


CPD Risky Business – Risk Management Quiz MARKING GUIDE

CPD 2021 – 2022 Compulsory Training Written Knowledge Quiz

DETAILS	
Topic	Risky Business
Delivery Mode	Face-2-Face – Blended for CPD training

PARTICIPANT DETAILS	
Participant Name:	
License #	
Address	
Phone   Email	

RECORD OF ASSESSMENT FOR CPD – FOR **TRAINER** USE ONLY

<b>Risk Management Quiz</b>  <b>S</b> Completed assessment Satisfactorily  <b>NS</b> Not Satisfactory (Participant has been unable to demonstrate sufficient knowledge)	S <input checked="" type="checkbox"/> Satisfactory	NS <input type="checkbox"/> Not Satisfactory
<b>Trainer Feedback</b> This quiz was completed successfully and participant demonstrates sufficient knowledge and skills of topic	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<b><i>I the trainer declare</i></b> that I have conducted a fair and valid assessment of the quiz and provided appropriate feedback Evelyn Olivares      Signature →		
	Date	
<b><i>I the participant declare</i></b> <u>The attached quiz is my own work</u> Signature →		
	Date	

## **Risky Business CPD Quiz - Business - for Class 1 Agent LIC**

### **Short Quiz**

1. Give some examples of legislative and regulatory requirements that must be taken into account to undertake risk management processes.

Examples of legislative and regulatory requirements may include:

- legislation dealing with
  - disasters, emergencies
  - occupational health and safety
  - the environment
  - equal employment opportunity
  - privacy
- local government requirements dealing with
  - land use planning
  - building and planning permits
  - business permits
  - community interaction
  - noise limits
  - traffic management
  - use of community facilities and event permits
- safety standards
- operating procedures
- emergency procedures
- management procedures

2. Define the term 'stakeholders'.

Stakeholders are defined as the people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, activity or risk.

3. List the key drivers of PESTLE analysis.

The key drivers of PESTLE analysis are:

1. Political
  - Government stability
  - Freedom of speech, corruption, party in control
  - Regulation trends
  - Tax policy, and trade controls
  - War
  - Government policy
  - Elections
  - Terrorism
  - Likely changes to the political environment
2. Economic
  - Stage of business cycle
  - Current and projected economic growth
  - International trends
  - Job growth

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- Inflation and interest rates.
  - Unemployment and labour supply.
  - Levels of disposable income across economy and income distribution.
  - Globalization.
  - Likely changes to the economic environment
3. Social
- Population growth and demographics.
  - Health, education and social mobility of the population
  - Consumer attitudes
  - Advertising and media
  - National and regional culture
  - Lifestyle choices and attitudes to these.
  - Levels of health and education
  - Major events
  - Socio-cultural changes
4. Technological
- Impact of new technologies.
  - Inventions and innovations
  - The internet and how it affects working and business
  - Licensing and patents
  - Research funding and Development
5. Legal
- Home legislation
  - International legislation
  - Employment law
  - New laws
  - Regulatory bodies
  - Environmental regulation
  - Industry-specific regulations
  - Consumer protection
6. Environmental
- Ecology
  - International environmental issues
  - National environmental issues
  - Local environmental issues
  - Environmental regulations
  - Organizational culture
  - Staff morale and attitudes

### 4. Give at least 3 examples below of specific situations where risk communication proves very useful?

Risk communication is useful in the following situations:

- explaining the chance of a risk impact (probability) and the predictability of the risk impact (stochastic);
- outlining the difference between risk (dependent on scenarios) and hazard (found within a specific area);
- dealing with fears and uncertainties around POPs related illnesses;
- dealing with any long-term effects from the risk and risk management;
- improving the overall understanding of risk based terminology and concepts;

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- delivering an understanding of how risk management decisions will impact lifestyles;
- creating a venue where uncertainties can be addressed and questions answered;
- improving the transparency and credibility of those implementing the risk management;
- dealing with conflicting interests and cultures of the various interested and affected parties

5. Identify the correct answer... which of the following comments are *correct* about retrospective risks?

- They have occurred previously
- Most common and easiest way to identify risks
- Has many sources of information
- All of the above**

6. Identify the correct answer... which of the following comments are *incorrect* about retrospective risks?

- Things that have not happened yet but may occur in future
- Easier to identify
- Only important risks that have currently happened must be identified
- Both b and c**

7. Match the column

1. Delphi Technique <b>1 – B</b>	A. The checklist of risk categories is used to come up with additional risks for the project.
2. Root Cause Analysis <b>2 – D</b>	B. Consulting a team of experts anonymously.
3. Document Reviews <b>3 – E</b>	C. Demonstrating several scenarios to show possible future outcomes.
4. Checklist Analysis <b>4 – A</b>	D. Root causes are determined for the identified risks.
5. Scenario Analysis <b>5 – C</b>	E. Reviewing the process related documents such as lessons learnt, organizational process assets etc to identify risks.

