Professional Certificate in Public Sector Risk Management

Risk Management Frameworks

Acceptance Criteria refers to the set of conditions that must be met in order to accept a particular risk or to consider a risk management effort as successful, related terms include success criteria and benchmarking, acceptance criteria are often defined in the context of a specific risk management project or initiative, and are used to evaluate the effectiveness of the risk management effort, for example, an organization may establish acceptance criteria for a risk management project that includes a reduction in the number of reported incidents or a decrease in the severity of potential losses.

Accountability refers to the state of being responsible for one's actions and decisions, related terms include transparency and governance, in the context of risk management, accountability is critical, as it ensures that individuals and organizations are held responsible for their risk management decisions and actions, for example, an organization may establish a risk management framework that includes clear lines of accountability and responsibility for risk management decisions.

Actuarial Analysis refers to the use of statistical and mathematical techniques to assess and manage risk, related terms include probability and statistics, actuarial analysis is often used in the insurance industry to determine premiums and to assess the likelihood of potential losses, for example, an actuary may use statistical models to estimate the probability of a particular event occurring and to determine the potential cost of that event.

Audit Committee refers to a group of individuals responsible for overseeing an organization's risk management and internal control practices, related terms include governance and compliance, the audit committee is typically responsible for reviewing and evaluating the effectiveness of an organization's risk management framework and for providing recommendations for improvement, for example, an audit committee may conduct regular reviews of an organization's risk management practices and provide feedback to management on areas for improvement.

Audit Risk refers to the risk that an auditor will not detect material errors or misstatements in an organization's financial statements, related terms include materiality and sampling, audit risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial statements and reputation, for example, an auditor may use statistical sampling techniques to assess the risk of material errors or misstatements in an organization's financial statements.

Business Continuity Management refers to the process of developing and implementing plans to ensure that an organization can continue to operate in the event of a disruption or disaster, related terms include disaster recovery and crisis management, business continuity management is a critical component of risk management, as it helps to ensure that an organization can respond to and recover from potential disruptions, for example, an organization may develop a business continuity plan that includes procedures for emergency response, backup systems, and alternative work arrangements.

Business Impact Analysis refers to the process of assessing the potential impact of a disruption or disaster on an organization's operations and financial performance, related terms include cost-benefit analysis and return on investment, business impact analysis is a critical component of business continuity management, as it helps to identify the potential consequences of a disruption or disaster and to prioritize recovery efforts, for example, an organization may conduct a business impact analysis to assess the potential impact of a natural disaster on its operations and to develop plans for recovery.

Chief Risk Officer refers to the individual responsible for overseeing an organization's risk management practices, related terms include chief executive officer and chief financial officer, the chief risk officer is typically responsible for developing and implementing an organization's risk management framework and for providing guidance and oversight on risk management issues, for example, a chief risk officer may work with other executives to develop a risk management strategy and to implement risk management practices throughout the organization.

Compliance Risk refers to the risk that an organization will fail to comply with relevant laws, regulations, and standards, related terms include regulatory risk and reputational risk, compliance risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's reputation and financial performance, for example, an organization may establish a compliance program to ensure that it is meeting all relevant regulatory requirements and to mitigate the risk of non-compliance.

Control Risk refers to the risk that an organization's internal controls will not be effective in preventing or detecting errors or irregularities, related terms include internal control and material weakness, control risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial statements and reputation, for example, an organization may conduct regular reviews of its internal controls to assess their effectiveness and to identify areas for improvement.

Corporate Governance refers to the system of rules, practices, and processes by which an organization is directed and controlled, related terms include board of directors and executive management, corporate governance is a critical component of risk management, as it helps to ensure that an organization is managed in a responsible and ethical manner, for example, an organization may establish a corporate governance framework that includes clear lines of authority and responsibility for risk management.

Credit Risk refers to the risk that a borrower will not repay a loan or other debt obligation, related terms include counterparty risk and default risk, credit risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance, for example, an organization may establish a credit risk management program to assess the creditworthiness of borrowers and to mitigate the risk of default.

