that:

- any requests for additional funding are viewed through a risk-management lens (i.e., when there is competition for scarce resources, activities that mitigate key enterprise-wide risks are typically given priority)
- any requirements to reduce costs are viewed through a risk-management lens (i.e., careful consideration is given to the possibility of eliminating activities that mitigate key enterprise-wide risks)
- budget is secured for any strategies that have been developed to address key enterprise-wide risks that are not being sufficiently mitigated
- budget is available to pursue strategic innovations and opportunities to leverage risk.

Risk Monitoring

ERM requires that CMTN's risk profile be monitored and updated periodically. The monitoring process helps ensure that patterns and accumulations of risk are identified and that enterprise-wide responses are effectively planned and implemented, as necessary.

CMTN will engage in high-level reviews of the risk register once a year to identify new key risks that may have emerged, changes in existing key risks, and mitigating processes that have arisen since the last annual risk assessment.

The Risk Owner is responsible for monitoring risks and risk response activities and for ensuring that:

- action plans are completed
- high or extreme risks remain within acceptable levels
- emerging risks and gaps are identified
- risk response and control activities are adequate and appropriate.

Monitoring processes facilitate a no-surprises approach to ensuring risks are effectively assessed and appropriate risk responses and controls are in place.

Risk Reporting

The minimum requirements for internal and external ERM reporting are as indicated below.

Internal Reporting

Annual Reporting of Risk Assessment Results – Upon completion of the annual risk assessment process, as noted in the Roles and Responsibilities section of the ADM-018, *Enterprise Risk Management Policy*, the report to the Board of Governors includes:

- a prioritized risk register displaying the top organization-wide risks
- the corresponding key risk mitigation processes or controls

- any strategies that were developed to address key risks that were determined to be insufficiently mitigated.

Status Reporting – At least once a year, CMTN will engage in high-level reviews of the risk register to identify any new key risks or changes to existing key risks. The report to the Board includes:

- confirmation that the review has been undertaken
- any new risks that have been identified, including ranking the new risk based on the impact and likelihood criteria
- significant changes in existing key risks or mitigation processes.

External Reporting

CMTN is not required to report its risk register externally; however, any discussion of risk that occurs within external reports (e.g., the annual report or strategic plan) should be consistent with the annual risk assessment results. That is, the identification of risks for external disclosure purposes should not be a separate process from the regular risk management process, with different key risks being identified in external reporting.

Revision

This framework may be assessed as necessary to reflect organizational or business changes. The President & CEO is responsible for suggesting revisions to this framework and the accompanying policy, which shall be submitted to the Board of Governors for review and approval.

Related Policies, Guidelines and Other Resources

- ADM-018, *Enterprise Risk Management Policy*
- *Enterprise Risk Management Assessment for Coast Mountain College*, by KPMG
- *Coast Mountain College Risk Register*

History

Created/Revised/Reviewed	Date	Author's Name and Role	Approved By
Created	Mar. 14, 2025	Vice-President Corporate Services & CFO	Policy Review Committee