

GAQM ISO-31000-CLA Certification All-in-One Exam Guide May-2023 [Q38-Q61]



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Practice Tests Q38. Risk management professionals conduct supply-chain analyses to identify

- * contingent business interruption coverage.
- * customer technology needs.
- * international regulatory requirements.
- * potential vulnerabilities to the organization.

Explanation

According to page 12 of the source, risk management professionals conduct supply chain analysis to identify potential vulnerabilities to the organization. These vulnerabilities can arise due to supplier dependency, breakdowns or disruptions in the supply chain, natural or human-made disasters, political or social instability, cyberattacks or other threats. Identifying such risks is crucial to prevent adverse impacts on the organization's operations, reputation or financial position.

Q39. Which of the following is becoming the basis for all decision making?

- * Risk management
- * Crisis management
- * Quality management

* Marketing management

Explanation

Risk management is becoming the basis for all decision making². Risk management helps organizations to identify opportunities and threats, evaluate alternatives, and make informed choices.

Q40. Which activity does the risk management professional perform immediately after obtaining internal and external information about the organization?

- * Analyze the information.
- * Organize the information
- * Prioritize the information
- * Report the information.

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.

Q41. 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?

- * Interviews
- * Communication
- * Brainstorming
- * Session Storming

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 context³. Communication helps to establish trust, transparency, accountability, and feedback mechanisms for risk management.

Q42. Which of the is a set of systematic, deliberate, and actionable steps to manage risk?

- * Security
- * Control
- * Process
- * Vision

Explanation

Control is not a set of systematic, deliberate, and actionable steps to manage risk, but rather a measure or action that modifies risk¹. Process is a set of systematic, deliberate, and actionable steps to manage risk².

Process involves establishing context, identifying risks, analyzing risks, evaluating risks, and treating risks.

Q43. Which of the following are two ISO 31000:2018 risk management principles? (Choose two)

- * Integrated
- * Customized
- * Functional
- * Statistical
- * Design
- * Strategy

Explanation

Integrated and customized are two of the nine risk management principles in ISO 31000:20181. Integrated means that risk management is an integral part of all organizational activities. Customized means that risk management is aligned with the organization's external and internal context and risk profile.

Q44. A large manufacturing organisation has renewed an insurance policy and has accepted a significant increase in the policy deductible. What is this most likely to indicate?

- * Decreased risk avoidance.
- * Decreased risk tolerance.
- * Increased risk elimination.
- * Increased risk retention.

Explanation

A large manufacturing organisation has renewed an insurance policy and has accepted a significant increase in the policy deductible. This is most likely to indicate increased risk retention, which means accepting more responsibility for potential losses. This could be done to reduce insurance premiums or increase control over claims.

Q45. Risk management takes human and cultural factors into account.

- * True
- * False

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.

Q46. Which of the following step is a critical part of risk assurance?

- * Evaluation Context
- * Establishing Context
- * Communication and Consultations
- * Monitoring and Review

Explanation

Monitoring and review is a critical part of risk assurance. This step involves checking whether the risk management framework, policy, and plan are implemented, whether they remain suitable, and whether they need improvement.

Q47. Which risk is sometimes called 'retained risk'?

- * Residual risk
- * Conceptualize risk
- * Analytical risk
- * Procedural risk

Explanation

According to ISO/IEC Guide 73 (2009), clause B., residual risk is the level of remaining after controls have been applied. It is sometimes called 'retained risk' because it represents the amount of risk that an organization decides to accept or retain after implementing its mitigation strategies.

Q48. 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?

- * Risk evaluation
- * Risk outsourcing
- * Risk acceptance
- * Risk avoidance

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>

Q49. Which of the following statement about operations risk management is incorrect?

- * Transparent and inclusive
- * Dynamic, iterative and responsive to change
- * Disregarding human factors
- * Capable of continual improvement and enhancement

Explanation

According to ISO31000 (2018), clause 4., one of the principles of effective risk management is "taking human and cultural factors into account". This means that risk management should consider how people's behaviors, perceptions, values and attitudes influence or are influenced by risk .

Q50. Which of the following ensures that uncertainty is managed so the organization can meet its objectives?

- * Extended risk management
- * Enhanced risk management
- * Evasive risk management
- * Avoidance risk management

Explanation

Enhanced risk management ensures that uncertainty is managed so the organization can meet its objectives.

Enhanced risk management involves applying a systematic and logical process to identify, analyze, evaluate, treat, monitor, review, and communicate risks.

Q51. What is a primary benefit of a commercial customer self-insuring a risk?

- * Claims costs will reduce
- * Controllability of risk will increase
- * Its short-term cash-flow position is likely to improve.
- * Staff training requirements will decrease.

Explanation

A primary benefit of a commercial customer self-insuring a risk is that its short-term cash-flow position is likely to improve. This is because self-insurance reduces or eliminates insurance premiums and administrative costs associated with external insurers.

Q52. As part of the ISO 31000 risk management process, 'monitoring and review' is best thought of as which of the following?

- * An extra stage.
- * A feedback loop.
- * Part of risk assessment.

Explanation

According to 3, clause 6.5., monitoring and review is intended as a feedback loop for checking whether any change has occurred either internally or externally that may affect performance against objectives. It helps to ensure that the risk management process remains relevant and effective over time.

Q53. Which of the following is considered a risk analysis technique?

- * Budget allocation
- * Consensus building
- * Insurance placement
- * Monte Carlo simulation

Explanation

Monte Carlo simulation is a risk analysis technique that uses random variables to model uncertainty and generate possible outcomes. This helps to assess the probability and impact of different scenarios.

Q54. What is typically the day-to-day responsibility of a Chief Risk Officer within a large organisation?

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

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.

Q55. Risk management as defined by OCEG GRC model is:

- * Capability to set and evaluate performance against objectives
- * Capability to proactively identify, assess and address uncertainty and potential obstacles to achieving objectives
- * Capability to proactively encourage and ensure compliance with established policies and boundaries

Explanation

According to 1, OCEG GRC model is a framework for integrating governance, risk management, compliance and ethics/culture into a single capability. It defines risk management as the capability that enables an organization to understand how uncertainty affects its ability to achieve objectives; 2.

Q56. What does the probability of occurrence multiplied by the impact of the event, equals to

- * Risk Tangent
- * Risk Scale

- * Risk Level
- * Risk Magnitude

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.

Q57. Causes of risk include all the following except:

- * Health, safety and environment
- * Finance
- * Insurance
- * Chemical breakdown

Explanation

According to ISO/IEC Guide73 (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.

Q58. Which two of the following are types Integrated Processes? (Choose two)

- * People processes
- * Soft processes
- * Hard process
- * Quality analysis

Explanation

People processes and hard processes are two types of integrated processes. People processes involve human factors such as culture, values, ethics, and behavior that influence risk management. Hard processes involve technical aspects such as methods, tools, techniques, and systems that support risk management.

Q59. Risk management theory that considers an organization-wide approach to risk management is known as what type of approach?

- * Cross-functional
- * Comprehensive
- * Interrelational
- * Holistic

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 uncertainty.

Q60. Which of the following is the current trend in auditing, risk management and compliance?

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

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).

Q61. Which of the following tools are used Risk managers for communication between stakeholders and interested parties?

- * Database
- * Records
- * Bio-data
- * Resume

Explanation

Records are one of the tools used by risk managers for communication between stakeholders and interested parties. Records help to share information, insights, recommendations, and decisions related to risk management.

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