Crisis Management refers to the process of responding to and managing a crisis or disaster, related terms include emergency response and disaster recovery, crisis management is a critical component of risk management, as it helps to ensure that an organization can respond to and recover from potential disruptions, for example, an organization may develop a crisis management plan that includes procedures for emergency response, communication, and recovery.

Data Mining refers to the use of statistical and mathematical techniques to extract insights and patterns from large datasets, related terms include predictive analytics and machine learning, data mining is often used in the context of risk management to identify potential risks and to develop predictive models of risk, for example, an organization may use data mining techniques to analyze customer data and to identify potential credit risks.

Decision Theory refers to the study of how individuals and organizations make decisions under conditions of uncertainty, related terms include game theory and expected utility, decision theory is a critical component of risk management, as it helps to inform decision-making under conditions of uncertainty, for example, an organization may use decision theory to develop a risk management strategy that takes into account the potential risks and rewards of different courses of action.

Disaster Recovery refers to the process of recovering from a disaster or disruption, related terms include business continuity management and crisis management, disaster recovery is a critical component of risk management, as it helps to ensure that an organization can respond to and recover from potential disruptions, for example, an organization may develop a disaster recovery plan that includes procedures for emergency response, backup systems, and alternative work arrangements.

Due Diligence refers to the process of conducting a thorough review and analysis of a potential investment or business opportunity, related terms include risk assessment and due care, due diligence is a critical component of risk management, as it helps to identify potential risks and to inform decision-making, for example, an organization may conduct due diligence on a potential investment opportunity to assess the potential risks and rewards.

Economic Capital refers to the amount of capital that an organization needs to hold in order to cover potential losses, related terms include regulatory capital and risk-weighted assets, economic capital is a critical consideration in the context of risk management, as it helps to ensure that an organization has sufficient capital to cover potential losses, for example, an organization may use economic capital models to estimate the amount of capital required to cover potential losses.

Enterprise Risk Management refers to the process of managing risk across an entire organization, related terms include strategic risk management and operational risk management, enterprise risk management is a critical component of risk management, as it helps to identify and manage risks that may impact an organization's overall strategy and objectives, for example, an organization may develop an enterprise risk management framework that includes risk management policies, procedures, and guidelines.

External Risk refers to the risk that external factors, such as market conditions or regulatory changes, will impact an organization's operations or financial performance, related terms include market risk and regulatory risk, external risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish an external risk management program to monitor and respond to changes in market conditions or regulatory requirements.

Financial Risk refers to the risk that an organization's financial performance will be impacted by changes in market conditions, credit risks, or other factors, related terms include market risk and credit risk, financial risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a financial risk management program to monitor and manage its exposure to market risks and credit risks.

Governance Risk refers to the risk that an organization's governance practices will not be effective in preventing or detecting errors or irregularities, related terms include internal control and compliance risk, governance risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's reputation and financial performance, for example, an organization may establish a governance risk management program to assess and improve its governance practices.

Hedging refers to the use of financial instruments, such as derivatives, to manage risk, related terms include risk transfer and insurance, hedging is a critical component of risk management, as it helps to reduce or manage risk by transferring it to another party, for example, an organization may use hedging strategies to manage its exposure to market risks, such as interest rate risk or foreign exchange risk.

Incident Management refers to the process of responding to and managing incidents, such as security breaches or system failures, related terms include crisis management and disaster recovery, incident management is a critical component of risk management, as it helps to ensure that an organization can respond to and recover from potential incidents, for example, an organization may develop an incident management plan that includes procedures for emergency response, communication, and recovery.

Information Risk refers to the risk that an organization's information assets will be compromised or lost, related terms include cyber risk and data risk, information risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's reputation and financial performance, for example, an organization may establish an information risk management program to assess and manage its exposure to cyber risks and data risks.

