APPENDIX A – Risk Definitions

DEFINITIONS	
Enterprise Risk Management (ERM)	ERM is an integrated enterprise-wide process established over time which links the management of risk to strategic objectives in order to improve organization performance. It creates a formal process for managing the myriad of risks an organization faces.
Objectives	Implicit and explicit goals/objectives that TDSB is trying to achieve. These can include (for example) strategic/reputational, financial, human resource objectives.
Category of Risk	Categories are used to allocate each risk to one (most applicable) Category based on the most applicable "cause" of that risk. Only one Category is to be applied to each risk.
Risk	"Effect of uncertainty on TDSB Objectives". The uncertainty could have a positive or negative consequence. It is measured by impact and likelihood.
Impact (Consequence)	Result or effect on outcomes from realization of a risk. There may be a range of possible impacts associated with an event.
Likelihood (Probability)	Probability that a risk will occur (or fail to occur), and/or the frequency of occurrence of the risk event.
Inherent Risk (Gross Risk)	Level of risk to the entity in the absence of any actions management is taking or might take to alter the risk's likelihood and/or impact.
Residual Risk (Net Risk)	The level of risk to the entity given the actions management is taking to alter the risk's likelihood and/or impact, considering the effectiveness of those management responses (i.e., processes and controls used to manage or mitigate the risks).

Risk Management Processes	The processes applied during strategy setting and divisional activities across the organization to identify, assess, and manage risks through risk management actions that avoid, reduce, transfer, or accept risk.
Risk Owner	A risk owner is an accountable point of contact for an enterprise risk at the senior leadership level, who coordinates efforts to mitigate and manage the risk with various individuals who own parts of the risk. The responsibilities of the risk owner are to ensure that: • Risks are identified, assessed, managed and monitored • Risks are clearly articulated in risk statements • Appropriate level of risk tolerance is determined • Various internal stakeholders are assigned responsibility for each of the sub-risks identified within an enterprise risk • Risk management is integrated into operational activities • Gaps in mitigation and monitoring activities are remediated • The status of mitigation and monitoring efforts are communicated to the Strategic Enterprise Risk Management Committee • The internal and external environments are scanned for emerging risks and opportunities
Controls	Applied to Inherent Risk and include, Avoiding Risk, Risk Prevention (reduce likelihood, e.g. policies and procedures or maintenance), Risk Reduction (reduce Consequence, e.g. sprinkler systems or signing authority), Risk Transfer (e.g. insurance or contract)
Risk Tolerance	Maximum amount of residual risk that is considered acceptable. Acceptable risk tolerance varies depending on the nature and level of the objective, and is generally higher at the entity level than at Divisional unit, project, process, and other levels.