PECB BEYOND RECOGNITION

Exam Preparation Guide

ISO 31000 Lead Risk Manager

Purpose

The objective of the "PECB Certified ISO 31000 Lead Risk Manager" exam is to ensure that the candidate has acquired the necessary knowledge and skills to support an organization in creating and protecting value by managing risks, making decisions, and improving performance using the ISO 31000 guidelines.

The ISO 31000 Lead Risk Manager exam is intended for:

- Risk directors, managers, officers
- Professionals responsible for the creation and protection of value in organizations through effective management of risks
- Top management members who seek guidance on how risk management should be integrated at a strategic level
- Individuals responsible for risk management processes
- Individuals interested in risk management

The exam covers the following competency domains:

- **Domain 1:** Fundamental principles and concepts of risk management
- **Domain 2:** Establishing the risk management framework
- **Domain 3:** Initiating the risk management process and assessing risks
- **Domain 4:** Risk treatment
- **Domain 5:** Risk recording and reporting
- **Domain 6:** Risk monitoring and review
- **Domain 7:** Risk communication and consultation

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Domain 1: Fundamental principles and concepts of risk management

Main objective: Ensure that the candidate understands and is able to interpret and illustrate the ISO 31000 concepts, principles, and recommendations

Competencies	Knowledge statements
1. Ability to explain what ISO does and the key principles in standard development 2. Ability to distinugish between various ISO management system standards 3. Ability to explain and illustrate the main concepts of risk management 4. Ability to interpret the advantages of effective risk management in an organization 5. Ability to understand the risk management principles 6. Ability to identify significant aspects for an effective risk management 7. Ability to understand and distinguish the different types of risk	1. Knowledge of the main standards related to risk management 2. Knowledge of the main concepts and terminology described in ISO 31000 and the application of concept of risk in organizations 3. Knowledge of the main advantages and benefits that organizations can gain by an effective implementation of a risk management process 4. Knowledge of the ISO 31000 risk management principles and their application in organizations 5. Knowledge of the main elements to be applied by an organization for a succesful risk management process 6. Knowledge of risk types, including strategic risks, financial risks, compliance risks, and operational risks

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Domain 2: Establishing the risk management framework

Main objective: Ensure that the candidate can contribute in the development of a risk management framework, and is able to manage risks based on the risk management process, as recommended by ISO 31000.

Competencies	Knowledge statements
1. Ability to understand and interpret the recommendations for the risk management framework provided by ISO 31000 2. Ability to distinguish the relationships and main components of the risk management framework 3. Ability to understand the context of an organization when designing the risk management framework 4. Ability to understand the establishment of a risk management policy 5. Ability to identify who is accountable for the development, implementation and maintenance of the risk management framework 6. Ability to identify the necessary resources for the risk management implementation 7. Ability to establish the external and internal context of the organization 8. Ability to identify all relevant stakeholders in the risk management process 9. Ability to understand the importance of risk communication and consultation. 10. Ability to understand and determine the principles of risk communication 11. Ability to set and define risk communication objectives 12. Ability to understand the importance of and reasons for recording and reporting of risk management activities 13. Ability to understand the control of records of risk management activities 14. Ability to understand risk reporting 15. Ability to document the risk management process and its outcomes 16. Ability to monitor and review risk management activities	1. Knowledge of the ISO 31000 risk management framework and its recommendations 2. Knowledge of the relationship and main components of risk management frameworks (Leadership and Commitment, Integration, Design, Implementation, Evaluation, Improvement) 3. Knowledge on how to undestand an organization's external and internal context 4. Knowledge of the ways that can be used to articulate commitment to risk management 5. Knowledge on how to define organizational roles, authorities, responsibilities and accountabilities for an effective risk management and knowledge of the ISO 31000 recommendations on accountability and risk owners 6. Knowledge on the allocation of appropriate resources needed for risk management implementation 7. Knowledge on how to establish the organization`s internal and external context for the risk management process 8. Knowledge on the identification and analysis of stakeholders, and their involvement in the risk management process 9. Knowledge of the main purpose of risk communication and consultation 10. Knowledge of the principles of an efficient risk communication 11. Knowledge of the main objectives of the risk communication 12. Knowledge of the importance of recording and reporting of the risk management processes 13. Knowledge of the recording and reporting

	goals of risk management activities based on ISO 31000 and knowledge of the tools and techniques used to control and register records
	14. Knowledge on important factors of risk reporting based on the recommendations of ISO 31000
	15. General knowledge on the risk management documentation. Knowledge on the documentation pyramid, criteria and types of documents that are necessary for risk management documentation.
	16. Knowledge on how to monitor the risk management activities and knowledge of the elements to be considered during the risk management review

Domain 3: Initiating the risk management process and assessing risks

Main objective: Ensure that the candidate is able to understand the risk processes and assessment in an organization and be able to apply that knowledge throughtout all steps of the risk management process.

