

Enterprise Risk Management Dictionary

Consequence

The affect upon the institution when a risk becomes a reality.

Control

A process effected by our board, management, and other personnel, designed to provide assurance regarding the achievement of objectives relating to identified risks.

Controls, Execution – Level 1 controls;

These are the policies and procedures applied by employees or systems to every transaction.

Controls, Supervisory – Level 2 controls;

These are policies and procedures applied by supervisors or representatives of supervisors to ensure employees are properly performing and documenting the execution (level 1) controls.

Controls, Oversight – Level 3 controls;

These are policies and procedures applied by middle and upper management or their representatives to ensure that supervisory (level 2) controls are being properly performed and documented.

COSO

Committee of Sponsoring Organizations of the Treadway Commission

Cost of Risk

The financial impact to an organization from undertaking activities with an uncertain outcome, net of managing risks and incurring losses.

Enterprise Risk Management (ERM)

ERM is an integrated forward-

Event

Occurrence or change of a particular set of circumstances.

Executive Risk Assessment

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Monitoring

The entirety of risk management is monitored and modifications are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

NACUBO

National Association of College and University Business Officers

Opportunity

The possibility that an event will occur and positively affect the achievement of objectives.

Probability

The likelihood that a risk will become a reality.

Process

A set of linked tasks that are controlled by a common set of policies and procedures, and generate a common set of risks. In the major activity area of Finance, for example, processes may include financial reporting, accounts receivable, accounts payable, and cash management.

Residual Risk

The remaining risk after management has taken action to alter the risk's likelihood or impact.

RIMS

Risk and Insurance Management Society

Risk

The chance of loss or gain; the possibility that an event will occur that affects the achievement of an organization's mission or objectives.

Risk Acceptance

The decision to accept the consequences and likelihood of a risk.

Risk Analysis

A process of identifying, describing and measuring the risks associated with different courses of action in order to inform the decision making process.

Risk Appetite

An organization's tolerance for risk; the amount of risk an organization is willing to accept in pursuit of its mission/vision.

Risk Assessment

The consideration of the extent to which potential events have an impact on achievement of objectives. Assessment is done from two perspectives; likelihood and impact. Includes positive and negative impacts of potential events. Risks are assessed on both an inherent and a residual basis.

Risk Avoidance

Avoiding the activities giving rise to risk.

Risk Management Policy
Statement of the overall intentions and

