

Risk Management – Definitions



These definitions are consistent with the terms used in AS/NZS ISO 31000:2009 Risk management – Principles and guidelines.

Term	Definition
Consequence	Outcome of an event affecting objectives
Control	Measure that is modifying risk. Controls include any process, policy, device, practice, or other actions which modify risk. Controls may not always exert the intended or assumed modifying effect.
Controlled risk	Level of risk that takes into consideration the combined adequacy and effectiveness of associated controls
Control owner	Officer/ position responsible for the management of a policy, procedures or process that has been identified as a control for a risk
Event	Occurrence or change of a particular set of circumstances
Inherent risk	Level of risk without consideration of existing controls and treatments
Level of risk	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood
Likelihood	Chance of something happening
Residual risk	Level of risk remaining after controls and treatment are taken into account
Risk	Effect of uncertainty on outcomes. An effect is a deviation from the expected – positive and/ or negative
Risk appetite	Willingness to accept risk in pursuit of outcomes
Risk criteria	Terms of reference against which the significance of a risk is evaluated
Risk escalation	Communicating risks requiring attention to the appropriate level of management for higher level involvement
Risk management	Coordinated activities to direct and control an organisation with regard to risk
Risk management framework	Components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management
Risk management process	Systematic application of policies, procedures and practices for communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk
Risk owner	Person with accountability and authority to manage a risk
Risk profile	Description of any set of risks
Risk source	Element which alone or in combination has the potential to give rise to risk
Risk tolerance	Readiness to bear the risk, after treatment, in order to achieve outcomes
Risk treatment	Process to modify risk
Treatment owner	Officer/ position responsible for treating risks