Competencies	Knowledge statements
1. Ability to understand, interpret, and apply the risk management process based on the recommendations of ISO 31000	1. Knowledge of the risk management process activities, including communication and consultation, scope, context and criteria, risk assessment, risk treatment, monitoring and review, and recording and reporting
2. Ability to define the risk management process scope and boundaries	2. Knowledge of the ISO 31000 recommendations on how to define the scope and boundaries related to the risk management process
3. Ability to understand and identify the appropriate risk analysis approach.	3. Knowledge of the risk analysis techniques recommended by ISO 31000 and their advantages and disadvantages
4. Ability to define the risk criteria	4. Knowledge of the constraints affecting the scope
5. Ability to integrate the risk management process into the organization's processes	5. Knowledge on how to integrate risk management in the organization's practices and processes in a way that is relevant, effective and efficient
6. Ability to identify, analyze and evaluate risks	6. Knowledge on how to identify the assets, risk sources, risk events, the existing measures to mitigate risk, risk likelihood and the consequences that might happen if the risk occurs. Knowledge on how to evaluate the identified and analyzed risk based on risk evaluation criteria
7. Ability to prioritize risks	7. Knowledge of techniques for prioritizing risk based on magnitude of risk
8. Ability to implement different identifying, analyzing and evaluating techniques	8. Knowledge on what techniques to use when identifying, analyzing, evaluating risks and when to use them depending on the risk

Domain 4: Risk treatment

Main objective: Ensure that the candidate is able to understand the risk treatment processes in an organization and be able to apply that knowledge throughtout all steps of the risk management process.

Competencies	Knowledge statements
1. Ability to understand the risk treatment options 2. Ability to integrate the risk treatment options into the organization's processes 3. Ability to understand the steps that can be taken when there are no risk treatment options available or if treatment options do not sufficiently modify the risk 4. Ability to create a risk treatment plan	1. Knowledge on the risk treatment options recommended by ISO 31000 and selecting them in accordance with the organization's objectives, risk criteria and available resources 2. Knowledge on how to integrate risk treatment options in the organization's practices and processes in a way that is relevant, effective and efficient 3. Knowledge on the risk treatment plan acceptance, and residual risk acceptance 4. Knowledge on how to create a risk treatment plan that specifies how the treatment options will be implemented

Domain 5: Risk recording and reporting

Main objective: Ensure that the candidate can record and report risk management processes and its outcomes based on ISO 31000.

Competencies	Knowledge statements
1. Ability to understand the importance of and reasons for recording and reporting of risk management activities 2. Ability to understand the control of records of risk management activities. 3. Ability to understand risk reporting 4. Ability to document the risk management process and its outcomes	1. Knowledge on the importance of recording and reporting of the risk management processes and knowledge on the recording and reporting goals of risk management activities based on ISO 31000 2. Knowledge on the tools and techniques used to control and register records 3. General knowledge on the risk management documentation and also on the documentation pyramid and criteria 4. Knowledge on types of documents that are necessary for risk management documentation

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Domain 6: Risk monitoring and review

Main objective: Ensure that the candidate can monitor and review the risk management process, set improvement objectives and promote continual improvement based on ISO 31000 standard

Competencies	Knowledge statements
1. Ability to monitor and review risk management activities 2. Ability to monitor and review risks and controls 3. Ability to bring different areas of expertise together for analyzing risks 4. Ability to monitor and review risk management framework 5. Ability to understand the establishment of a baseline 6. Ability to detect changes in the external and internal context, including changes to risk criteria and the risk itself 7. Ability to monitor and review risk management process 8. Ability to identify emerging risks 9. Ability to follow continual improvement of risk management 10. Ability to monitor and review the results externally and internally	1. Knowledge on how to monitor the risk management activities and knowledge of the elements to be considered during risk management review 2. Knowledge on monitoring and review of risks and controls as part of the risk management process 3. Knowledge of the main activities that support monitoring and review process 4. Knowledge on how to monitor and review risk management framework based on ISO 31000 5. Knowledge on the responsible individuals for periodically monitoring and review of risk management framework 6. Knowledge of management, processes deployment techniques and best practices on monitoring and detection of changes in the external and internal context. 7. Knowledge on how to monitor and review risk management process. 8. Knowledge on important elements when monitoring and reviewing risks 9. Knowledge on how to set improvement objectives and how to continually improve the risk management process 10. Knowledge on the establishment of performance indicators that ensure the effectiveness of risk management framework and risk management process 11. Knowledge of the characteristics and the best practices to manage the process of Risk communication, monitoring and improvement 12. Knowledge on monitoring and reviewing internal and external change factors.