8. Name two sources to establish the risk management standards.

- **Government-established regulations**
- **Industry benchmarks**

9. Match the columns

1. Moderate <b>1 = D</b>	A. <b>A risk that is very intense</b>
2. Severe <b>2 = A</b>	B. <b>A risk that is able to cause great distress and damage</b>
3. Minimal <b>3 = C</b>	C. <b>Any risk which is the smallest in amount or degree</b>

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4. Disastrous 4 = B	D. A risk which is within reasonable limits; not excessive or extreme
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10. Match the following risk category with its appropriate management plan based on the risk evaluation grid.

Risk Category	How to Manage
1 – Low impact/Low probability 1-(b)	(a) Must be your top priority and must pay a close attention to these risks.
2 – Low impact/High probability 2-(d)	(b) Ignore these risks.
3 – High impact/Low probability 3-(c)	(c) Have contingency plans in place to try to reduce their impact.
4 – High impact/High probability 4-(a)	(d) Reduce the likelihood of their occurrence. In case they do occur, then cope with them and move on.

11. Name the four elements that support the implementation of the risk treatment plan?

- Firm structure - Does there need to be any change to structure or delegations to support the risk treatment plan?
- Financing - If the budget for control improvement is constrained, should there be a process to prioritise controls with the greatest need or cost benefit?
- Resource availability - Does the firm have sufficient physical, human or financial resources to implement the risk treatment plan?
- Communication with stakeholders - Does the firm need to commence briefing sessions to inform stakeholders as to what changes are required and why?

12. What are the four factors you must consider when evaluating risk?

When evaluating a risk the following four factors must be considered:

- the importance of the activity to your business
- the amount of control you have over the risk
- potential losses to your business
- any benefits or opportunities presented by the risk

13. What are two important components in determining the level of risk?

- Likelihood of occurrence
- Impact/Consequences

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14. Answer the following statements about AS/NZS ISO 31000:2009 Risk Management Standard as True or False <https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100426.pdf>

It puts the emphasis on the effect of uncertainty on objectives	T <input type="checkbox"/> F <input type="checkbox"/>
It mandates a one size fits all approach	T <input type="checkbox"/> F <input type="checkbox"/>
It sets out principles, a framework and a process for the management of risk that is applicable to specific type of organization	T <input type="checkbox"/> F <input type="checkbox"/>
It emphasizes the fact that the management of risk must be tailored to the specific needs and structure of the particular organization	T <input type="checkbox"/> F <input type="checkbox"/>
It outlines an approach to developing a framework that will assist organizations to integrate risk management into their enterprise-wide risk management systems	T <input type="checkbox"/> F <input type="checkbox"/>

15. List the critical success factors (CSFs) for effective risk management process in an organization?

- Commitment and support from top management
- Communication
- Culture
- Organizational structure
- Training
- Information Technology
- Trust

16. List below 6 key tools and techniques to generate a list of risks that apply to the scope?

- Documentation Reviews
- Information Gathering Techniques – Brainstorming, Interviewing and Delphi Technique
- Root Cause Analysis
- SWOT Analysis
- Checklist Analysis
- Assumption Analysis
- Diagramming techniques
- Scenario Analysis

17. How do you estimate the probability of a risk occurring?

The probability of a risk occurring can be estimated by considering the number of times the risk has actually occurred on similar circumstances using objective information such as past reports to determine the likelihood

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18. What are the different options for risk treatment plans?

- Avoid the risk
- Reduce the risk
- Share/Transfer the risk
- Accept the risk

19. Indicate below which statements are correct for recording incidents in a Risk Management Register?

a)	A description of the risk (setting the context)
b?	Causes or contributing factors
c)	Consequences (impacts) of the risk – actual or potential
d)	Current controls in place that help manage the risk
e)	Assessment of likelihood & consequence based on current or existing controls, to rate each risk
f)	Further actions or treatments needed to address the risk
g)	Any progress updates as the treatments are implemented
h)	Results from monitoring and review, including effectiveness of controls
i)	a) b) and e)
j)	All of the above

20. What are the steps you take to analyse and evaluate a risk management plan?

- Problem analysis
- Match the outcomes of a risk management plans with its objectives
- Evaluate if all the activities in the plan are effective
- Evaluate the business environment
- Make possible changes in faulty activities
- Review the changed activities

**Congratulations you have completed your assessment!**