



International Certificate in Risk Management

Syllabus – spring 2008

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.

Section 1: Introduction to Risk Management

Definitions of Risk

Provide several definitions of risk from recognised sources and explore the merits and relevance of each definition and basic risk classification systems

Impact of Risk on Organisations

Explore the nature, cause and potential effect of risk, including consideration of options for attaching risks to mission, objectives and key dependencies

Types of Risks

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

Development of Risk Management

Outline of the development of risk management from insurance in the mid 1950s in the USA to the present time with the focus on ERM and Operational Risk Management

Principles and Aims of Risk Management

Distinguish between the implicit management of risks that all organisations undertake and the formalised and explicit approach of ERM and why RM is here to stay

Risk Management Frameworks

Explore the main features of the IRM Standard and AS4360, as well as considering the importance of the ERM version of COSO, Turnbull, CoCo and others

Section 2: Risk Strategy

Risk Management Policy

Describe the essential features of a Risk Management Policy and the options for the development and implementation of RM Policy and Strategy

Risk Assurance Documentation

Describe the key types of risk assurance documentation, including records of risk assessments, incident investigations, audit reports, risk registers and RMIS

Risk Management Responsibilities

Discussion of risk management responsibilities that need to be allocated, how these will be delegated and fulfilled in practice and the role of the Risk Manager

Risk Architecture and Structure

Description of the risk architecture required by an organisation, including the terms of reference and duties of the various committees that need to be established

Risk Aware Culture

Consideration of the hallmarks of a risk aware culture and discussion of how such a culture can be measured and the concepts of Control Environment and risk maturity

Risk Training and Communication

Outline of the importance of good communications in a risk aware organisation and a discussion of the risk training that is needed to support the culture

Section 3: Risk Assessment

Risk Assessment Techniques

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

Risk Classification Systems

Review several risk classification systems and key dependencies, including the FIRM Risk Scorecard, COSO categories and other recognised sources

Risk Likelihood and Severity

Description of different types of risk according to possible likelihood and severity of the risk materialising, leading to benchmark test for significance and catastrophe risks

Reducing the Likelihood of Risk Materialising

Explanation of need to identify proportionate control measures to reduce likelihood of risk materialising, leading to concept of loss prevention and treat to tolerate

Reducing the Severity of Risk Materialising

Description of when a risk could be material, leading to concepts of damage limitation and cost containment, including the importance of BCP and DRP

Business Continuity Planning

Consideration of Business Continuity Planning and importance of impact analysis and role of Government in management of civil emergencies

Section 4: Risk and Organisations

Corporate Governance Model

Introduction of the London Stock Exchange framework for Corporate Governance and evaluation of the components, including director responsibilities

Stakeholder Expectations

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

Simplified Business Model

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

Risk Management and the Business Model

Link risk management to the business model, leading to a consideration of styles of risk management, levels of RM sophistication and importance of contract RM

Supply Chain Management

Describe the changing business environment that has increased importance of the supply chain and outsourcing, including description of risk management implications

RM in Operations, Projects and Strategy

Describe how risk management can assist with the achievement of efficient operations, effective projects and efficacious strategies, including opportunity management

Section 5: Risk Response

Enterprise Risk Management

Explain the approach that is applicable to circumstances where an integrated enterprise wide approach is necessary because risks are interdependent

Importance of Risk Appetite

Explore various definitions of risk appetite, risk capacity and Total Cost of Risk (TCR) and discuss the application of risk appetite to different business sectors

Inherent and Current Level of Risk

Explain the importance of the inherent level of 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

Describe the 4T's of risk response as tolerance, treatment, transfer and termination, with particular emphasis on relationship to quadrants of a risk map

Risk Control Techniques

Describe principles of risk control and hierarchy of controls and provide examples of techniques for main types of risk (fraud), using FIRM and next level of dependencies

Insurance and Risk Transfer

Consideration of aspects of insurance, risk financing and other mechanisms of risk transfer covering the main classes of insurance

Section 6: Risk Assurance and Reporting

Evaluation of the Control Environment

Focus on importance of control activities and description of the broader context of the control environment and how to evaluate it (using COSO Internal Control)

Activities of the Internal Auditor Function

Description of the purpose, principles and activities of internal audit in an organisation, including the typical reporting structure and added value of IA

Risk Assurance Techniques

Description of sources of risk assurance available to the organisation / Audit Committee, including the application of CRSA, self certification and reports from of Internal Audit

Reporting on Risk Management

Description of 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

Description of 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

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