



ENTERPRISE RISK MANAGEMENT SAMPLE QUESTIONS

SECTION A

1. Enterprise Risk Management (ERM) is considered to have a significant difference compared with traditional risk management approaches because ERM

- A. ensures that an organization's objectives will be achieved.
- B. takes an integrated or holistic approach.
- C. addresses strategic, tactical and operational risk management.

2. Which of the following would you expect to see in the context of the risk strategy of an organization?

- 1. The risk and audit team report to the board quarterly.
- 2. The tolerance level of risk is clearly defined.
- 3. Ownership of risk is delegated to business units.
- 4. The organization has a defined risk appetite.

- A. 2 and 3.
- B. 1, 2 and 4.
- C. 2 and 4.

3. As part of the ISO 31000 risk management process, 'monitoring and review' is best thought of as which of the following?

- A. An extra stage.
- B. A feedback loop.
- C. Part of risk assessment.

4. An international bank has identified the risks associated with economic changes in the countries in which it operates. Which of the following correctly describes these risks?

- A. Internal – Infrastructure.
- B. External – Reputational.
- C. External – Marketplace.

5. Which of the following factors are most likely to influence your view on whether the damage to a building due to a natural disaster will be high?

1. The history of natural disasters in the vicinity of the production unit.
2. The standard of construction of your building.
3. Whether you have a disaster recovery plan.
4. The products you produce.

- A. 1 and 2.
- B. 3 and 4.
- C. 2 and 3.

6. Which of the following statements are possible interpretations of the upside of risk?

1. Less disruption to operations resulting in less downside risk.
2. The ability to pursue a business opportunity that a competitor has no appetite for.
3. The overall level of risk embedded in an organization.
4. Mitigation of the magnitude, impact and consequences of an event.

- A. 2 and 4.
- B. 1 and 2.
- C. 1 only.

SECTION B

1. Explain how ERM strategic integration varies from traditional risk management?
2. Explain how an ERM approach can result in reduced earnings volatility for an organization?
3. Summarize the two important benefits of ERM approach
4. Discuss the importance of the COSO framework.