



International Diploma in Risk Management

Module five: Risk Solutions

Module aims

To provide a critical overview of the implementation of risk management responses, within an organisational setting. In particular the module will provide a thorough introduction to a range of risk management tools, techniques, systems and processes for managing organisational risk.

The module will also outline how a risk management programme can be developed to manage the implementation of risk responses.

Module syllabus

Unit One: Structured approaches to managing risk. To explain the business benefits associated with adopting a proactive and structured approach to managing organisation risks. To explore how an organisation implementing an enterprise-wide approach to managing risk needs to adopt a range of techniques to address specific risks. To identify the consequences of not managing risks successfully through case studies of the impact of significant organisational threats and the failure to seize significant business opportunities.

Unit Two: Risk management strategies. To identify a range of potential strategies for managing risk including resilience, flexibility, robustness and controls. To critically evaluate the benefits and limitations of each alternative strategy. To understand where regulatory pressures (such as Basel II, Solvency II, Sarbanes Oxley etc) impose constraints on an organisation in terms of the approaches available.

Unit Three: Internal controls. To explain the fundamental purpose of internal controls and how a sound system is established. Determine how controls provide reasonable assurance regarding the effectiveness of organisational operations, procedures and compliance with external regulatory requirements.

Unit Four: Hierarchy of risk responses. To outline a range of potential risk responses and explain why these fit into a natural hierarchy. To explore how there may not be a single possible response to a specific risk and how risk responses need to be tailored to each risk issue.

Unit Five: Eliminate and control risk. To explain how strategies associated with eliminating risk at source are implemented by reference to concepts such as 'Inherent Safety' and learning from other organisations, mistakes. To explain how strategies

associated with modifying the probability of occurrence of outcomes are developed by reference to a range of approaches including:

- Risk control as applied to property loss control, fire safety and physical security.
- Health, safety and environmental management.
- Financial fraud risk management.
- IT security risk management.
- Portfolio management of opportunities (private equity portfolios, pharmaceutical product pipelines).

To explain how strategies associated with modifying the consequences of an event should it occur are developed by reference to a range of approaches including:

- Crisis management and communication.
- Business Continuity Management.

Unit Six: Risk financing. To explain how strategies associated with transferring the consequences of events are developed by reference to a range of approaches including:

- Contractual risk transfer.
- Outsourcing of services.
- Insurance.
- Securitisation and catastrophe bonds.
- Derivatives and treasury risk management solutions.
- Blended solutions such as risk retention and Alternative Risk Financing (ARF).

To briefly review the mechanisms of application as well as the strengths and limitations of each.

Unit Seven: Managing uncertainty and capturing opportunities. To explain how strategies associated with developing resilient and flexible organisations are developed by reference to a range of approaches including information system networks. To explain how strategies associated with seeking out risk are developed in particular with reference to deriving business benefit and opportunities from operating with high levels of risk. Consider issues such as:

- Managing organisational change.
- Corporate social responsibility.
- Evaluating merger and acquisition opportunities.

Unit Eight: Risk management decisions. To explain how to evaluate a range of potential risk responses including an introduction to the use of cost/benefit analysis techniques. To understand how an organisation managing a range of enterprise risks needs to adopt techniques capable of facilitating management decision making when resources available to manage risks are finite.

Unit Nine: Risk management programmes. To explain how the range of risk responses reviewed to date can be brought together within an overall risk management programme. To identify the different elements of a risk management system (Policy,

Objectives, Roles and Responsibilities, Risk Assessment, Risk Controls, Monitoring, Auditing and Reporting) and how these are implemented in practice. To explore how an organisation can implement risk management programme. To identify ways of sustaining the development of a risk management programme over time including techniques such as Continuity Improvement.

Unit Ten: Risk management culture. To explore the cultural aspects of implementing a risk management programme including how to select approaches that are appropriate to a particular organisation's culture. To understand how to translate a risk management Policy and Strategy into a series of medium term (3-5 year) risk management Objectives and hence implement a risk management Improvement Programme. To understand what can happen if a risk management programme is not adapted to an organisation's culture. To explore how to manage and monitor a risk management improvement programme across a large or complex organisation. To understand the need to develop and embed risk management skills and understanding in the organisation to support the implementation of a risk management programme. To introduce the concept of a 'learning organisation'. To explore the value of monitoring and auditing programme progress as a way of evaluating the effectiveness of risk responses and encouraging continuous improvement.