

CHARTERED GOVERNANCE QUALIFYING PROGRAMME (CGQP)

Programme Part 2

2.3 Risk Management

Introduction

The aim of this module is for students to develop and extend their understanding of the discipline of risk management, including how risk management links to compliance management and complements effective corporate governance in organisations.

All organisations manage risk, but in the last few decades risk management has become increasingly formalised and organised. A key driver for this has been corporate governance regulation which has emphasised the central role that risk management plays, both in terms of ensuring effective internal control within organisations and in helping to manage risks which may threaten an organisation's strategic objectives. Hence risk management has become a board level concern, with increased risk reporting and board level discussions on subjects such as risk appetite and risk culture.

In this module students will explore the role of the board in terms of risk management, as well as the people, processes and techniques that can be used to support the board and ensure the effective assessment, monitoring and control of risk at all levels of an organisation

Module content

- Section A Risk frameworks
- Section B Managing risk and compliance
- Section C Risk and the business environment

Pre-requisite learning

It is recommended that students complete all Level 6 modules in the qualifying programme before attempting this module to ensure they have gained the underpinning technical knowledge for successful completion of this module.

Learning outcomes

After successful completion of this module you should be able to:

- 1 Understand how to advise the board on the use of risk frameworks as a basis for appraising, evaluating, and supporting risk management
- 2 Be able to critically evaluate approaches to risk management
- 3 Be able to critically evaluate the management of risk and provide professionally appropriate advice to those responsible for governance
- 4 Understand how to critically examine the impact of the business environment on risk with regard to legislation, policy and industry changes
- 5 Be able to critically evaluate the impact of organisational conduct, behaviours and culture on risk management practices.

Section A Risk frameworks

Learning outcome

- Understand how to advise the board on the use of risk frameworks as a basis for appraising, evaluating and supporting risk management.
- Be able to critically evaluate approaches to risk management.

Key topics

- A.1 The global risk environment
- A.2 Regulatory frameworks
- A.3 Sector regulators
- A.4 Risk management frameworks and standards
- A.5 Key risk management concepts
- A.6 Risk management as a foundation of organisational success
- A.7 Risk management processes, perspectives and responsibilities
- A.8 Frameworks for governance, risk and compliance

A.1 The global risk environment

- A1.1 The importance of risk management: a stakeholder approach
- A1.2 Reasons for risk management regulation
- A1.3 The global regulatory environment for risk management
- A1.4 International risk management standards

A.2 Regulatory frameworks

- A2.1 The link between risk management practices and corporate government regulation
- A2.2 UK regulations: Corporate Governance Code
- A2.3 G20/OECD Principles of Corporate Governance
- A2.4 World Bank corporate governance and financial reporting initiatives
- A2.5 Corporate Governance regulations in other nations

A.3 Sector regulators

- A3.1 Sector regulation on risk management for EU member states
- A3.2 Financial services risk management regulation
- A3.3 Health and safety regulation
- A3.4 Environmental regulation

A.4 Risk management frameworks and standards

- A4.1 Contents of a risk management framework
- A4.2 A detailed look at ISO31000:2018
- A4.3 National standards and guidelines
- A4.4 The Institute of Risk Management Standard
- A4.5 COSO Enterprise Risk Management Framework
- A4.6 Control Objectives for Information and Related Technologies (COBIT)

A.5 Key risk management concepts

- A5.1 Defining risk
- A5.2 Categorising risk
- A5.3 Risk interconnectivity
- A5.4 Risk perception
- A5.5 Other practical challenges and trends surrounding risk models

A.6 Risk management as a foundation of organisational success

- A6.1 The evolution of risk management
- A6.2 The role of risk management in organisations
- A6.3 Linking risk to strategy
- A6.4 Creating value through risk
- A6.5 Regulatory view of risk

A.7 Risk management processes, perspectives and responsibilities

- A7.1 The standard risk management process
- A7.2 Enterprise risk management (ERM)
- A7.3 Roles/functions and responsibilities for risk management

A.8 Frameworks for governance, risk and compliance

- A8.1 The role of governance and compliance within a risk management context
- A8.2 Components of an effective compliance management framework
- A8.3 Governance structures for risk management
- A8.4 ISO 19600:2014 – compliance management systems
- A8.5 Combining governance risk and compliance (GRC)

Section B Managing risk and compliance

Learning outcome

- Be able to critically evaluate the management of risk and provide professionally appropriate advice to those responsible for governance

Key topics

- B.1 Evaluating and reporting risk
- B.2 Risk culture, appetite and tolerance
- B.3 Compliance management

B.1 Evaluating and reporting risk

- B1.1 Techniques for identifying risk events
- B1.2 Identifying emerging risk
- B1.3 Risk assessment techniques
- B1.4 Risk registers and risk and control self-assessments
- B1.5 Risk reporting:

B.2 Risk culture, appetite and tolerance

- B2.1 Risk appetite as a mechanism for balancing risk and return
- B2.2 Risk tolerance and risk capacity
- B2.3 Expressing risk appetite
- B2.4 Determining risk appetite
- B2.5 Good practice guidance on implementing risk appetite
- B2.6 Defining culture and risk culture
- B2.7 Assessing, monitoring and controlling risk culture

B.3 Compliance management

- B3.1 Linking compliance and risk management
- B3.2 Roles and responsibilities for compliance management
- B3.3 Risk based compliance monitoring
- B3.4 Compliance management tools

Section C Risk and the business environment

Learning outcome

- Understand how to critically examine the impact of the business environment on risk with regard to legislation, policy and industry changes
- Be able to critically evaluate the impact of organisational conduct, behaviours and culture on risk management practices

Key topics

- C.1 Risk control strategies
- C.2 Risk management in practice
- C.3 Trends and future developments for risk management
- C.4 More trends and future developments for risk management

C.1 Risk control strategies

- C1.1 Reasons for risk control
- C1.2 The four Ts of risk control
- C1.3 Risk treatment techniques
- C1.4 Common risk treatment controls
- C1.5 Risk financing
- C1.6 Controlling major loss events
- C1.7 Controlling third party risks

C.2 Risk management in practice

- C2.1 Common applications of risk management practice
- C2.2 Risk management, corporate social responsibility and sustainability
- C2.3 Regulatory reporting

C.3 Trends and future developments for risk management

- C3.1 Crime
- C3.2 Financial crime
- C3.3 Bribery and corruption
- C3.4 Political risk, including sanctions
- C3.5 Corporate gifts
- C3.6 People risk
- C3.7 Climate change risk
- C3.8 Asymmetric risk
- C3.9 Reputation and resilience
- C3.10 The changing balance between tangible and intangible risks
- C3.11 Shareholder activism

C.4 More trends and future developments for risk management

- C4.1 Complex and connected risks
- C4.2 Managing emerging risks
- C4.3 Changing knowledge and skills
- C4.4 Digital transformation

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