Insurance refers to the use of insurance policies to transfer risk to another party, related terms include hedging and risk transfer, insurance is a critical component of risk management, as it helps to reduce or manage risk by transferring it to another party, for example, an organization may purchase insurance policies to manage its exposure to property risks, such as damage to buildings or equipment.

Internal Control refers to the policies, procedures, and processes that an organization uses to manage and control its operations, related terms include governance and compliance, internal control is a critical component of risk management, as it helps to ensure that an organization's operations are managed in a responsible and ethical manner, for example, an organization may establish an internal control framework that includes policies, procedures, and guidelines for managing and controlling its operations.

Internal Risk refers to the risk that internal factors, such as employee errors or system failures, will impact an organization's operations or financial performance, related terms include operational risk and compliance risk, internal risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish an internal risk management program to assess and manage its exposure to internal risks.

Key Risk Indicator refers to a metric or indicator that is used to measure and monitor risk, related terms include key performance indicator and risk metric, key risk indicators are critical components of risk management, as they help to identify and monitor potential risks, for example, an organization may use key risk indicators to monitor its exposure to market risks, credit risks, or operational risks.

Market Risk refers to the risk that changes in market conditions, such as interest rates or foreign exchange rates, will impact an organization's financial performance, related terms include financial risk and credit risk, market risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a market risk management program to monitor and manage its exposure to market risks.

Materiality refers to the concept that a risk or issue is significant enough to warrant attention and action, related terms include significance and importance, materiality is a critical consideration in the context of risk management, as it helps to prioritize risks and to focus attention on the most significant risks, for example, an organization may use materiality thresholds to determine which risks require attention and action.

Operational Risk refers to the risk that an organization's operations will be disrupted or impacted by internal or external factors, related terms include internal risk and external risk, operational risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish an operational risk management program to assess and manage its exposure to operational risks.

Opportunity Risk refers to the risk that an organization will miss an opportunity or fail to capitalize on a potential benefit, related terms include strategic risk and reputation risk, opportunity risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish an opportunity risk management program to identify and capitalize on potential opportunities.

Portfolio Risk refers to the risk that a portfolio of investments or assets will not perform as expected, related terms include investment risk and asset risk, portfolio risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a portfolio risk management program to monitor and manage its exposure to portfolio risks.

Probability refers to the likelihood that a particular event or outcome will occur, related terms include uncertainty and likelihood, probability is a critical component of risk management, as it helps to assess and manage risk by estimating the likelihood of potential events or outcomes, for example, an organization may use probability models to estimate the likelihood of a particular event or outcome.

Quantitative Risk Analysis refers to the use of numerical methods and models to assess and manage risk, related terms include qualitative risk analysis and probability, quantitative risk analysis is a critical component of risk management, as it helps to provide a more objective and accurate assessment of risk, for example, an organization may use quantitative risk analysis to estimate the potential impact of a particular event or outcome.

Regulatory Risk refers to the risk that an organization will fail to comply with relevant laws, regulations, and standards, related terms include compliance risk and reputational risk, regulatory risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's reputation and financial performance, for example, an organization may establish a regulatory risk management program to assess and manage its exposure to regulatory risks.

Reputation Risk refers to the risk that an organization's reputation will be damaged or impacted by a particular event or outcome, related terms include brand risk and public relations, reputation risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a reputation risk management program to assess and manage its exposure to reputation risks.

Residual Risk refers to the risk that remains after controls or mitigation strategies have been implemented, related terms include inherent risk and managed risk, residual risk is a critical consideration in the context of risk management, as it helps to identify and manage the risks that remain after controls or mitigation strategies have been implemented, for example, an organization may use residual risk assessments to identify and manage the risks that remain after implementing controls or mitigation strategies.

Risk Appetite refers to the amount of risk that an organization is willing to accept or tolerate, related terms include risk tolerance and risk preference, risk appetite is a critical component of risk management, as it helps to inform decision-making and to guide the development of risk management strategies, for example, an organization may establish a risk appetite statement that outlines its willingness to accept or tolerate different types of risk.

