

GAQM.ISO-31000-CLA.v2024-01-03.q34

Exam Code:	ISO-31000-CLA
Exam Name:	ISO 31000 - Certified Lead Risk Manager
Certification Provider:	GAQM
Free Question Number:	34
Version:	v2024-01-03
# of views:	550
# of Questions views:	340
https://www.freeqas.com/qa/GAQM/ISO-31000-CLA/GAQM.ISO-31000-CLA.v2024-01-03.q34.html	

NEW QUESTION: 1

How many risk management principles exists ISO 31000:2018?

- A. 7
- B. 8
- C. 9
- D. 6

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

Explanation

There are nine risk management principles in ISO 31000:2018. These principles are:

- * Integrated
- * Structured and comprehensive
- * Customized
- * Inclusive
- * Dynamic
- * Best available information
- * Human and cultural factors
- * Continual improvement

NEW QUESTION: 2

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

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: 3

Risk management takes human and cultural factors into account.

A. True

B. False

Answer: [\(SHOW ANSWER\)](#)

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: 4

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: 5

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. Discuss the role of girls and how they are viewed by community members.

B. Define gender equality in the school environment.

C. Review the roles of the humanitarian principles in relation to education.

D. Identify any increase of risk with the introduction of a female empowerment project.

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

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: 6

Where does an internal auditor typically spend most of his time auditing today?

- A.** People
- B.** Process
- C.** Technology
- D.** Infrastructure

Answer: [\(SHOW ANSWER\)](#)

Explanation

According to , page 9, one of the current trends in auditing, risk management and compliance is "shifting from auditing people to auditing processes". This means that internal auditors focus more on how well an organization's processes are designed and implemented to achieve its objectives and manage its risks.

NEW QUESTION: 7

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.

NEW QUESTION: 8

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: 9

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

- A. People processes
- B. Soft processes
- C. Hard process
- D. Quality analysis

Answer: (SHOW ANSWER)

Explanation

People processes and hard processes are two types of integrated processes³. 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.

NEW QUESTION: 10

Which of the following significant risks of reporting are outside the risk appetite of the organization and can impact compliance, which may also be reportable to regulatory agencies? (Choose two)

- A. External
- B. Vision
- C. Internal
- D. Dynamic
- E. Functional

Answer: A,C (LEAVE A REPLY)

Explanation

External and internal risks are significant risks of reporting that are outside the risk appetite of the organization and can impact compliance, which may also be reportable to regulatory agencies¹. These risks may arise from external factors such as market changes, natural disasters, or cyberattacks, or internal factors such as human errors, fraud, or system failures.

NEW QUESTION: 11

New definition of risk under ISO 31000 and 31010 is:

- A. Danger that injury, damage, or loss will occur
- B. Possibility of investment loss
- C. Probability of loss to an insurer
- D. Probability of an event that will have an impact on objectives

Answer: D (LEAVE A REPLY)

Explanation

According to ISO/IEC Guide73 (2009), clause 1., risk is defined as "the effect of uncertainty on objectives".

This definition applies to both ISO/IEC Guide73 (2009) and ISO31000 (2018), which are standards for risk management terminology and principles respectively.

NEW QUESTION: 12

Risk management is systematic, structured, and timely.

A. True

B. False

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

Explanation

Risk management is systematic, structured, and timely⁴. Systematic means that risk management follows a logical and consistent approach. Structured means that risk management has clear steps, roles, and responsibilities. Timely means that risk management provides information in time for decision making.

NEW QUESTION: 13

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: ([SHOW ANSWER](#)**)**

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 reported⁴. This involves overseeing the implementation of risk management policies, processes and systems across the organisation.

NEW QUESTION: 14

Understanding the potential causes of risk events will primarily help an organisation to

A. comply with corporate governance standards.

B. eliminate all risks

C. improve internal audit procedures.

D. reduce the frequency of loss.

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

Explanation

Understanding the potential causes of risk events will primarily help an organisation to reduce the frequency of loss. This is because identifying and analysing the sources and

drivers of risks can enable an organisation to implement preventive or mitigating measures.

NEW QUESTION: 15

What could a financial organisation make primary use of, to assess whether its risk management systems are likely to fail?

- A. Key control indicators.
- B. Key risk indicators.
- C. Silo-based risk management.
- D. Physical inspections.

Answer: (SHOW ANSWER)

Explanation

Key risk indicators are metrics that provide information about potential changes in the level of risk exposure³.

They can help an organisation monitor and manage its risks more effectively. Key control indicators are metrics that measure the performance of internal controls⁴.

NEW QUESTION: 16

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: D (LEAVE A REPLY)

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.

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NEW QUESTION: 17

Hopkin states "most standard definitions of risk refer to risks being attached to corporate objectives". What is another important factor to consider when linking risk to an organisation?

- A. Core processes.
- B. Hazard management.
- C. Risk correlation.

Answer: (SHOW ANSWER)

Explanation

According to 1, page 11, core processes are "the activities that an organization performs in order to deliver its products or services". They are essential for achieving the organization's objectives and creating value for its stakeholders. Therefore, core processes should be considered when linking risk to an organization.

NEW QUESTION: 18

Risk management processes, outcomes, and activities should be _____.

