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# The Foundation Examination

## *Sample Exam Paper 1*

### Multiple Choice

#### *1 Hour Paper*

##### *Instructions*

1. All 75 questions should be attempted.
2. 5 of the 75 questions are under trial and will not contribute to your overall score. There is no indication of which questions are under trial.
3. All answers are to be marked on the answer sheet provided.
4. Please use a pencil and NOT ink to mark your answer.
5. You have 1 hour for this paper.
6. You must get 35 or more correct to pass.

***Candidate Number:*** .....

- 1 Which statement describes a goal of the 'identify - context' step?
- a) Obtain information about the external and internal factors that may affect the planned activity
  - b) Describe the risks to the objectives of the activity
  - c) Identify mitigating actions to respond to risks recorded in the risk register
  - d) Identify those responsible for managing risks
- 2 What is the definition of a risk?
- a) An uncertain event that, should it occur, will automatically be escalated to senior management
  - b) An event that has occurred and is having an effect on the achievement of objectives
  - c) An uncertain event that, should it occur, will have an effect on the achievement of objectives
  - d) An uncertain event that may occur in the future
- 3 Which is a purpose of the strategic perspective?
- a) Delivering business change with measurable benefits
  - b) Ensuring business success of the organization
  - c) Producing defined business change products within time, cost and scope constraints
  - d) Maintaining business services to appropriate levels

- 4 Which is identified by the use of the 'PESTLE analysis' and 'SWOT analysis' techniques?
- a) External factors that may affect the organization's objectives
  - b) Risks with a proximity of a long way into the future that may affect the organization's objectives
  - c) Long-term developments that are at the margin of current thinking
  - d) A list of assumptions about the organizational activity
- 5 Which is a primary outcome of the 'fits the context' principle?
- a) Adapting the M\_o\_R approach documents cost-effectively to meet the needs of the activity
  - b) Including those persons with an interest in the activity during the identify - risks step
  - c) Considering the impact of risks on the activity when key decisions are taken
  - d) Using planned versus actual results to decide on the effectiveness of risk management
- 6 Which document is **NOT** central to the creation of an 'M\_o\_R approach'?
- a) Risk management strategy
  - b) Risk management policy
  - c) Risk management process guide
  - d) Lessons learned report

- 7 Which is a benefit of effective risk management?
- a) Reducing the probability of an opportunity occurring
  - b) Eliminating all risk-taking within an organization
  - c) Exploiting opportunities identified during an activity
  - d) Eliminating all risks facing an organization
- 8 Which is **NOT** a 'common process barrier' to implementing the steps in the risk management process?
- a) Immature risk management practices
  - b) Lack of appropriate responses to risks in the risk register
  - c) Lack of organizational culture that appreciates the benefits of risk management
  - d) Lack of clear guidance for managers and staff
- 9 What is the definition of risk capacity?
- a) The total exposure arising from a group of risks before any action is taken to manage it
  - b) The amount of risk the organization is willing to accept
  - c) The maximum amount of risk that an organization can bear
  - d) The process of understanding the net effect of the identified risks when aggregated together

- 10 In which step is the risk register used to calculate the total risk exposure faced by the activity?
- a) Identify - risks
  - b) Assess – estimate
  - c) Assess – evaluate
  - d) Plan
- 11 Which is a use of a risk management maturity model?
- a) Recording risk understanding and awareness
  - b) Measuring the speed with which risk-based decisions are made
  - c) Making incremental improvement in risk management practices
  - d) Measuring the monetary benefit from investing in risk management
- 12 What is the goal of the 'identify - risks' step?
- a) Obtain information about the external and internal factors that may affect a planned activity
  - b) Describe the threats to the organization that may reduce the likelihood of an activity succeeding
  - c) Identify responses to mitigate risks that may affect a planned activity
  - d) Identify the roles and responsibilities responsible for risk management within the organization

13 Identify the missing words in the following sentence.

The term 'risk management' refers to the systematic application of [ ? ] to the tasks of identifying and assessing risks.

- a) corporate governance principles
- b) internal controls
- c) tools, rules and techniques
- d) principles, approach and process

14 Identify the missing word in the following sentence.

At the [ ? ] perspective, risk management is focussed on the objective of maintaining the day- to-day running of the organization.