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Domain 7: Risk communication and consultation

Main objective: Ensure that the candidate can understand the objectives of risk communication and consultation processes and apply them throughout all steps of the risk management process

Competencies	Knowledge statements
1. Ability to understand the importance of risk communication and consultation 2. Ability to understand and determine the principles of risk communication 3. Ability to set and define risk communication objectives 4. Ability to establish and develop a risk communication plan 5. Ability to understand the importance of stakeholder's involvement when developing a risk communication strategy	1. Knowledge of the main purpose of risk communication and consultation 2. Knowledge on the principles of an efficient risk communication 3. Knowledge on the main objectives of the risk communication 4. Knowledge on the establishment and development of the risk communication plan 5. Knowledge stakeholder's types and of the principles, best practices and tools for an effective communication with stakeholders

Based on the abovementioned domains and their relevance, 12 questions are included in the exam, as summarized in the following table:

| | | Points per question | Level of understanding (cognitive/taxonomy) required | | Number of Questions per competency domain | % of exam devoted to each competency domain | Number of Points per competency domain | % of points per competency domain |
			Questions that measure comprehension, application, and analysis	Questions that measure synthesis and evaluation				
Competency domains	Fundamental principles and concepts of risk management	5	X		1	8.33	5	6.67
	Establishing the risk management framework	5		X	4	33.32	25	33.35
		10	X					
		5	X					
		5		X				
	Initiating the risk management process and assessing risks	5	X		2	16.67	15	20.01
		10		X				
	Risk treatment	5	X		2	16.67	15	20.01
		10	X					
	Risk recording and reporting	5	X		1	8.33	5	6.67
	Risk monitoring and review	5	X		1	8.33	5	6.67
	Risk communication and consultation	5	X		1	8.33	5	6.67
Total points		75	9	3				
Number of questions per level of understanding								
% of the exam devoted to each level of understanding (cognitive/taxonomy)			74.97	24.99				

The passing score is 70%.

After successfully passing the exam, the candidates will be able to apply for the "PECB Certified ISO 31000 Lead Risk Manager" credential.

Taking the Exam

Candidates are required to arrive/be present at least 30 minutes before the exam starts. Candidates who arrive late will not be given additional time to compensate for the late arrival and may not be allowed to sit for the exam.

Candidates are required to bring a valid identity card (a national ID card, driver's license, or passport) and show it to the invigilator.

If requested on the day of the exam (paper-based exams), additional time can be provided to candidates taking the exam in a non-native language, as follows:

- 10 additional minutes for Foundation exams
- 20 additional minutes for Manager exams
- 30 additional minutes for Lead exams

PECB Exam Format and Type

1. Paper-based: Exams are provided on paper, where candidates are not allowed to use anything but the exam paper and a pen. The use of electronic devices, such as laptops, tablets, or phones, is not allowed. The exam session is supervised by a PECB approved Invigilator at the location where the Reseller has organized the training course.

2. Online: Exams are provided electronically via the PECB Exams application. The use of electronic devices, such as tablets and cell phones, is not allowed. The exam session is supervised remotely by a PECB Invigilator via the PECB Exams application and an external/integrated camera.

For more detailed information about the online format, please refer to the PECB Online Exam Guide.

PECB exams are available in two types:

1. Essay-type question exam
2. Multiple-choice question exam

This exam comprises essay-type questions. They are used to determine and evaluate whether a candidate can clearly answer questions related to the defined competency domains. Additionally, problem-solving techniques and arguments that are supported with reasoning and evidence will also be evaluated.

The exam is open book and is not intended to measure memorizing or recalling information. It aims to evaluate candidates' comprehension, analytical skills, and applied knowledge. Therefore, candidates are required to provide logical and convincing answers and explanations in order to demonstrate that they have understood the content and the main concepts of the competency domains.

Since the exam is "open book," candidates are authorized to use the following reference materials:

• A hard copy of ISO 31000 standard
• Training course materials(accessed through PECB Exams app and/or printed)
• Any personal notes made by the candidate during the training course(accessed through PECB Exams app and/or printed)
• A hard copy dictionary

Any attempts to copy, collude, or otherwise cheat during the exam session will automatically lead to failure of the exam.

PECB exams are available in English and other languages. For the availability of the exam in a particular language, please contact examination@pecb.com.

Note: PECB will progressively transition to multiple-choice exams. They will also be open book and comprise scenario-based questions that will allow PECB to evaluate candidates' knowledge, abilities, and skills to use information in new situations (apply), draw connections among ideas (analyze), and justify a stand or decision (evaluate). All PECB multiple-choice exams have one question and three alternatives, of which only one is correct.

For specific information about exam types, languages available, and other details, visit the List of PECB Exams.