Risk Assessment refers to the process of identifying, assessing, and prioritizing risks, related terms include risk analysis and risk evaluation, risk assessment is a critical component of risk management, as it helps to identify and manage potential risks, for example, an organization may use risk assessment methodologies to identify and prioritize potential risks.

Risk Awareness refers to the knowledge and understanding of risk and its potential impact on an organization, related terms include risk education and risk training, risk awareness is a critical component of risk management, as it helps to ensure that individuals and organizations are aware of the potential risks and can take steps to manage them, for example, an organization may establish a risk awareness program to educate employees on the potential risks and to promote a culture of risk management.

Risk-Based Approach refers to the use of risk management principles and methodologies to guide decision-making and to inform the development of risk management strategies, related terms include risk-informed decision-making and risk-based regulation, risk-based approach is a critical component of risk management, as it helps to ensure that risk management is integrated into all aspects of an organization's operations and decision-making, for example, an organization may use a risk-based approach to develop risk management strategies and to guide decision-making.

Risk Culture refers to the attitudes, values, and behaviors that shape an organization's approach to risk management, related terms include risk awareness and risk education, risk culture is a critical component of risk management, as it helps to promote a culture of risk management and to ensure that individuals and organizations are aware of the potential risks and can take steps to manage them, for example, an organization may establish a risk culture program to promote a culture of risk management and to educate employees on the potential risks.

Risk Management Framework refers to the policies, procedures, and guidelines that an organization uses to manage and control risk, related terms include risk management system and risk governance, risk management framework is a critical component of risk management, as it helps to provide a structured approach to risk management and to ensure that risk management is integrated into all aspects of an organization's operations, for example, an organization may establish a risk management framework that includes policies, procedures, and guidelines for managing and controlling risk.

Risk Mitigation refers to the use of controls or mitigation strategies to reduce or manage risk, related terms include risk reduction and risk avoidance, risk mitigation is a critical component of risk management, as it helps to reduce or manage risk by implementing controls or mitigation strategies, for example, an organization may use risk mitigation strategies to reduce its exposure to market risks, credit risks, or operational risks.

Risk Model refers to a mathematical or statistical model that is used to assess and manage risk, related terms include risk simulation and risk analysis, risk models are critical components of risk management, as they help to provide a more objective and accurate assessment of risk, for example, an organization may use risk models to estimate the potential impact of a particular event or outcome.

Risk Monitoring refers to the ongoing process of monitoring and reviewing risk, related terms include risk tracking and risk surveillance, risk monitoring is a critical component of risk management, as it helps to ensure that risk management is ongoing and that risks are identified and managed in a timely manner, for example, an organization may use risk monitoring to track and review its exposure to market risks, credit risks, or operational risks.

Risk Policy refers to the overall approach and guidelines that an organization uses to manage and control risk, related terms include risk management framework and risk governance, risk policy is a critical component of risk management, as it helps to provide a structured approach to risk management and to ensure that risk management is integrated into all aspects of an organization's operations, for example, an organization may establish a risk policy that outlines its approach to risk management and its guidelines for managing and controlling risk.

Risk Profile refers to the overall risk posture of an organization, including its risk appetite, risk tolerance, and risk management strategies, related terms include risk landscape and risk environment, risk profile is a critical component of risk management, as it helps to provide a comprehensive understanding of an organization's risk posture and to inform the development of risk management strategies, for example, an organization may use risk profiling to assess its overall risk posture and to identify areas for improvement.

Risk Rating refers to the process of assigning a risk rating or score to a particular risk or asset, related terms include risk assessment and risk evaluation, risk rating is a critical component of risk management, as it helps to provide a more objective and accurate assessment of risk, for example, an organization may use risk rating methodologies to assign a risk rating or score to a particular risk or asset.

