



International Certificate in Risk Management

Course aims and syllabus – spring 2010

Overview

The intention of the certificate is to raise the profile of the international standard for (Enterprise) Risk Management in the future, as well as reflecting current risk management thinking, the syllabus provides an up to date comprehensive and balanced approach of risk management relevant to contemporary business thinking and practices.

Course aims

The aim of the International Certificate is to:

1. Introduce the theory and practice of risk management
2. Introduce the concept of 'enterprise risk management'
3. Introduce the nature of risk and the aims of risk
4. Introduce typical approaches to risk management policy and responsibilities, including the importance of culture and communication
5. Introduce techniques for identification, evaluation and analysis of risks
6. Introduce good governance and the link with business objectives
7. Introduce methods for risk treatment, transfer, tolerance and termination
8. Introduce audit, risk assurance and social responsibility
9. Provide an overview of current risk management thinking, regulations and practices and how they impact modern organisations across the world
10. Offer a comprehensive and balanced approach to risk management

Course learning outcomes

By the end of the course students should be able to:

1. Explain the concept of risk and the principles and aims of risk management

2. Outline the key features of the main risk management standards
3. Understand the importance of risk architecture, strategy and protocols
4. Explain the components of risk maturity and how to embed a risk aware culture
5. Describe the main risk assessment techniques and how to display the results
6. Explain, with examples, the components of loss control
7. Outline the key features of a risk governance system
8. Outline the approach to selected specialist risk management areas
9. Describe the key features of an Enterprise Risk Management (ERM) approach
10. Explain the main risk response options (4T's) and different control types
11. Describe the role of internal control, internal audit and the audit committee
12. Explain the importance of the risk performance and risk reporting

Course syllabus

Unit one: Introduction to Risk Management

Definitions of risk: provides several definitions of risk from recognised sources and explores the merits and relevance of each definition

Impact of risk on organisations: explores the nature, cause and potential effect of risk, including consideration of options for attaching risks to mission, objectives and key dependencies

Types of risks: reviews the types of risks that can impact an organisation according to whether the risk is a hazard, control or opportunity

Development of risk management: outlines the development of risk management from insurance in the mid 1950's in the USA to the present time with focus on enterprise risk management (ERM)

Principles and aims of risk management: distinguishes between the implicit management of risks that all organisations undertake and the formalised and explicit approach to ERM

Risk management frameworks: explores the main features of ISO 31000, BS 31100, IRM Standard, as well as considering the importance of COSO, Turnbull, CoCo, and others

Unit two: Risk Strategy

Risk management policy: describes the essential features of a risk management policy and the options for the development and implementation of a risk management policy

Risk assurance documentation: describes the key types of risk assurance documentation that may be required, including records of risk assessments, incident investigations, audit reports and risk registers

Risk management responsibilities: discusses the range of risk management responsibilities that need to be allocated and how these will be delegated and fulfilled in practice

Risk architecture and structure: describes typical organisational frameworks that can best support risk management integration in a firm, including the terms of reference and duties of the various committees that need to be established

Risk aware culture: considers the hallmarks of a risk aware culture and discusses how such a culture can be measured and what could undermine a risk aware culture

Risk training and communications: outlines the importance of good communication in a risk aware organisation and a discusses the risk training that is needed to support the culture

Unit three: Risk Assessment

Risk assessment techniques: considers the techniques for undertaking risk assessments, including risk recognition and rating, as well as means of determining when a risk is acceptable

Risk classifications systems: reviews several risk classification systems, including the FIRM Risk Scorecard, COSO categories and other recognised sources

Risk likelihood and severity: describes different types of risks according to the possible likelihood and severity of the risk materialising, leading to discussion of catastrophe risks

Reducing the likelihood of risk materialising: Explains the need to identify appropriate and proportionate control measures to reduce likelihood of risk materialising, leading to concept of loss prevention

Reducing the severity of risk materialising: describes when a risk could be material and the need for benchmark tests of risk significance, including the importance of disaster recovery plans

Business continuity planning: considers the broader concept of Business Continuity Planning that has disaster recovery planning as a vital component

Unit four: Risk and Organisations

Corporate governance model: introduces the London Stock Exchange framework for Corporate Governance and evaluation of the components, including director responsibilities

Stakeholder expectations: describes the importance of risk management, by defining the link between stakeholder expectations, business process redesign and core processes

Model of the business process: outlines a basic model for business processes comprising strategy, processes, events, results and reports, so that the risk at each stage can be identified

Risk management and the business process: links risk management to business processes and activities, leading to a consideration of styles of risk management and levels of risk management sophistication

Supply chain management: describes the increased importance of supply chains and consequent risk management implications

Risk management operations, projects and strategy: describes how risk management can assist with the achievement of efficient operations, effective projects and efficacious strategies

Unit five: Risk Response

Risk control techniques: describes the principles of risk control and provide examples of risk control techniques for the main types of risk

Importance of risk appetite: explores the various definitions of risk appetite and discusses the relevance of risk appetite when responding to potentially significant risks

Inherent and current level of risk: explains the importance of the inherent risk and the critical importance of control measures that reduce the inherent level to a much lesser current level

Risk tolerance, treatment, transfer and termination: describes the 4Ts of risk response as tolerance, treatment, transfer and termination, with particular emphasis on the importance of insurance and risk financing

Loss prevention, damage limitation and cost containment: provides descriptions of loss control with explanation of the stages of loss prevention, damage limitation and cost containment

Insurance and risk transfer: considers aspects of insurance, risk financing and other mechanisms of risk transfer covering the main classes of insurance

Unit six: Risk Assurance and Reporting

Evaluation of the control environment: focuses on the importance of control activities and description of the broader context of the control environment and how to evaluate it

Activities of the internal auditor function: Describes the purpose, principles and activities of internal audit in an organisation, including the typical reporting structure and added value of internal audit

Risk assurance techniques: Describes the sources of risk assurance available to an organisation, including the use of control risk self certification and the activities of internal audit

Reporting on risk management: describes the types of risk related investigations that can be undertaken and the need for risk records and reports, including outline of Sarbanes-Oxley requirements

Corporate social responsibility: describes the scope of corporate social responsibility and its relationship to risk management activities, with an emphasis on broader reputational risk exposures

Benefits of risk management: considers the overall benefits of an enterprise risk management initiative in an organisation and review of the barriers and enablers to success