BSBOPS504
MANAGE BUSINESS RISK

THEORY EXAM

Participant name	

FOR THE PARTICIPANT
Instructions

• You will complete written questions as outlined on the following pages. You must attempt all questions and provide enough detail in your response to demonstrate your knowledge.
• It is anticipated that you should complete this assessment within two (2) hours, but additional time may be allowed upon negotiation with the Assessor.
• You must complete all questions unassisted by the Assessor or other personnel but may refer to reference material as needed. All questions must be answered correctly for a 'Satisfactory' assessment outcome to be awarded.
    ○ An oral examination may be allowed under certain circumstances, whereby your answers will be documented by another party.
    ○ Any written questions that are incomplete, or not answered satisfactorily will need to be completed again after further training support.
        ▪ If you answer a question incorrectly but modify your response, put your initials next to the written change (or the Assessor must initial a verbal change).

Resources required
Pen

FOR THE ASSESSOR
Instructions
• Where oral examination has occurred, ensure that this is acknowledged in writing (e.g. FT001 and Assessor Comments) • All questions must be satisfactorily demonstrated by the Participant for a Satisfactory determination (indicated by an Assessor tick to the right of the question). • Assessors are to complete marking in pen of a different colour to the Participant. • If the Participant verbally modifies their response, write in the modified response verbatim and put your initials next to the written change.

ASSESSOR COMMENTS
As necessary, outline: • Details on reattempts, alternative arrangements or reasonable adjustments made. • Where a Participant is deemed 'Not Satisfactory', provide recommendations for future training.

Q1. **Explain how organisational policies and procedures contribute to risk management processes in business.**

Answer ☐

Should reflect an understanding of the development of policies and procedures to manage risks for example: Policies and procedures are developed to help the business to manage work health and safety duties related to work operations policies and procedures that align to WHS will guide workers to identify and resolve hazards before these cause injury or illness. Further policies and procedures are written to guide workers to protect the environment and business financial decisions. Policies and procedures provide a set of guidelines to help workers understand expectations and boundaries to ensure the business is compliant with various legislation and that workers can locate the businesses requirements for operations and behaviour, they provide a decision-making framework to ensure integrity and fairness if issues arise, thereby minimising legal and safety risks for you and your business.

Q2. **Discuss why policies and procedures should be reviewed.**

Answer ☐

Should reflect but is not limited to: Old policies may be outdated and may not align with laws and regulations. New technology or processes may not align with old policies or procedures resulting in inconsistent practices. Regular reviews of policies and procedures keeps the business up-to-date with the latest regulations and technology and demonstrates best practice. By reviewing and updating policies and procedures, the business, employees and clients are protected.

Q3. **Describe a technique that can be used to review strengths and weaknesses of existing arrangements.**

Answer

Should reflect: A SWOT analysis. SWOT analysis can help you identify the internal and external factors affecting your business. This is an effective method for identification of Strengths, Weaknesses, Opportunities and Threats in different areas. A SWOT analysis is a tool commonly used in planning and is an excellent method for identifying areas of negative and positive risk.

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Q4. **Explain the purpose of identifying and documenting critical success factors.**

Answer

Should reflect but is not limited to: Critical Success Factors enable you to track and measure your progress toward achieving strategic goals - and, ultimately, to fulfilling your organisation's mission.

They also provide a common point of reference so that everyone knows exactly what's most important, ensuring that tasks and projects are aligned across teams and departments.

☐

Q5. **Explain why the information in a risk management plan should be communicated to stakeholders.**

Answer

Should reflect but is not limited to: Demonstrates honesty and transparency. This gets everyone on the same page in identifying problems and the potential threats they represent. Demonstrates the businesses commitment to the goal and risk management strategies. In addition, you ensure that any solutions are developed to account for the concerns of every group affected. Use a communications plan to determine level of knowledge to be shared with different stakeholders.

☐

Q6. **Describe each of the following types of business risk using the space provided.**

Answer

Risk type	Description
Strategic risk	e.g. Strategic risk arises when a business does not operate according to its business model or plan. When a company does not operate according to its business model, its strategy becomes less effective over time and it may struggle to reach its defined goals
Compliance risk	e.g. Compliance risk involves companies having to comply with new rules that are set by the government or by a regulatory body.
Financial risk	e.g. Financial risk is about the financial health of the company. Financial risk arises when the financial health of the company deteriorates. These are calculated using financial ratios.
Operational risk	e.g. Operational risk occurs within the business' system or processes. his risk arises from within the corporation, especially when the day-to-day operations of a company fail to perform

☐

Q7. **Discuss different methods you would use to communicate and involve different stakeholders in the risk management process.**

Answer

Should reflect an understanding of different stakeholder relevance and involvement related to different risk factors and the use of communication plans or similar to identify relevance and type of communication used for different stakeholders. For example: Team leaders may be included in brainstorming sessions and face to face questioning. External stakeholders vary depending on involvement e.g. suppliers should be involved in materials acquisition risk management considerations, either via email or telephone, clients may be included in routine communication such as emails and risks including client satisfaction/ business reputation. Workers should be included in operational risk assessments, often guided by team leaders following or prior to brainstorming sessions.

