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NEW QUESTION: 1

Risk management takes human and cultural factors into account.

- A. True
- B. False

Answer: A ([LEAVE A REPLY](#))

Explanation

Risk management takes human and cultural factors into account . Human factors include perception, judgment, behavior, and communication that influence risk management. Cultural factors include values, beliefs, norms, and expectations that shape the organization's risk culture.

NEW QUESTION: 2

Which step is the risk process steps to manage, control, or remediate risk?

- A. Risk avoidance
- B. Risk identification
- C. Risk evaluation
- D. Risk treatment

Answer: ([SHOW ANSWER](#))

Explanation

Risk treatment is the risk process step to manage, control, or remediate risk1. Risk treatment involves selecting and implementing options to modify or control risks.

NEW QUESTION: 3

ISO 31000:2018 risk management process is _____

- A. descriptive
- B. prescriptive
- C. visionitive

D. cursive

Answer: A (LEAVE A REPLY)

Explanation

ISO 31000:2018 risk management process is descriptive . This means that it provides guidance on what should be done for effective risk management, but not how it should be done. The process can be customized to any organization and its context.

NEW QUESTION: 4

Which of the following is described in terms of consequence and likelihood?

- A. Level of risk
- B. Level of crisis
- C. Level of uncertainty
- D. Level of cohesiveness

Answer: A (LEAVE A REPLY)

Explanation

Level of risk is described in terms of consequence and likelihood. Consequence means the outcome or impact of a risk event on objectives. Likelihood means how probable it is that a risk event will occur.

NEW QUESTION: 5

What is the role of risk management in the strategic planning process?

- A. Challenge the decisions made.
- B. Develop risk treatment plans.
- C. Draft the decisions to be made.
- D. Identify threats and opportunities.

Answer: D (LEAVE A REPLY)

Explanation

According to , page 7-8, one of the roles of risk management in the strategic planning process is to identify threats and opportunities that could affect the organization's objectives and performance.

NEW QUESTION: 6

How many types of potential risk strategies exist?

- A. 2
- B. 3
- C. 4
- D. 5

Answer: C (LEAVE A REPLY)

Explanation

According to 1, there are four types of potential risk strategies for threats: avoid (eliminate or change), transfer (share or outsource), mitigate (reduce or control), accept (retain or

monitor). There are also four types of potential risk strategies for opportunities: exploit (ensure or enhance), share (allocate or collaborate), enhance (increase or maximize), accept (acknowledge or watch).

NEW QUESTION: 7

Which type of risk remains after risk treatment has been applied?

- A. Controlled risk
- B. Residual risk
- C. Avoidance risk
- D. Accepted risk

Answer: B (LEAVE A REPLY)

Explanation

Residual risk is the type of risk that remains after risk treatment has been applied¹.

Residual risk reflects the remaining exposure or uncertainty after taking into account existing controls.

NEW QUESTION: 8

Which of the following is the current trend in auditing, risk management and compliance?

- A. Providing assurance over threats
- B. Performing discrete audits in compliance with internal control
- C. Front office function providing leading indicators about risk

Answer: C (LEAVE A REPLY)

Explanation

According to 3, page 6, one of the current trends in auditing, risk management and compliance is "moving from a back-office function providing lagging indicators about risk (e.g., audit findings) to a front-office function providing leading indicators about risk (e.g., key risk indicators)".

NEW QUESTION: 9

Risk management theory that considers an organization-wide approach to risk management is known as what type of approach?

- A. Cross-functional
- B. Comprehensive
- C. Interrelational
- D. Holistic

Answer: D (LEAVE A REPLY)

Explanation

According to , page 4, a holistic approach to risk management is "one that considers all sources and types of risks across all organizational units and activities". It aims to integrate governance, strategy, performance, culture and ethics into a coherent framework for managing uncertainty².

NEW QUESTION: 10

ISO uses the concept of uncertainty as the driver and rationale for risk management.

- A. True
- B. False

Answer: A ([LEAVE A REPLY](#))

Explanation

ISO uses the concept of uncertainty as the driver and rationale for risk management.

