

# 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