- a) project
- b) programme
- c) strategic
- d) operational

15 Which states why risk management should be performed throughout the organization?

- a) Risk management policy
- b) Risk improvement plan
- c) Risk management strategy
- d) Risk communications plan

- 16 Which **BEST** explains why the 'RACI diagram' technique supports stakeholder analysis for understanding stakeholders' interests?
- a) Identifies the senior team
  - b) Identifies the roles and responsibilities of participants in an activity
  - c) Identifies who all the stakeholders are
  - d) Categorizes the potential impact on a stakeholder by an activity
- 17 Which is a use of a risk management health check?
- a) Engaging remote stakeholders in risk identification
  - b) Assessing when a risk might occur
  - c) Assessing the success of embedding risk management
  - d) Engaging senior and important stakeholders in risk identification
- 18 Which information may be recorded in the risk register during the 'plan' step?
- a) Probability and impact of the identified risks
  - b) Actions required to respond to the identified risks
  - c) Description expressed as the cause, event and effect
  - d) Assessment of when the risk is expected to occur

- 19 What document describes the scales for estimating probability and impact for a particular organizational activity?
- a) Risk management policy
  - b) Risk management process guide
  - c) Risk management strategy
  - d) Risk progress report
- 20 Which has been a main driver on organizations to focus more on risk management?
- a) Sales
  - b) Issue management
  - c) Corporate governance
  - d) Formal documentation
- 21 Which is a responsibility of the risk specialist?
- a) Reviews plans to implement risk management across the organization
  - b) Agrees when the audit committee should be involved with risk management
  - c) Prepares the document that implements the risk management policy on a specific activity
  - d) Makes risk information available so managers can make better decisions

- 22 Which describes a trigger for a review of risk practices when embedding M\_o\_R?
- a) Identifying new risks within a project
  - b) Reviewing the organization's risk appetite and risk capacity
  - c) Invoking risk response plans created to mitigate risks
  - d) Undergoing change management within the organization
- 23 Which is determined in the 'assess - estimate' step?
- a) Costs to implement risk management activities
  - b) Effectiveness of planned responses to a risk
  - c) Net effects of identified risks on an activity
  - d) Probability, impact and proximity of individual risks
- 24 Which is a use of the 'probability impact grid' technique?
- a) Provide a consistent scale for ranking risks
  - b) Show the expected value of risks in terms of a weighted cost impact
  - c) Calculate when a risk may occur
  - d) Provide a graphical display of a series of possible events resulting from various circumstances

- 25 Which is an area of uncertainty at the 'programme perspective'?
- a) Changes to scope, budget and delivery schedule of business change products
  - b) Impact of implementing business changes on the operational performance
  - c) Ability of the infrastructure to meet the required level of service
  - d) Stakeholder opinions of operational activities that may affect the organizational reputation
- 26 Which does **NOT** form part of a 'risk description'?
- a) Effect
  - b) Event
  - c) Cause
  - d) Category
- 27 Which of the 'M\_o\_R framework core concepts' states that the M\_o\_R principles should be adapted to organizational needs?
- a) M\_o\_R approach
  - b) M\_o\_R principles
  - c) M\_o\_R process
  - d) Embedding and reviewing M\_o\_R

28 Which defines the 'inherent probability' of a risk?

- a) The result of a risk actually occurring
- b) The remaining probability of a risk following implementation of the risk response
- c) A risk that occurs as a result of implementing a risk response action
- d) The probability of a risk before implementing a risk response

29 Identify the missing words in the following sentence.

An organization can make use of a [ ? ] to measure how successful it is in making progress towards organizational goals.

- a) risk improvement plan
- b) risk progress report
- c) risk tolerance threshold
- d) key performance indicator

30 Which document is used to review actual performance of individual risk response actions against their planned outcomes?

- a) Risk register
- b) Risk improvement plan
- c) Risk progress report
- d) Risk response plan

31 Which is a responsibility of the team?

- a) Reviews plans to apply the risk management policy
- b) Participates in the risk process steps
- c) Prepares risk management strategies
- d) Ensures risk information is available to inform decision-making

32 How does a risk differ from an issue?

- a) Risks have an impact on an activity, but issues impact on the organization
- b) The probability of a risk is certain, but the probability of an issue is uncertain
- c) A risk is an event that has occurred, but an issue is something which is yet to occur
- d) A risk is an event that may occur, but an issue has occurred

33 What document describes the organizational role responsible for the series of steps needed to implement risk management?