Uncertainty refers to the state of having incomplete knowledge or understanding about something that can affect an organization's objectives.

NEW QUESTION: 11

Which step is the last part of the risk assessment process, which started with risk identification then moved to risk assessment, and finally risk evaluation?

- A. Risk evaluation
- B. Risk outsourcing
- C. Risk acceptance
- D. Risk avoidance

Answer: ([SHOW ANSWER](#))

Explanation

the last step of the risk assessment process, which starts with risk identification, moves to risk assessment, and finally risk evaluation, is Risk evaluation.

Risk evaluation involves comparing the estimated level of risk against the risk criteria established during the risk assessment phase, to determine the significance of the risk and whether it is acceptable or not. This decision is made in consultation with stakeholders, who may provide additional context and information to inform the decision.

The American Society for Quality (ASQ) describes risk evaluation as "the process of comparing an estimated risk against given risk criteria to determine the acceptability of the risk." [1] Similarly, ISO/IEC 27001:2013 (Information technology - Security techniques - Information security management systems - Requirements) defines risk evaluation as "the process of comparing the estimated risk against given risk criteria in order to determine the significance of the risk." [2] References: [1] ASQ Glossary - Risk evaluation,

<https://asq.org/quality-resources/risk-evaluation> [2] ISO/IEC

27001:2013, Clause 6.1.3(c), <https://www.iso.org/standard/54534.html>

NEW QUESTION: 12

Who serves as the principal adviser to the CEO, business unit heads, and critical function heads on risk matter?

- A. Chief Risk Officer (CRO)
- B. Chief Information Officer (CIO)
- C. Quality Auditor (QA)

D. Risk Owner (RO)

Answer: ([SHOW ANSWER](#))

Explanation

Chief Risk Officer (CRO) serves as the principal adviser to the CEO, business unit heads, and critical function heads on risk matter. CRO leads the development and implementation of the organization's risk management framework and process.

NEW QUESTION: 13

Which ISO Standard is used for hazard identification and risk assessment?

A. ISO 15776

B. ISO 18776

C. ISO 17776

D. ISO 16776

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 14

ISO 31000:2018 currently has a tactical and process focus.

A. True

B. False

Answer: ([SHOW ANSWER](#))

Explanation

The ISO 31000:2018 standard provides a framework for risk management, with a focus on the strategic and integrated aspects of risk management. It outlines principles, a framework, and a process for managing risk in organizations of all kinds. The focus of the standard is on aligning risk management with the organization's context, objectives, and strategy, and on integrating risk management into all aspects of an organization's governance, culture, and performance.

NEW QUESTION: 15

The Chief Risk Officer within a large manufacturing organisation has been asked by the Board of Directors to provide an example of a pure risk. A suitable example would be

A. a fire occurring in a new manufacturing process line.

B. entering into a contract to purchase a new factory.

C. making a strategic decision that affects the long-term future of the organisation.

D. the purchase of a currency derivative.

Answer: A ([LEAVE A REPLY](#))

Explanation

A fire occurring in a new manufacturing process line is an example of a pure risk, which is a situation that can only end in a loss¹². For example, the fire could damage property, injure workers or disrupt operations.

NEW QUESTION: 16

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.

Answer: C (LEAVE A REPLY)

Explanation

According to 1, page 15-16, external risks are "those arising from events outside the organization" and marketplace risks are "those arising from changes in market conditions such as customer demand, competition, regulation". Economic changes in different countries can affect the market conditions for an international bank's operations.

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NEW QUESTION: 17

Which management ensures that value is created by identifying opportunities for investment, mergers, or acquisition.

- A. Risk
- B. Quality
- C. Crisis
- D. Safety

Answer: A (LEAVE A REPLY)

Explanation

Risk management ensures that value is created by identifying opportunities for investment, mergers, or acquisition. Risk management helps to assess the potential benefits, costs, and risks of different options and make informed decisions.

NEW QUESTION: 18

From the three actions Tom Brown is undertaking, which is categorised as a pure risk?

- A. Buying 100 lottery tickets
- B. Selling his house even though he receives less than he paid for it because he thinks prices will fall further.

