COURSEWARE

M_o_R® Management of Risk Foundation

Courseware - English

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Van Haren
PUBLISHING

M_o_R®
ACCREDITED TRAINING ORGANIZATION
PeopleCert ON BEHALF OF AXELOS

M_o_R® Management of Risk Foundation Courseware – English

Colophon

Publisher about the Courseware

The Courseware was created by experts from the industry who served as the author(s) for this publication. The input for the material is based on existing publications and the experience and expertise of the author(s). The material has been revised by trainers who also have experience working with the material. Close attention was also paid to the key learning points to ensure what needs to be mastered.

The objective of the courseware is to provide maximum support to the trainer and to the student, during his or her training. The material has a modular structure and according to the author(s) has the highest success rate should the student opt for examination. The Courseware is also accredited for this reason, wherever applicable.

In order to satisfy the requirements for accreditation the material must meet certain quality standards. The structure, the use of certain terms, diagrams and references are all part of this accreditation. Additionally, the material must be made available to each student in order to obtain full accreditation. To optimally support the trainer and the participant of the training assignments, practice exams and results are provided with the material.

Direct reference to advised literature is also regularly covered in the sheets so that students can find additional information concerning a particular topic. The decision to leave out notes pages from the Courseware was to encourage students to take notes throughout the material.

Although the courseware is complete, the possibility that the trainer deviates from the structure of the sheets or chooses to not refer to all the sheets or commands does exist. The student always has the possibility to cover these topics and go through them on their own time. It is recommended to follow the structure of the courseware and publications for maximum exam preparation.

The courseware and the recommended literature are the perfect combination to learn and understand the theory.

-- Van Haren Publishing

Other publications by Van Haren Publishing

Van Haren Publishing (VHP) specializes in titles on Best Practices, methods and standards within four domains:
- IT and IT Management
- Architecture (Enterprise and IT)
- Business Management and
- Project Management

Van Haren Publishing is also publishing on behalf of leading organizations and companies: ASLBiSL Foundation, BRMI, CA, Centre Henri Tudor, Gaming Works, IACCM, IAOP, IFDC, Innovation Value Institute, IPMA-NL, ITSqc, NAF, KNVI, PMI-NL, PON, The Open Group, The SOX Institute.

Topics are (per domain):

IT and IT Management	Enterprise Architecture	Project Management
ABC of ICT	ArchiMate®	A4-Projectmanagement
ASL®	GEA®	DSDM/Atern
CATS CM®	Novius Architectuur	ICB / NCB
CMMI®	Methode	ISO 21500
COBIT®	TOGAF®	MINCE®
e-CF		M_o_R®
ISO/IEC 20000		MSP®
ISO/IEC 27001/27002	**Business Management**	P3O®
ISPL	*BABOK® Guide*	*PMBOK® Guide*
IT4IT®	BiSL® and BiSL® Next	Praxis®
IT-CMF™	BRMBOK™	PRINCE2®
IT Service CMM	BTF	
ITIL®	EFQM	
MOF	eSCM	
MSF	IACCM	
SABSA	ISA-95	
SAF	ISO 9000/9001	
SIAM™	OPBOK	
TRIM	SixSigma	
VeriSM™	SOX	
	SqEME®	

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Author about this Courseware

We designed the courseware to support the learning work of delegates. The slides offer brief summaries of the different parts of the Best Practice Guidance. The exercises offer the possibility to practice applying the theory to the delegates own real life cases. We do this to help embed the theory into daily practice. The ABC sample documents then offers an example of how the theory could be applied to a sample case

The sample exams then help to test your understanding and prepare for the real thing.

We hope the courseware assists in the learning process and helps delegates in bringing the theory to life and making it work.

Douwe Brolsma and Mark Kouwenhoven

Table of content

Self-Reflection of understanding Diagram

'What you do not measure, you cannot control.'' – Tom Peters

Fill in this diagram to self-evaluate your understanding of the material. This is an evaluation of how well you know the material and how well you understand it. In order to pass the exam successfully you should be aiming to reach the higher end of Level 3. If you really want to become a pro, then you should be aiming for Level 4. Your overall level of understanding will naturally follow the learning curve. So, it's important to keep track of where you are at each point of the training and address any areas of difficulty.

Based on where you are within the Self-Reflection of Understanding diagram you can evaluate the progress of your own training.

Level of Understanding	*Before Training (Pre-knowledge)*	*Training Part 1 (1st Half)*	*Training Part 2 (2nd Half)*	*After studying / reading the book*	*After exercises and the Practice exam*
Level 4 *I can explain the content and apply it .*					
Level 3 *I get it!* *I am right where I am supposed to be.*					Ready for the exam!
Level 2 *I almost have it but could use more practice.*					
Level 1 *I am learning but don't quite get it yet.*					

(Self-Reflection of Understanding Diagram)

Write down the problem areas that you are still having difficulty with so that you can consolidate them yourself, or with your trainer. After you have had a look at these, then you should evaluate to see if you now have a better understanding of where you actually are on the learning curve.