- a) Risk improvement plan
- b) Risk management process guide
- c) Risk response plan
- d) Risk communications plan

34 What step has the goal to understand the total risk exposure for a planned activity?

- a) Assess - estimate
- b) Assess - evaluate
- c) Identify - risks
- d) Identify - context

35 Which risk response type removes the uncertainty from an uncertain situation?

- a) Avoid a threat
- b) Reduce a threat
- c) Share the risk
- d) Accept the risk

36 Which is a likely area of interest for strategic stakeholders?

- a) Long-term funding of the organization
- b) Development of new organizational capabilities
- c) Day-to-day delivery of products and services to the customer
- d) Business products that improve organizational performance

- 37 Which is used to determine an organization's risk management competency?
- a) Risk improvement plan
  - b) Maturity model
  - c) Early warning indicators
  - d) Assessment of the monetary benefit of risk management
- 38 How is the 'prompt list' technique used in identifying risks?
- a) Lists the risks that have been identified during the organization's previous activities
  - b) Stimulates thinking about ways to improve risk management in an organization
  - c) Identifies potential sources of issues to an activity
  - d) Identifies potential sources of risks to an activity
- 39 Which defines the term 'contingency'?
- a) Funding to manage risks should they materialize
  - b) Budget to exploit opportunities
  - c) Funding for risk management training
  - d) Budget to purchase risk software tools

- 40 Which is **NOT** one of the four 'M\_o\_R perspectives'?
- a) Strategic
  - b) Programme
  - c) Project
  - d) Departmental
- 41 In which step is the risk register updated with the expected exposure for an individual risk?
- a) Identify - risks
  - b) Assess - estimate
  - c) Assess - evaluate
  - d) Plan
- 42 Which information is recorded in the risk register for each risk?
- a) Tolerable levels of risk exposure for an activity
  - b) Amount of risk a an activity is willing to accept
  - c) Category that the risk belongs to
  - d) Deviations from the risk process steps in the risk process guide

- 43 What describes the 'reduce a threat' risk response type?
- a) Removing the uncertainty from an uncertain situation
  - b) Taking definite action to change the probability of the threat
  - c) Passing part of the threat to a third party
  - d) Taking the chance that the threat will occur
- 44 Which is a benefit of effective risk management?
- a) Enables organizations to react better to changes
  - b) Removes all risks during change initiatives
  - c) Ensures all objectives are met
  - d) Ensures that companies comply fully with corporate governance regulations
- 45 Which step has a goal to prepare risk responses to manage risks effectively?
- a) Assess - estimate
  - b) Assess - evaluate
  - c) Plan
  - d) Implement

- 46 Which sub-steps are included in the 'identify' process step?
- a) Assess and evaluate
  - b) Estimate and evaluate
  - c) Context and risks
  - d) Context and issues
- 47 Which role is likely to use the strategic 'risk management strategy' for guidance on how to manage risks to the viability of the organization?
- a) Senior responsible officer
  - b) Project sponsor
  - c) Chief executive officer
  - d) Operations manager
- 48 Which is a 'risk specialism'?
- a) Business change management
  - b) Enterprise risk management
  - c) Contingency planning
  - d) Environmental risk management

- 49 What supports corporate governance at the project perspective by applying the 'aligns with objectives' principle?
- a) A framework for delivering a defined business change product to quality, time and cost
  - b) A basis for maintaining and evaluating the effectiveness of internal controls
  - c) A framework for achieving desired outcomes from step change improvements
  - d) A framework for the successful day-to-day running of the business
- 50 Which describes 'inherent' risk?
- a) Risk exposure after the risk response action is applied
  - b) Risks internal to the organization
  - c) Risk caused by a defined risk response action
  - d) Initial exposure from the identified risk
- 51 Which principle is **NOT** an enabler of risk management?
- a) Aligns with objectives
  - b) Achieves measurable value
  - c) Fits the context
  - d) Facilitates continual improvement

52 Why should the M\_o\_R approach documents be updated regularly and at the same time?

- a) Ensure they are updated by the same person
- b) Capture changes in the organizational chart for specific activities
- c) Ensure the documents do not contain conflicting information
- d) Reflect the changing objectives of the organization

53 Which is a core element of the M\_o\_R framework?

- a) Principles
- b) Benefits
- c) Risks
- d) Issues

54 Which **BEST** describes the use of the 'exploit an opportunity' and 'enhance an opportunity' risk response types?

- a) Responding to all types of risks b)  
Reducing the probability of risks
- c) Increasing the probability of risks
- d) Reducing the impact of risks

55 Which is used in the description of each 'M\_o\_R step'?

- a) Control
- b) Report
- c) Goal
- d) Response

56 Which is a goal of the 'implement' step?

- a) Monitoring the effectiveness of responses to risks faced by an activity
- b) Implementing the responsibilities for risks defined in the risk management strategy
- c) Implementing a risk improvement plan to improve risk management within the organization
- d) Monitoring the effectiveness of risk management activities within an organization

57 What is the purpose of 'embedding and reviewing M\_o\_R'?

- a) Incorporate risk management into the day-to-day culture of an organization
- b) Identify potential impacts that threaten an organization and provide a framework for building resilience
- c) Maintain a sound system of internal control to ensure that effective management systems exist
- d) Provide independent reviews at key decision points within a programme or project

