
Overview

This standard is about taking the lead in establishing and operating an effective risk management process across your organisation.

This standard is relevant to senior managers and leaders with particular responsibility for identifying, evaluating and managing risks to their organisation.

This standard underpins effective organisational management and leadership. It links closely with *CFAM&LBA6 Develop strategic business plans* and *CFAM&LFA1 Implement and evaluate strategic business plans* and with the other standards in key area *BB Provide governance*.

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Performance criteria

- You must be able to:*
- P1 Take account of the size and nature of your organisation and ensure that risk management activity is proportionate.
 - P2 Ensure that your organisation has a written risk management policy, including a statement of risk appetite and setting out responsibilities for risk management.
 - P3 Ensure your organisation's risk management policy has management support and is clearly communicated across the organisation and to other relevant stakeholders.
 - P4 Establish, and periodically review, risk criteria for your organisation, taking account of the views of relevant people across the organisation and stakeholders.
 - P5 Evaluate significant current and planned organisational activities and identify potential risks, the nature of the risks, the probability of occurrence and consequences.
 - P6 Produce a risk profile for your organisation and, taking account of the organisation's risk criteria and other relevant information, prioritise the identified risks.
 - P7 Communicate information on identified risks to relevant people across the organisation and, where appropriate, to stakeholders, to enable decisions and actions to be taken in terms of accepting or treating the risks.
 - P8 Ensure sufficient resources are allocated across the organisation to enable effective risk management.
 - P9 Provide support for people across the organisation to integrate risk management into strategic and operational plans and activities.
 - P10 Collect and evaluate information from across the organisation on how identified risks have been or are being dealt with, including contingency plans which have been put in place.
 - P11 Develop an organisational culture in which people are risk aware but are prepared to take acceptable risks and to make and learn from mistakes.
 - P12 Obtain specialist support on risk management issues, where necessary.
 - P13 Monitor and review the effectiveness of the risk management process in

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your organisation, identifying potential improvements and making changes where necessary.

Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 Relevant national and international standards in risk management.
- K2 Types of risk and the factors which drive different types of risk.
- K3 Key stages in the risk management process.
- K4 Risk management tools, techniques and indicators.
- K5 How to develop a written risk management policy and what it should cover.
- K6 How to communicate the written risk management policy to people who work for the organisation and other relevant stakeholders.
- K7 What risk criteria might cover and the importance of seeking and taking account of the views of relevant people across the organisation and stakeholders.
- K8 Ways of identifying and clearly describing potential risks in relation to current and planned activities, the nature of the risks, the probability of occurrence and consequences.
- K9 The type of decisions and actions that might be taken in relation to identified risks.
- K10 Why it is important and how to collect and evaluate information on how identified risks have been or are being dealt with, including contingency plans.
- K11 Ways of developing an organisational culture in which people are risk aware but are prepared to take acceptable risks in undertaking activities.
- K12 The type of resources required to raise risk awareness across the organisation.

Industry/sector specific knowledge and understanding

You need to know and understand:

- K13 Sector-specific legislation, regulations, guidelines and codes of practice.
- K14 Significant trends and developments in the sectors in which your organisation operates.
- K15 Typical risks encountered in the sectors in which your organisation operates.

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You need to know and understand:

Context specific knowledge and understanding

- K16 The vision, values, objectives and plans of your organisation.
- K17 Key stakeholders with an interest in risk management in your organisation.
- K18 Mechanisms for consulting with and the views of relevant people across your organisation and stakeholders in relation to risk.
- K19 The written risk management policy of your organisation.
- K20 The risk criteria of your organisation.
- K21 Current and planned organisational activities.
- K22 The risk profile of your organisation and prioritised risks.
- K23 Decisions and actions taken across the organisation in relation to identified potential risks, including any contingency plans which have been put in place.
- K24 Your organisation's culture in relation to risk.
- K25 Resources available across the organisation to support risk management.
- K26 Sources of specialist support on risk management.
- K27 Systems in place for monitoring and reviewing the effectiveness of the risk management process in your organisation.

Behaviours

When performing to this standard, you are likely to demonstrate the following behaviours:

- 1 Seek opportunities to improve performance
- 2 Identify people's information needs
- 3 Identify people's preferred ways of communicating
- 4 Use communication media and styles appropriate to different people and situations
- 5 Balance risks against the benefits that may arise from taking risks
- 6 Comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes
- 7 Watch out for potential risks and hazards
- 8 Take personal responsibility for making things happen
- 9 Protect your own and others' work against negative impacts
- 10 Protect the confidentiality and security of information
- 11 Recognise stakeholders' needs and interests and manage these effectively
- 12 Anticipate likely future scenarios based on a realistic analysis of trends and developments
- 13 Identify the implications or consequences of a situation

Skills

When performing to this standard, you are likely to demonstrate the following skills:

- Assessing
- Communicating
- Consulting
- Contingency planning
- Decision-making
- Evaluating
- Influencing
- Information management
- Involving others
- Leadership
- Monitoring
- Persuading
- Planning
- Presenting information
- Prioritising
- Reviewing
- Risk management
- Scenario building
- Thinking systematically

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