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Receiving the Exam Results

Exam results will be communicated via email. The only possible results are pass and fail; no specific grade will be included.

- The time span for the communication starts from the exam date and lasts three to eight weeks for essay type exams and two to four weeks for multiple-choice paper-based exams
- For online multiple-choice exams, candidates receive their results instantly

Candidates who successfully complete the exam will be able to apply for one of the credentials of the respective certification scheme.

For candidates who fail the exam, a list of the domains where they have performed poorly will be added to the email to help them prepare better for a retake.

Candidates that disagree with the results may request for a re-evaluation by writing to results@pecb.com within 30 working days of receiving the results. Re-evaluation requests received after 30 days will not be processed. If candidates do not agree with the results of the reevaluation, they have 30 working days from the date when they received the reevaluated exam results to file a complaint through the PECB Ticketing System. Complaints received after 30 days will not be processed.

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Exam Retake Policy

There is no limit on the number of times that a candidate may retake an exam. However, there are certain limitations in terms of the allowed time frames between exam retakes.

- If a candidate does not pass the exam on the 1st attempt, they must wait 15 days from the initial date of the exam for the next attempt (1st retake). Retake fees apply.
  Note: Candidates who have completed the training course but failed the exam are eligible to retake the exam once for free within a 12-month period from the initial date of the exam.
- If a candidate does not pass the exam on the 2nd attempt, they must wait three months after the initial date of the exam for the next attempt (2nd retake). Retake fees apply.
  Note: For candidates that fail the exam in the 2nd retake, PECB recommends them to attend a training course in order to be better prepared for the exam.
- If a candidate does not pass the exam on the 3rd attempt, they must wait six months after the initial date of the exam for the next attempt (3rd retake). Retake fees apply.
- After the 4th attempt, the waiting period for further retake exams is 12 months from the date of the last attempt. Retake fees apply.

To arrange exam retakes (date, time, place, costs), candidates need to contact the PECB Reseller/Distributor who has initially organized the session.

Reschedule the Exam

For any changes with regard to the exam date, time, location, or other details, please contact examination@pecb.com.

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Closing a Case

If a candidate does not apply for the certificate within three years, their case will be closed. Candidates whose case has been closed due to the expiration of the certification period have the right to request to reopen their case. However, PECB will no longer be responsible for any changes in the conditions, standards, policies, candidate handbook, or exam preparation guide that were applicable before the case was closed. A candidate requesting their case to reopen must do so in writing and pay the required fee.

Exam Security

A significant component of a successful and respected professional certification credential is maintaining the security and confidentiality of the exam. PECB relies upon the ethical behavior of certificate holders and applicants to maintain the security and confidentiality of PECB exams. Any disclosure of information about the content of PECB exams indicates violation of PECB's Code of Ethics. PECB will take action against individuals who violate PECB Policies and the Code of Ethics. These actions include permanently barring individuals from pursuing PECB credentials and revoking the awarded credentials. PECB will also pursue legal action against individuals or organizations who infringe upon its copyrights, proprietary rights, and intellectual property.

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Sample Exam Questions

Exercise 1:

Clause 5.2 of ISO 31000 states that the top management of the organization should demonstrate leadership and commitment and ensure that the risk management is integrated into all organizations activities.

Please explain how can the top management of an organization demonstrate leadership and commitment and ensure that the risk management process is integrated into all organizational activities

Answer:

Top management can demonstrate leadership and commitment and ensure that the risk management process is integrated into all organizational activities by:

- *customizing and implementing all components of the framework;*
- *issuing a statement or policy that establishes a risk management approach, plan or course of action;*
- *ensuring that the necessary resources are allocated to managing risk;*
- *assigning authority, responsibility and accountability at appropriate levels within the organization*

Exercise 2:

Risk assessment techniques help organizations in identifying risk, its consequences and reducing the risk probability. Therefore, please explain the importance and role of following risk assessment techniques.

- Brainstorming
- Delphi Technique
- Decision Tree Analysis

Possible answer:

- ***Brainstorming*** - *This technique is applicable for the risk identification phase. Brainstorming usually encourages people or employees of an organization to have free-flowing conversation in order to identify potential risks and ways of reducing these risks. Barnstorming encourages people to trigger their imagination within their group.*

- ***Delphi Technique*** - *Delphi method is based on structural surveys and makes use of the knowledge of the participants, who are all experts. This method is based on the assumption that individual decisions are not as valid as group decisions. Because of anonymous opinions, all views in this technique have the equal weight.*

- ***Decision Tree Analysis*** - *Decision tree analysis is usually used for managing risks and helping people to select the best actions in cases when organization and employees are faced with risk and uncertainties. A decision tree analysis provides a clear graphical representation with details regarding a problem and the decision regarding that specific problem.*