☐

Q8. **Describe the purpose of using AS/NZS ISO 31000:2009 as part of the risk management process.**

Answer

Should reflect but is not limited to: This international standard provides eleven (11) principles for the management of risk. It outlines an approach to developing a framework that will assist the business to integrate risk management into their risk management systems. It clarifies a process describing methods of identifying, analysing and treating risks. Workplaces are encouraged to consider the links between the foundations of their risk management and the business objectives.

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Q9. **Explain the purpose of maintaining a risk register.**

Answer

Should discuss the purpose of a risk register and maintaining this to recognise risk changes e.g. A Risk Register is a spreadsheet containing the results of the qualitative risk analysis, quantitative risk analysis, and risk response planning. The risk register details all identified risks, including description, category, cause, probability of occurring, impact on objectives, proposed responses, owners, and current status. The risk register is a location to track the actions taken to minimise risks. This record may be used for audit purposes to demonstrate that risk management has taken place.

Q10. **Describe each of the following risk analysis methods listed in the table below.**

Answer

Risk analysis method	Description
Qualitative risk analysis	e.g. Qualitative analysis uses a relative or descriptive scale for measuring the probability of risk occurrence. Qualitative risk analysis will be based on the probability of each risk event occurring. A qualitative risk analysis uses a scale of “Low, Medium, High” to indicate the likelihood of an event occurring
Quantitative risk analysis	e.g. The quantitative risk analysis uses a numerical scale and is used during budgetary and financial planning Quantitative analysis is used when using data analysis to understand behaviour and assess overall business performance.

Q11. **Describe the legislative and regulatory requirements the business must comply with in relation to risk management.**

Answer

Should demonstrate an understanding of compliance with various laws and regulations for example: Every business must adhere to state and federal legislation and regulations related to risk management such as WHS legislation dealing with hazards and emergencies, safe work practices. Businesses must ensure they abide by all laws relating to protection of the environment and equal employment opportunity, privacy. These laws may require different permits, community interaction, noise limits or traffic management. Legislation covers that the business has safe and effective safety standards, policies and procedures, operating procedures, emergency procedures. Training of workers in relevant procedures and safety requirements is also included in compliant business management.

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Q12. **Explain what 'treating risks' involves.**

Answer

Should reflect an understanding of planning to deal with the various possible situations, including the worst-case scenarios. For example, risk transference, where the risk is accepted and insurance is taken out, buying insurance allows you to transfer your risk to insurance companies for a small cost, especially when compared to the potential cost of uncovered risk. such as physical damage, health, interest rates, politics and weather. Development of quality assurance and continuous improvement procedures to mitigate risks. Treating risks involves considering various options for dealing with unacceptable risks and dealing with the most appropriate option.

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Q13. **Explain each of the following risk treatment options.**

Answer

Risk treatment option	Explanation
Risk acceptance	e.g. Accepting the risk and taking no action to mitigate it. Generally applied when the cost of mitigating exceeds the cost of the risk itself. Best applied only when the risk has a low chance of occurring and a minimal impact should it occur.
Risk transference	e.g. Shifting the responsibility to some or all of the risk to a third party such as using insurance or outsourcing
Risk avoidance	e.g. This includes not proceeding with an activity that will generate business risk. You can select alternative activities to reach the same desired outcomes that do not involve the same risks.
Risk reduction	e.g. Reducing the likelihood of the risk occurring Reducing the impact if the risk occurs

Q14. **What details should you include in an action plan for implementing risk treatment?**

Answer

Should reflect but is not limited to: Specify the treatment option agreed with relevant stakeholders such as - avoid, reduce, share/transfer or accept. Document the treatment plan - outline the approach to be used to treat the risk. Any relationships or interdependencies with other risks should also be highlighted. Assign an appropriate owner - who is accountable for monitoring and reporting on progress of the treatment plan implementation. Specify a target resolution date - where risk treatments have long lead times, consider the development of interim measures.