C. Going horse riding without wearing a riding helmet.

Answer: (SHOW ANSWER)

Explanation

According to 1, page 9, pure risk is "a situation where there are only two possible outcomes: loss or no loss".

Buying lottery tickets and selling a house are examples of speculative risk, where there is a possibility of gain or loss. Going horse riding without a helmet is an example of pure risk, where there is only a possibility of loss (injury) or no loss.

NEW QUESTION: 19

The Chief Risk Officer chairs the ERM/RM steering committee.

A. True

B. False

Answer: A (LEAVE A REPLY)

Explanation

The Chief Risk Officer chairs the ERM/RM steering committee. The ERM/RM steering committee oversees the organization's risk management activities and provides guidance and support to senior management.

NEW QUESTION: 20

What does the probability of occurrence multiplied by the impact of the event, equals to

A. Risk Tangent

B. Risk Scale

C. Risk Level

D. Risk Magnitude

Answer: (SHOW ANSWER)

Explanation

According to , page 13-14, probability multiplied by impact equals risk magnitude which is "a measure that reflects both likelihood and consequences". It can be used as an indicator for prioritizing risks.

NEW QUESTION: 21

Relying on historic analysis when assessing potential risks and possible impacts implies that

A. should adverse events occur, the impact can be accurately modelled.

B. all significant risks can be confidently analysed.

C. management believe that the future will behave much like the past.

Answer: C (LEAVE A REPLY)

Explanation

According to 1, page 19, historic analysis is "a method of risk identification based on past data". It assumes that past patterns and trends will continue in the future, which may not always be true.

NEW QUESTION: 22

A program officer and a security manager are planning a focus group discussion with community members on potential risks related to projects on female empowerment in local secondary schools. What is the best approach for them to take to define the context?

- A. Identify any increase of risk with the introduction of a female empowerment project.
- B. Review the roles of the humanitarian principles in relation to education.
- C. Define gender equality in the school environment.
- D. Discuss the role of girls and how they are viewed by community members.

Answer: D (LEAVE A REPLY)

Explanation

According to , page 9, defining the context involves "understanding what influences people's perception and tolerance of risks". Discussing how girls are viewed by community members can help identify potential sources of resistance, conflict or violence that may affect the project's objectives and outcomes.

NEW QUESTION: 23

Risk management is tailored.

- A. True
- B. False

Answer: (SHOW ANSWER)

Explanation

Risk management is tailored⁴. Tailored means that risk management takes into account the specific needs, objectives, and characteristics of each organization and its context.

NEW QUESTION: 24

Which element is often the biggest challenge in risk implementation?

- A. human
- B. computation

Answer: A (LEAVE A REPLY)

Explanation

Human element is often the biggest challenge in risk implementation. Human element involves overcoming resistance to change, engaging stakeholders, building trust and commitment, and fostering a positive risk culture.

NEW QUESTION: 25

Causes of risk include all the following except:

- A. Health, safety and environment

- B. Finance
- C. Insurance
- D. Chemical breakdown

Answer: C (LEAVE A REPLY)

Explanation

According to ISO/IEC Guide 73 (2009), clause B., causes are "elements which alone or in combination have potential to give rise to risk". Health, safety, environment, finance and chemical breakdown are examples of causes that can create risks for an organization or an individual. Insurance is not a cause but a method of transferring or mitigating some types of risks.

NEW QUESTION: 26

Which of the following is an important aspect with stakeholders, customers, and interested parties is the essential element for maintaining the relevance of enhanced risk management within the structure of a changing context?

- A. Interviews
- B. Communication
- C. Brainstorming
- D. Session Storming

Answer: (SHOW ANSWER)

Explanation

Communication with stakeholders, customers, and interested parties is an essential element for maintaining the relevance of enhanced risk management within the structure of a changing context. Communication helps to establish trust, transparency, accountability, and feedback mechanisms for risk management.

NEW QUESTION: 27

What is typically the day-to-day responsibility of a Chief Risk Officer within a large organisation?

- A. Ensuring that all key risks are adequately managed and reported.
- B. Preparing and maintaining individual insurance arrangements
- C. Producing policies on compliance matters
- D. Providing assurance that individual risk management processes are effective.