- A. routable
- B. executable
- C. traceable
- D. rectifiable

Answer: C (LEAVE A REPLY)

Explanation

Risk management processes, outcomes, and activities should be traceable . This means that there should be a clear record of how risks were identified, analyzed, evaluated, treated, monitored, reviewed, and communicated.

NEW QUESTION: 19

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

- A. ISO 15776
- B. ISO 17776
- C. ISO 16776
- D. ISO 18776

Answer: B (LEAVE A REPLY)

NEW QUESTION: 20

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: 21

ISO 31000 is intended to be a family of standards relating to risk management codified by the _____.

- A. OpenDocument
- B. International Organization for Standardization
- C. OpenSource
- D. GlobalDocument

Answer: (SHOW ANSWER)

Explanation

According to 1, ISO 31000 is a family of standards relating to risk management codified by the International Organization for Standardization (ISO). It provides principles and guidelines on managing risks that could affect organizations.

NEW QUESTION: 22

_____ and _____ can result in artifacts and records.

- A. RBPS, RBDM
- B. DBMS, RDBMS
- C. TDMS, VSMS
- D. MOS, SMOS

Answer: B (LEAVE A REPLY)

Explanation

DBMS (Database Management System) and RDBMS (Relational Database Management System) can result in artifacts and records¹. These systems are used to store, organize, and manipulate data that can be used for risk management purposes.

NEW QUESTION: 23

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

- A. True
- B. False

Answer: B (LEAVE A REPLY)

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: 24

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

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

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

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.

NEW QUESTION: 25

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

- A. Extended risk management
- B. Enhanced risk management
- C. Evasive risk management
- D. Avoidance risk management

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

Explanation

Enhanced risk management ensures that uncertainty is managed so the organization can meet its objectives⁴.

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

NEW QUESTION: 26

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

- A. Database
- B. Records
- C. Bio-data
- D. Resume

Answer: ([SHOW ANSWER](#))

Explanation

Records are one of the tools used by risk managers for communication between stakeholders and interested parties². Records help to share information, insights, recommendations, and decisions related to risk management.

NEW QUESTION: 27

Which plan provides a roadmap on how the treatment options will be deployed?

- A. Vision
- B. Static
- C. Fixed
- D. Treatment

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

Explanation

Treatment plan provides a roadmap on how the treatment options will be deployed³. Treatment plan helps to define the objectives, scope, responsibilities, resources, timeframe, and monitoring mechanisms for implementing risk treatment actions.

NEW QUESTION: 28

Enhanced risk management emphasizes the continual improvement of risk management capabilities.

- A. True
- B. False

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

Explanation

Enhanced risk management emphasizes the continual improvement of risk management capabilities¹. This means that risk management is regularly reviewed and updated to ensure its relevance, adequacy, and effectiveness.

NEW QUESTION: 29

Which management is core to governance and compliance?

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

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

Explanation

Risk management is core to governance and compliance . Risk management helps to ensure that organizational objectives are achieved in a lawful, ethical, and transparent manner.

NEW QUESTION: 30

When an operational area develops a treatment for a critical risk, the risk management professional MUST

- A. add the risk to the risk map.
- B. communicate the treatment plan directly with internal audit.
- C. evaluate the dollar savings associated with the treatment.
- D. evaluate the impact upon other areas.

Answer: D (LEAVE A REPLY)

Explanation

When an operational area develops a treatment for a critical risk, the risk management professional must evaluate the impact upon other areas³. This helps to ensure that the treatment does not create new risks or adversely affect other objectives.

NEW QUESTION: 31

Due to the nature of crises, the management of a Crisis Management Team (CMT) usually requires which type of decision making structure?

- A. Centralized
- B. Networked
- C. Bottom-up
- D. Consensus-based

Answer: A (LEAVE A REPLY)

Explanation

According to , page 17, a crisis management team (CMT) is "a group of senior managers who have been delegated authority by an organization's executive leadership team to make decisions during a crisis". A centralized decision making structure allows for faster and more coordinated responses in an emergency situation.

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NEW QUESTION: 32

Using the FIRM scorecard which of the following risks could a risk manager quantify?

1. Loss of income.
2. Financial gain.
3. Reputational damage.

A. 1 and 2.

B. 1 and 3.

C. 2 and 3.

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

Explanation

According to 2, FIRM scorecard is "a tool for measuring risk performance". It uses four dimensions: financial impact, internal processes, reputation and market position (FIRM). Loss of income and financial gain are examples of financial impact risks that can be quantified using monetary values or ratios. Reputational damage is an example of reputation risk that is more difficult to quantify using objective measures.

NEW QUESTION: 33

Which of the following are measured extensively throughout the organization and into the supply chain?

A. KPI's and KRI's

B. API's and SKD's

C. PDA's and PBA's

D. CMP's and CAD's

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

Explanation

KPIs (Key Performance Indicators) and KRIs (Key Risk Indicators) are measured extensively throughout the organization and into the supply chain¹. These indicators help to monitor and evaluate the performance and effectiveness of risk management.

NEW QUESTION: 34

Which risk is sometimes called 'retained risk.'?

A. Residual risk

B. Conceptualize risk

C. Analytical risk

D. Procedural risk

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

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 strategies³.

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