Troubleshooting

Problem areas:	*Topic:*

Part 1

Part 2

You have gone
through the book
and studied.

You have answered
the questions and
done the practice
exam.

Agenda

	Day 1 (9.00 – 17.00)
Part 1	**Introduction**
	General introduction to the M_o_R Framework
	The M_o_R Principles - perceived for • strategic, • programme, • project and • operational Perspective
	Lunch
Part 2	The M_o_R Approach • Risk Management Policy, • Risk Management Process and • Risk Management Strategy The Risk and Issue registers The Plans and reports
	The M_o_R Process Steps The relevant Techniques
	Homework • Study Guidance • Practice Foundation exam and personal risk register (3 - 6 hours)

	Day 2 (9.00 – 17.00)
Part 1	Recap day 1
	Recap the M_o_R Approach The Risk Management Strategy Document The Issue Register
	The M_o_R Process Steps The relevant Techniques
	Lunch
Part 2	Embedding & Reviewing M_o_R M_o_R Health Check and Risk Maturity
	The Risk Specialisms • Business continuity management, Incident (crisis) management, • Health and safety management, Security risk management, Financial • Risk management, Environmental risk management, Reputational • Risk management, Contract risk management
	Exam tips & Tricks
	Homework • Study Guidance • Practice Foundation exam and personal risk register (3 - 6 hours)

Day 3: Exam Day

M_o_R® Management of Risk Foundation

2010 edition - English

This material contains diagrams and text information based upon:
Management of Risk® manual 2010

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Version 1.0

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M_o_R® Foundation - Day 1

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Welcome

Teambuilding and focus

- Name
- Background
- Current role
- Experience in Risk Management
- Motivation to participate in this course

Purpose of the course

- To provide delegates with a thorough understanding of the Management of Risk: Guidance for Practitioners

- After completing this training course participants will be able to apply all parts of the Guidance to real life situations

- Delegates are enthused and eager to apply the theory to practice

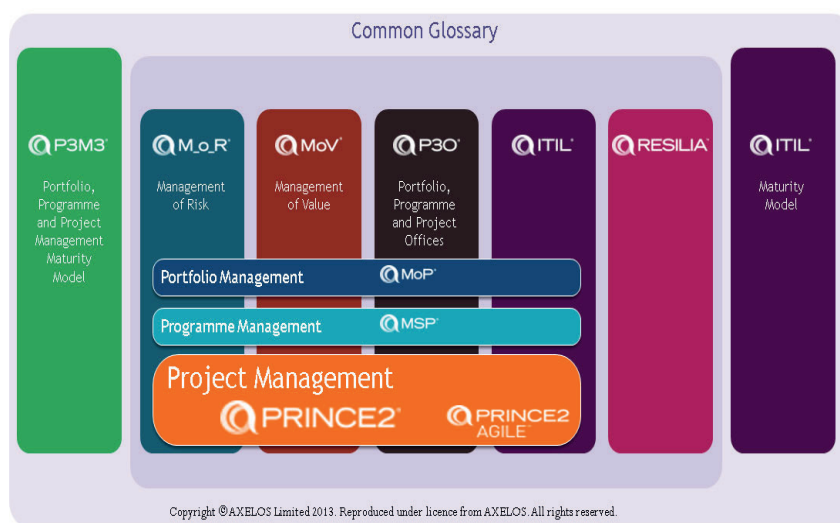- To prepare delegates for the M_o_R Foundation exam

Foundation Planning

Course outline

- 2 day training course
  (often spread out over a period of about 2 weeks)
- Practice with foundation exam questions (possibly using an online tool)
- Homework after every training day
  (in all 8 to 16 hours of homework)

5

The Best Practice Guides

6

What is 'Risk'?

M_o_R defines risk as.....

*An uncertain event or set of events that, should it occur, will have an effect on the **achievement of objectives.***

*A risk is measured by the combination of the probability of a perceived **threat** or **opportunity** occurring and the magnitude of **its impact on objectives*** (page 4)

What is 'Risk Management'?

M_o_R defines Risk Management as.....

"*The systematic application of principles, an approach and a process to the tasks of identifying and assessing risks, and then planning and implementing risk responses*"(page 4)

The aim is to support proactive decision-making through a good understanding of risks and their likely impact.

Risk Management

Risks need to be:

- **Identified** – consider uncertainties and describe them for a common understanding
- **Assessed** – Estimate probability, impact and proximity, prioritize and understand the overall level of risk
- **Controlled** – planning appropriate responses and implement and monitor these

Note the importance of communication within and between all these areas.