Q15. **Discuss factors you must ensure to achieve an effective implementation of the risk treatment plan according to policies and procedures.**

Answer

Should demonstrate an understanding of factors required such as: Alignment of the plan to the risk management policy and procedures Commitment from key stakeholders who must understand their responsibilities related to the risk treatment plan, accountability for monitoring and reporting the treatment plan implementation progress. Realistic objectives and timelines for implementation must be documented within the plan plus any relationships or interdependencies with other risks

Q16. **Discuss methods you can apply during monitoring and review of the effectiveness of the risk treatment options.**

Answer

Should reflect but is not limited to: You can consult the workers involved to determine the success of the treatment or consult management who administer the controls. Review of accident and incident reports is another option for safety risks, to see how effective controls have been.

After evaluating the outcomes of the monitoring process, you need to reassess the treatment options and determine any changes required based on the effectiveness of risk treatment

Q17. **Discuss the purpose of document storage policy and procedures.**

Answer

Should reflect but is not limited to: Document storage policy and procedures provide for systematic review, retention and destruction of documents received or created by the business.

These policy and procedures define what information your organisation must keep as a record, the procedures for managing those records, their retention periods, and procedures for ensuring their secure destruction.

BSBOPS504
MANAGE BUSINESS RISK

WORKBOOK

Participant name	

FOR THE PARTICIPANT
Instructions

• You will complete written activities as outlined on the following pages. You must attempt all questions and provide enough detail in your responses to demonstrate your knowledge.
• The timeframe for these tasks will be established by your Assessor or Training Plan, but additional time may be allowed upon negotiation with the Assessor.
• You must complete all questions unassisted by the Assessor or other personnel but may refer to reference material as needed. All questions must be answered correctly for a 'Satisfactory' assessment outcome to be awarded.
  ○ An oral examination may be allowed under certain circumstances, whereby your answers will be documented by another party.
  ○ Any written questions that are incomplete, or not answered satisfactorily will need to be completed again after further training support.
    ▪ If you answer a question incorrectly but modify your response, put your initials next to the written change (or the Assessor must initial a verbal change).

Resources required
Pen

FOR THE ASSESSOR
Instructions
• Where oral examination has occurred, ensure that this is acknowledged in writing (e.g. FT001 and Assessor Comments) • All questions must be satisfactorily demonstrated by the Participant for a Satisfactory determination (indicated by an Assessor tick to the right of the question). • Assessors are to complete marking in pen of a different colour to the Participant. • If the Participant verbally modifies their response, write in the modified response verbatim and put your initials next to the written change.

ASSESSOR COMMENTS
As necessary, outline: • Details on reattempts, alternative arrangements or reasonable adjustments made. • Where a Participant is deemed 'Not Satisfactory', provide recommendations for future training.

NOTE
At times, you will be provided with a specific business context to which you must respond, otherwise it is anticipated that you will use a workplace of your choosing (your own, or hypothetical) to provide the context to the task. At all times, the responses in your assessment must reference **Australian** (Queensland or Federal) documentation, including legislation, regulations, codes of practice, standards and guidance publications.

ACTIVITY 1
You have purchased an ice-cream franchise which is located on the beachfront at Caloundra on the Sunshine Coast, Queensland. a) Identify three (3) financial risks that may be associated with the purchase of this business b) Assess the impact and consequences, should these risks identified occur c) Evaluate and prioritise the three (3) risks for treatment

a) Identify three (3) financial risks that may be associated with the purchase of this business
e.g. Slow and low customer numbers and consequent turn-over during winter months. e.g. Access and cost of material, particularly if exchange rates or commodity price fluctuations are applied e.g. Cost of vandalism, physical damage and repairs in this location
b) Assess the impact or consequences, should these risks identified occur
e.g. Impact of slow and low customer numbers in winter is highly likely and the consequence is moderate to high to turn over and financial risk e.g. Access and cost fluctuations are moderately likely and will follow the market the consequence is moderate to high e.g. Cost of physical damage and repairs is low in likelihood and the consequences are minor to moderate
c) Evaluate and prioritise the three (3) risks for treatment
e.g. The impact of slow and low customer numbers must be prioritised as number 1 as this is highly likely and needs treatment options to reduce financial risk e.g. Cost of damage must be prioritised as second in the event that the damage is more severe than graffiti e.g. Cost fluctuations are lowest in priority as these must consistently be considered as part of business management and the pricing structure

Satisfactory Outcome ☐

ACTIVITY 2

Your small business maintains client lists which contain personal details. The business has three staff all located in separate isolated rooms.