- 58 Which is a responsibility of the senior team?
- a) Ensures documentation of the way risk management is applied
  - b) Defines the need for investment to manage risk
  - c) Reviews the document that describes the way risk management should be applied to an activity
  - d) Agrees the frequency and method for risk progress reports
- 59 Which is a useful method for obtaining and developing commitment and support for risk management?
- a) Having a flexible approach to how the risk strategy is implemented
  - b) Implementing detailed evaluations of the probability of risks which are estimated to have low impacts
  - c) Ensuring that risk is discussed and cascaded to staff via appropriate communication methods
  - d) Presenting annually to senior managers on key risks and progress
- 60 How is the 'impact assessment' technique used in the 'assess - estimate' step?
- a) Estimating the chance of a risk actually taking place
  - b) Judging the effect of a risk if it happens
  - c) Predicting the date range in which a risk will occur
  - d) Understanding the cause of the risk

- 61 How is the issue register used in the 'identify - risks' step?
- a) As an output recording the issues identified during the step
  - b) As an input describing similar activities that should be improved upon
  - c) As an input providing an analysis of the activity
  - d) As an input providing possible causes of risks to the activity

- 62 Identify the missing words in the following sentence.

Developing strategies for dealing with [ ? ] is an aim of 'business continuity management'.

- a) threats to plans to improve organizational capability
- b) new entrants into the organization's market
- c) threats that if they happened would disrupt business operations
- d) issues and the actions their owners are taking

- 63 Which is a responsibility of assurance?

- a) Assists the team with embedding risk management
- b) Holds seminars to embed risk management
- c) Carries out formal assessments of risk management implementation.
- d) Ensures participation in the delivery of risk management

64 Identify the missing words in the following sentence.

Organizations have developed the [ ? ] management specialism to prevent people from being harmed by work.

- a) security risk
- b) health and safety
- c) business continuity
- d) incident and crisis

65 Which aspect of a risk is **NOT** changed by either the 'reduce a threat' or 'enhance an opportunity' risk response types?

- a) Probability
- b) Impact
- c) Probability and impact
- d) Proximity

66 Which document describes the amount of risk an organization is willing to accept?

- a) Risk improvement plan
- b) Risk management process guide
- c) Risk management policy
- d) Risk progress report

67 Which is developed in the 'identify - context' step to describe the how the risk management process will be implemented for a specific activity?

- a) Stakeholder map
- b) Risk management strategy
- c) Regulatory framework
- d) Activity document

68 Identify the missing word in the following sentence.

In the event of the risk [ ? ] exceeding the agreed risk tolerance threshold, the risk should be escalated to a senior manager.

- a) perception
- b) capacity
- c) exposure
- d) appetite

69 Which is a responsibility of the senior manager?

- a) Ensures the risk escalation points are defined and monitored
- b) Approves requests for the funding of risk management
- c) Reviews how well the risk management policy is being applied
- d) Prepares reports on risk management activity

- 70 Which is a difference between a risk management health check and a risk management maturity model?
- a) A health check only considers current risk practices, a maturity model describes the incremental risk competencies that are desired over time
  - b) A health check describes the incremental risk competencies that are desired over time, a maturity model only considers current risk practices
  - c) A health check can be used when carrying out an enterprise-wide assessment, maturity models are only suitable for assessments of specific programmes or projects
  - d) A health check summarizes active risks, a maturity model summarizes closed risks
- 71 Why does risk management support better decision-making?
- a) Decisions are made using the 'decision trees' technique
  - b) Information about risks is made available for decision-making
  - c) Decision-making is a risk specialism
  - d) Assessing risk with decisions made is a requirement of corporate governance
- 72 Which statement describes the risk response type 'transfer the risk'?
- a) Perform an action to minimise the impact of the risk should it occur
  - b) Remove the uncertainty from an uncertain situation
  - c) Obtain insurance cover for the financial impact should the risk occur
  - d) Partake in a pain/gain contract with another party for the specified risk

- 73 Which is a difference between a 'cause' and an 'event' in a risk description?
- a) A cause is the reason for the risk and an event is the impact if the risk occurs.
  - b) A cause is the area of uncertainty and the event is the source of the risk
  - c) A cause is the area of uncertainty of the risk and the event is the impact if the risk materializes
  - d) A cause is a potential trigger point for a risk and an event is the area of uncertainty of the risk
- 74 What 'M\_o\_R principle' aims to embed risk management into day-to-day operations?
- a) Aligns with objectives
  - b) Fits the context
  - c) Facilitates continual improvement
  - d) Creates a supportive culture
- 75 Which role is responsible for managing and controlling a risk response plan created for a specific risk?
- a) Risk specialist
  - b) Risk committee
  - c) Risk owner
  - d) Risk actionee

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