Answer: A (LEAVE A REPLY)

Explanation

The day-to-day responsibility of a Chief Risk Officer within a large organisation is to ensure that all key risks are adequately managed and reported. This involves overseeing the implementation of risk management policies, processes and systems across the organisation.

NEW QUESTION: 28

A risk management professional advises management on the status of key risks by

- A. annually identifying the inventory of risks.
- B. providing information about competitors' risk management plan.
- C. providing insights into the changing characteristics of a risk.
- D. summarizing internal audit reports.

Answer: (SHOW ANSWER)

Explanation

A risk management professional advises management on the status of key risks by providing insights into the changing characteristics of a risk³. This helps to monitor and review the effectiveness of risk management activities and communicate any changes in risk levels or priorities.

NEW QUESTION: 29

_____ means doing something according to a plan or method.

- A. Systematic
- B. Comprehensive
- C. Formal
- D. Informal

Answer: A (LEAVE A REPLY)

Explanation

Systematic means doing something according to a plan or method. Systematic implies orderliness, consistency, and rigor in applying risk management.

NEW QUESTION: 30

A train has crashed and is badly damaged. There have been numerous claims from injured passengers as well as a loss of revenue for the train operator. This is an example of

- A. risk aggregation.
- B. risk categorisation.
- C. risk probability.
- D. risk severity.

Answer: A (LEAVE A REPLY)

Explanation

A train crash and its consequences is an example of risk aggregation, which is the combined effect of multiple risks on an organisation's objectives³. Risk aggregation can result in losses that are greater than the sum of individual losses.

NEW QUESTION: 31

Records and reports provide a continuing account of the risk management system.

- A. True
- B. False

Answer: A (LEAVE A REPLY)

Explanation

Records and reports provide a continuing account of the risk management system². They help to monitor and review the performance and effectiveness of risk management.

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NEW QUESTION: 32

Which activity does the risk management professional perform immediately after obtaining internal and external information about the organization?

- A. Analyze the information.
- B. Organize the information
- C. Prioritize the information
- D. Report the information.

Answer: (SHOW ANSWER)

Explanation

According to page 9-10 of source 2, risk management professionals organize internal and external information about the organization into categories such as stakeholders, strategic objectives, policies and procedures, risk appetite and tolerance, and risk culture. This categorization process facilitates the analysis and reporting of the risk information at a later stage, making it easier to understand and use.

NEW QUESTION: 33

ISO 31000:2018 offers a generic outline for the design of the risk management framework and process.

- A. True
- B. False

Answer: (SHOW ANSWER)

Explanation

ISO 31000:2018 offers a generic outline for the design of the risk management framework and process. ISO 31000:2018 provides guidelines that can be adapted to any organization's situation and circumstances.

NEW QUESTION: 34

A broker is undertaking a business interruption review on behalf of a client. This would most commonly include an evaluation of the

- A. effectiveness of a business continuity plan.
- B. effectiveness of risk reserving.
- C. level of risk tolerance.
- D. level of self insurance.

Answer: A (LEAVE A REPLY)

Explanation

A business interruption review is an evaluation of the effectiveness of a business continuity plan, which is a set of procedures and resources to ensure that an organisation can continue its critical functions in the event of a disruption¹².

NEW QUESTION: 35

Which teams are composed of cross functional subject matter experts, risk experts, and process owners?

- A. Risk assessment teams
- B. Crisis Information teams
- C. Project management teams
- D. Crisis management teams

Answer: A (LEAVE A REPLY)

Explanation

Risk assessment teams are composed of cross functional subject matter experts, risk experts, and process owners. Risk assessment teams conduct risk assessments for specific areas or projects within the organization.

NEW QUESTION: 36

The ISO 31000:2018 process can be used to identify stakeholder risk requirements, needs, and expectations.

- A. True
- B. False

Answer: A (LEAVE A REPLY)

Explanation

The ISO 31000:2018 process can be used to identify stakeholder risk requirements, needs, and expectations⁴.

This is part of establishing the context for risk management, which involves defining the scope, objectives, criteria, roles and responsibilities for risk management.

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