The Benefits of Risk Management

- Provides more **informed** decision-making capability
- Improves the decision-making process
- Improves ability to respond to change
- Helping the organisation to fulfil policies or legal requirements
- Improves the organisation's quality of services
- Increases revenue and/or reduces costs, while maintaining quality

The Benefits of Risk Management

- Fewer sudden shocks and unwelcome surprises
- More efficient use of resources
- Reduced waste and fraud, and better value for money
- Better service delivery
- Reduction in management time spent fire-fighting
- Better management of contingent and maintenance activities
- Lower cost of capital
- Improved innovation
- Increased likelihood of change initiatives being achieved
- More focus internally on doing the right things properly
- More focus externally to shape effective strategies

Threat or Opportunity?

- Threat - an uncertain event that could have a **negative impact** on objectives or benefits

- Opportunity - an uncertain event that could have a **favourable impact** on objectives or benefits

Risk Cause, Event, and Effect

- **Risk Cause**
  - Describes the source of the risk - the event or situation that gives rise to the risk - often referred to as risk drivers
  - Not risks in themselves, but the potential trigger points for risk
  - May be either internal or external to the organisational activity under consideration
- **Risk Event** - describes the area of uncertainty in terms of the threat or the opportunity
- **Risk Effect** - describes the impact that the risk would have on the organisational activity should the risk materialise

Probability, Impact, EV & Proximity

Probability
- probability selected from the scales in the **risk management strategy**
- where appropriate **pre and post response** action probabilities should be recorded

Impact
- impact selected from the scales in the **risk management strategy**
- where appropriate **pre and post-response** action impacts should be recorded

Expected Value
- EV = average impact X probability percentage

Proximity
- the date when the risk is anticipated to materialize

Risk response and status

- Risk response category - selected from the options in the risk management strategy (e.g. threat reduction, opportunity enhancement)
- Risk tolerance – the threshold levels of risk exposure which, when exceeded, trigger an escalation
- Risk response - actual action to be taken recorded together with any trigger dates
- Risk status (active or closed)

Risks and risk exposure

- **Inherent risk** – the exposure arising from a specific risk before action has been taken to manage it
- **Residual risk** – what risk still remains (after the response is applied)
- **Secondary risk** –a new risk that has been introduced by a risk response

- **Risk exposure** – the extent of risk borne by the organization at that time

Recent Developments

- 2002 M_o_R in response to Turnbull
- 2002 Sarbanes-Oxley (SOX)
- 2004 Basel II accord
- 2004 Code Tabaksblat (NL)
- 2006 Combined codes for Corporate Governance (UK)
- 2007-2008 Worldwide financial crisis
- 2009 ISO 31000 Risk Management Principles and Guidelines
- 2010 Refresh of M_o_R and Basel III accords
- 2018 ISO 31000:2018 refresh

Corporate Governance

"is the system by which organisations are directed and controlled."

- *The Boards of directors are responsible for governance in their organisation*
- *The Shareholders appoint directors and auditors to ensure governance is in place*
- *The board sets the strategic aims, provides leadership, supervises management and reports to shareholders*
- *The Audit Committee supports the Board and the Accounting Officer by reviewing the comprehensiveness and reliability of assurance*
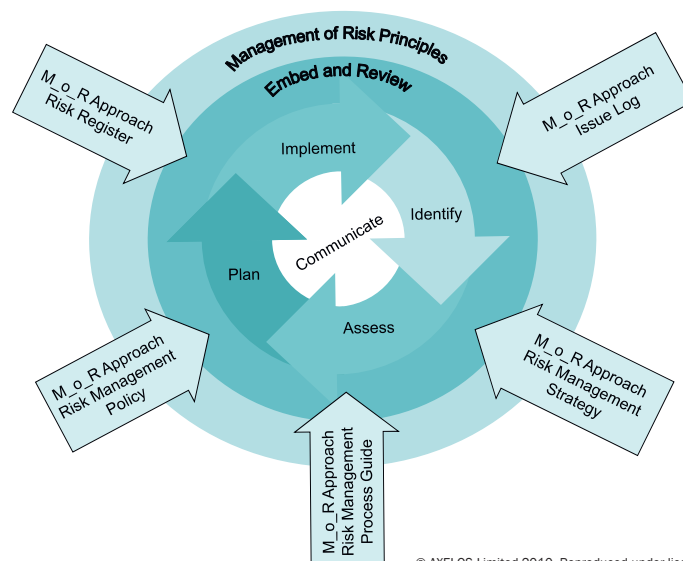
Internal Control

Risk management is 1 way of establishing internal control

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving it's strategic objectives

They should maintain sound risk management and internal control systems and review the effectiveness of these at least annually.

The M_o_R framework

Fig. 1.1