



CENTRAL PHILIPPINE UNIVERSITY

RISK AND OPPORTUNITY RATING SCHEME

Effective Sept. 22, 2024

Likelihood (L) Rating	Severity (S) Rating		Existing Control (EC) Rating
	Risk (negative effect)	Opportunity (positive effect)	
5 Almost certain Occurs once a week	5 Extreme		5 Extremely effective control that prevents or significantly mitigates the risk. All objectives are achieved with no significant gaps or failures. Near-zero incidence of risk events, high stakeholder satisfaction, and measurable performance improvements directly attributed to the control.
	Can affect business continuity, e.g., legal sanctions; can result to severe and irreversible damage to CPU's reputation, loss of market position or loss of customers	Offers potentially exceptionally high positive impact on ROI/ financial and/or operational performance and other business performance areas	
4 Likely Occurs once a month	4 Major		4 Very effective control that is highly successful in preventing or mitigating the risk, with only minor gaps that do not significantly impact overall performance. Indicators: Low incidence of risk events, positive performance metrics, and feedback indicating strong control impact.
	Can result to significant financial losses or can pose a threat to operations and educational service delivery	Offers potentially major significant positive impact on financial/ROI, operations and other business aspects	
3 Moderate Occurs once a year	3 Moderate		3 Moderately effective control that achieves its intended objectives in most cases but has some gaps or OFIs that could lead to occasional risk events. Indicators: Occasional risk events, mixed performance metrics, and feedback suggesting moderate success and areas needing enhancement.
	Can affect effectiveness and efficiency of business operations in a certain degree	Offers potentially moderate positive impact on ROI/ financial and other areas of business operations	
2 Unlikely Occurs once in 10 yrs	2 Minimal impact		2 Slightly effective control with limited success in preventing or mitigating the risk, with significant gaps that frequently result in risk events. Indicators: Frequent risk events, poor performance metrics, and feedback indicating limited control impact.
	Minimal impact to CPU's business and operations; can be possibly accepted as it is	Offers minimal positive impact to CPU's business and operations	
1 Rare Occurs once in 100 yrs	1 Insignificant		1 Ineffective control that fails to achieve its intended objectives, with frequent risk events and no significant impact on risk mitigation. Indicators: High incidence of risk events, negative performance metrics, and feedback indicating the control is ineffective.
	No impact at all	No opportunity at all	

Notes:

1. Risk/ Opportunity Rating, R = Likelihood (L) x Severity (S)
2. Risk Level/Opportunity Level, ROL = Risk/Opportunity Rating (R) - Existing Control(EC)
3. Risk threshold is the measure of acceptable variation around an objective that reflects the

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risk appetite of the organization (PMBOK® Guide, 7th Ed) Risk Threshold is the maximum amount of risk that an organization is willing to take or withstand (www.bcmpedia.org). It can have lower or upper limits or both. At CPU, risk threshold is the maximum amount of risk CPU is willing to take or withstand.
Thresholds for CPU:

Risk Threshold = 9. If ROL >9, an action plan is needed to address risks and opportunities
Risk Opportunity Level = 12. If more than 12, opportunity is considered to be pursued by concerned management

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