a) Identify three (3) data security risks that may be associated with maintaining and storing client lists
b) Assess the impact and consequences, should these risks identified occur
c) Evaluate and prioritise the three (3) risks for treatment

a) Identify three (3) data security risks that may be associated with maintaining and storing client lists
e.g. Data breach and theft of data via hacking. e.g. Unsecured files viewable to others e.g. Wrongfull employee communication
b) Assess the impact or consequences, should these risks identified occur
e.g. Impact of data breach and theft of data via hacking is very likely and has extremely high consequences to business finances, reputation and opportunities e.g. Unsecured files viewable to others can cause a privacy breach and is of a low to medium likelihood with high consequences e.g. Wrongfull employee communication, such as sending files to the wrong email address is moderately to highly likely and carries a medium to high consequence
c) Evaluate and prioritise the three (3) risks for treatment
e.g. The impact of a data breach and theft must be prioritised as number 1 as this is very likely and needs treatment options to reduce risk e.g. Wrongful communication has the second priority, as this is moderately likely with possible high consequences e.g. Unsecured files viewable to others poses the least risk as all employees are isolated in individual offices, however the consequences would be high should this occur

Satisfactory Outcome ☐

BSBOPS504
MANAGE BUSINESS RISK

PRACTICAL ASSESSMENT

Participant name	

FOR THE PARTICIPANT
Instructions
• The tasks outlined on the following pages will require performance of normal workplace activities, as a result of a structured activity set by an Observer in the workplace or a simulated activity set by your Assessor/Observer. • The timeframe for these tasks will be established by your Assessor/Observer in consideration of location conditions and industry requirements. • You must complete all tasks unassisted by the Assessor or other personnel unless the steps note this assistance. • You must attempt all tasks (and itemised steps) for a ‘Satisfactory’ assessment outcome to be awarded.   o For any observation conducted that is incomplete, or without satisfactory performance, the observation will need to be completed again after further training support.

FOR THE ASSESSOR/OBSERVER
Instructions

• The following observation record should be used to judge and record your observations of the Participant as they complete the task(s) set. You must record your observations of the Participant’s performance.
    o For each occasion, indicate the task performed and whether it was a simulation or workplace-based task.
        ▪ Any simulated assessment must ensure the Participant still performs under workplace conditions which reflect industry standards.
    o In the comments, provide clear detail regarding the task that the Participant was required to do (e.g. PPE used, materials handled, attachments connected, plant types).
• All steps must be satisfactorily demonstrated by the Participant for a ‘Satisfactory’ determination (indicated by an Assessor tick to the right of each itemised step, or an Observer tick to the right of each itemised step, and confirmation by an Assessor in the Assessor Comments).
    o Where you have determined that one or more task steps have not been satisfactorily demonstrated, provide the Participant with additional support and outline details of such assistance in the Assessor/Observer Comments. Allow the Participant two (2) further opportunities to demonstrate the task again to allow an opportunity for a ‘Satisfactory’ assessment outcome to be achieved.
    o If after three (3) attempts the Assessor determines that the Participant cannot demonstrate the required steps, a ‘Not Satisfactory’ outcome is to be determined.

TASK OUTCOME					
Task	Date	Task Type (Tick)	Location	Task outcome (Tick)	
				Satisfactory	Not Satisfactory
Task 1		☐ Workplace ☐ Simulation		☐	☐

ASSESSOR COMMENTS: GENERAL
As necessary, outline: • Details on reattempts, alternative arrangements or reasonable adjustments made. • Where a Participant is deemed 'Not Satisfactory', provide recommendations for future training.

ASSESSOR COMMENTS: PRACTICAL TASK 1	
☐ Individual student (as named on cover page) ☐ Multiple students [☐ All from Attendance Report, ☐ Specific students involved – identify students]	
Task	**Provide detail**
1.2A. 1.3C. 1.4C.	Specify method of communication used to consult and inform stakeholders: e.g. Communication varied depending on stakeholder, e.g. consulted team during meetings, clients via email e.g. adhered to conventions and protocols when communicating with stakeholders
1.1A. 1.1B. 1.1E.	Specify documents and systems reviewed, developed and applied to planning system: e.g. scope statement, Resource requirements, Staffing management plan
1.1B. 1.1C. 1.1D. 1.1E. 1.2B.	Specify how existing plans and procedures were reviewed: ☐ Assess risk using numerical data ☐ Assessed against relevant legislation ☐ Assessed against current financial climate ☐ Assessed against currency in market ☐ Other (please specify):
1.2B. 1.4C. 1.4D.	Specify how meeting was organised with senior management to obtain endorsement for implementation of risk management plan: e.g. verbally agreed time was determined
1.2B. 1.4C.	Specify (✓) how tasks were delegated and monitoring communicated with all levels: ☐ Face to face ☐ Telephone ☐ Email ☐ Memo board ☐ Pre-start meetings ☐ Procedures ☐ Reports ☐ Other (please specify):
1.3C. 1.4A. 1.4B.	Specify how action planning was organised: e.g. Adheres to organisational processes, procedures and requirements e.g. Sequences and schedules activities correctly e.g. monitors implementation, evaluates processes and manages relevant communication