Risk Register refers to a document or database that is used to record and track risks, related terms include risk log and risk inventory, risk register is a critical component of risk management, as it helps to provide a centralized repository of risk information and to ensure that risks are identified and managed in a timely manner, for example, an organization may use a risk register to record and track its risks, including the risk description, risk rating, and risk mitigation strategies.

Risk Reporting refers to the process of reporting and communicating risk information to stakeholders, related terms include risk disclosure and risk transparency, risk reporting is a critical component of risk management, as it helps to ensure that stakeholders are informed of potential risks and can make informed decisions, for example, an organization may use risk reporting to provide stakeholders with information on its risk posture and risk management strategies.

Risk Tolerance refers to the amount of risk that an organization is willing to accept or tolerate, related terms include risk appetite and risk preference, risk tolerance is a critical component of risk management, as it helps to inform decision-making and to guide the development of risk management strategies, for example, an organization may establish a risk tolerance statement that outlines its willingness to accept or tolerate different types of risk.

Risk Transfer refers to the use of insurance or other mechanisms to transfer risk to another party, related terms include hedging and insurance, risk transfer is a critical component of risk management, as it helps to reduce or manage risk by transferring it to another party, for example, an organization may use risk transfer strategies to manage its exposure to market risks, credit risks, or operational risks.

Scenario Analysis refers to the use of hypothetical scenarios to assess and manage risk, related terms include what-if analysis and sensitivity analysis, scenario analysis is a critical component of risk management, as it helps to provide a more comprehensive understanding of potential risks and to inform the development of risk management strategies, for example, an organization may use scenario analysis to assess the potential impact of a particular event or outcome.

Sensitivity Analysis refers to the use of mathematical or statistical models to assess the sensitivity of a particular risk or outcome to changes in assumptions or inputs, related terms include scenario analysis and what-if analysis, sensitivity analysis is a critical component of risk management, as it helps to provide a more comprehensive understanding of potential risks and to inform the development of risk management strategies, for example, an organization may use sensitivity analysis to assess the potential impact of changes in interest rates or foreign exchange rates on its financial performance.

Strategic Risk refers to the risk that an organization's overall strategy and objectives will not be achieved, related terms include operational risk and reputation risk, strategic risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a strategic risk management program to assess and manage its exposure to strategic risks.

Stress Testing refers to the use of hypothetical scenarios to assess the resilience of an organization's risk management strategies and to identify potential vulnerabilities, related terms include scenario analysis and sensitivity analysis, stress testing is a critical component of risk management, as it helps to provide a more comprehensive understanding of potential risks and to inform the development of risk management strategies, for example, an organization may use stress testing to assess the potential impact of a particular event or outcome on its financial performance.

Supply Chain Risk refers to the risk that an organization's supply chain will be disrupted or impacted by internal or external factors, related terms include operational risk and logistical risk, supply chain risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a supply chain risk management program to assess and manage its exposure to supply chain risks.

Systemic Risk refers to the risk that a particular event or outcome will have a broader impact on the overall system or market, related terms include macro risk and market risk, systemic risk is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may establish a systemic risk management program to assess and manage its exposure to systemic risks.

Uncertainty refers to the lack of knowledge or certainty about a particular event or outcome, related terms include probability and likelihood, uncertainty is a critical component of risk management, as it helps to inform decision-making and to guide the development of risk management strategies, for example, an organization may use uncertainty assessments to estimate the potential impact of a particular event or outcome.

Value at Risk refers to the potential loss in value of a portfolio or asset over a specific time horizon, related terms include expected shortfall and conditional value at risk, value at risk is a critical component of risk management, as it helps to provide a more objective and accurate assessment of risk, for example, an organization may use value at risk models to estimate the potential loss in value of a portfolio or asset.

Volatility refers to the degree of uncertainty or variability in a particular market or asset price, related terms include standard deviation and variance, volatility is a critical consideration in the context of risk management, as it can have significant implications for an organization's financial performance and reputation, for example, an organization may use volatility models to estimate the potential impact of changes in market conditions on its financial performance.