Higher National Unit Specification

General information for centres

Unit title: Managing Organisational Risks

Unit code: DV7Y 36

Unit purpose: This Unit is designed to enable candidates to systematically identify, prioritise and evaluate potential risks to organisations. It will also enable candidates to recognise risk and undertake actions that will eliminate, or at least minimise those risks to a manageable level.

On completion of the unit the candidate should be able to:

1   Create a policy for managing organisational risks.
2   Prepare risk criteria for an organisation.
3   Prepare a risk profile for an organisation.
4   Analyse the effectiveness of the risk management process in an organisation.

Credit points and level: 1 HN Credit at SCQF level 9: (8 SCQF credit points at SCQF level 9*)

*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.

Recommended prior knowledge and skills: Access to this Unit is at the discretion of the centre. However, candidates should possess knowledge of management and business principles. This may be evidenced by HN Unit 'Management: Plan, Lead and Implement Change' (DV8C 35) and 'Manage Operational Resources' (DV7X 34) or equivalent. Candidates are also expected to possess good written and verbal communication skills.

Core Skills: There are opportunities to develop the Core Skills of Problem Solving, Communication, Numeracy, Working with Others and Information Technology at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Context for delivery: If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

General information for centres (cont)

Assessment: A holistic approach may be taken to the assessment of the Outcomes. A single instrument of assessment in the form of a portfolio may be one way to achieve this. Candidates may include risk management documentation and analysis of this documentation from within their own work environment or it may be possible to use a case study scenario based on an organisation that the candidate is familiar with or one about which the candidate can easily gather data. Candidates who have past work experience may be able to base their assessment on an organisation in which they have worked. The nature of the subject is such that candidates should be encouraged to research their chosen organisation to further understand the environment in which it operates.

Higher National Unit specification: statement of standards

Unit title: Managing Organisational Risks

Unit code: DV7Y 36

The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Create a policy for managing organisational risks

Knowledge and/or skills

♦ Relationship to existing management policies and procedures framework
♦ Assignment of functional responsibilities for risk to management and staff
♦ Key aspects and principles of the risk management process
♦ Definitions of relevant risk terminology

Evidence Requirements

Candidates must provide evidence to cover all knowledge and/or skills items by showing that they can, in the context of a particular organisation, produce a risk management policy which is fully consistent with current approaches to risk management and which includes:

♦ valid objectives and principles
♦ effective and valid corporate governance and internal control arrangements which will contribute to an effective risk management policy
♦ key roles and responsibilities to ensure that the risk management process operates effectively and in accordance with its objectives
♦ the risk tolerance range of the organisation

Assessment guidelines

All Outcomes can be assessed by one integrated instrument of assessment. The assessment guidelines at Outcome 4 give further details.

Higher National Unit specification: statement of standards (cont)

Unit title: Managing Organisational Risks

Outcome 2

Prepare a risk criteria for an organisation

Knowledge and/or skills

- ♦ The main stages of the project life cycle
- ♦ Risk identification of project specific items
- ♦ Principles of risk benchmarking
- ♦ Techniques of risk propagation and probability assessment

Evidence Requirements

Candidates must provide evidence to cover all knowledge and/or skills items by showing that they can, in the context of a particular organisation, prepare risk criteria which are consistent with current principles of risk management and which:

- ♦ take full account of the organisation specific risk items that are likely to compromise organisational activity
- ♦ take full account of the main concerns of stakeholders with regard to goals, priorities and other inputs
- ♦ assess the associated costs and benefits of the risk criteria

Assessment guidelines

All Outcomes can be assessed by one integrated instrument of assessment. The assessment guidelines at Outcome 4 give further details.

Outcome 3

Prepare a risk profile for an organisation

Knowledge and/or skills

- ♦ Organisational structure and context
- ♦ Principles of risk management planning
- ♦ Risk analysis and evaluation
- ♦ Risk prioritisation
- ♦ Classifications of probability
- ♦ Qualitative and Quantitative risk management techniques

Evidence Requirements

Candidates must provide evidence to cover all knowledge and/or skills by showing that they can, in the context of a particular organisation, prepare a risk profile which is consistent with current principles of risk management and which:

Higher National Unit specification: statement of standards (cont)

Unit title: Managing Organisational Risks

♦   is consistent with the structure of the organisation
♦   includes an accurate graphical representation of information from the risk register
♦   is based on the analysis of responses to a valid questionnaire to identify project risk factors
♦   includes, and justifies, a risk exposure matrix
♦   includes, and justifies, risks in terms of probability and severity of impact and takes into account the effects of mitigating action

Assessment guidelines

All Outcomes can be assessed by one integrated instrument of assessment. The assessment guidelines at Outcome 4 give further details.

Outcome 4

Analyse the effectiveness of the risk management process in an organisation

Knowledge and/or skills

♦   Options in managing risk
♦   Risk management approaches
♦   Risk monitoring
♦   Risk resolution

Evidence Requirements

Candidates must provide evidence to cover all knowledge and/or skills items by showing that they can, in the context of a particular organisation, apply current principles of risk management to:

♦   analyse the costs and benefits of options for reducing the likelihood or consequence of levelled risks
♦   identify, and justify, specific possible risks and relate these directly and accurately to the respective risk owners in the organisation
♦   prepare, and justify, valid and practical proposals to continuously monitor and review the process of risks to detect and manage new risks
♦   analyse the communication and consultation with appropriate stakeholders and draw conclusions on their effectiveness for the risk management process
♦   produce accurate and comprehensive documentation to maintain corporate governance

Assessment guidelines

All Outcomes can be assessed by one integrated instrument of assessment. A holistic approach can be taken to the assessment of all four Outcomes. A single instrument based upon a case study scenario of an organisation may be used but, ideally, the candidate may be assessed by a critical analysis of managing risks within the candidate's own work environment. A single instrument of assessment in the form of a portfolio may be one way to achieve this.

Higher National Unit specification: statement of standards (cont)

Unit title: Managing Organisational Risks

Candidates could create a risk management policy for a specific organisation. They could investigate how risk management in the organisation provides a way to identify, assess and manage potential risks and opportunities. They could also investigate how risk management provides a way for managers to make informed management decisions in responses to internal and external changes and provide evidence of its effectiveness.

The candidate would be required to provide a portfolio of evidence based upon a risk management policy and its implementation through an appropriate risk framework in their place of work or on a case study scenario provided by the centre.

Administrative Information

Unit code: DV7Y 36

Unit title: Managing Organisational Risks

Superclass category: AG

Date of publication: August 2005

Version: 01

Source: SQA

Higher National Unit specification: support notes

Unit title: Managing Organisational Risks

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

The Unit is an optional Unit within the Diploma in Management, which is designed to provide candidates with knowledge of management concepts, principles and practices. It covers all types of organisations and thus includes organisations of different size, public and private organisations, and organisations operating in different markets and sectors.

This Unit is designed to highlight the increasing role of risk management in dynamic and ever changing environments. It looks at principles and practices of risk management and allows the candidate the opportunity to undertake actions that enable risk to be eliminated or at least minimised to become a manageable risk.

In Outcome 1, candidates will need to know about:

♦   objectives of risk management
♦   the policies and procedures of the organisation
♦   the organisational structure
♦   definitions of risk terminology (eg analysis, assessment, management, etc)

In Outcome 2, candidates will need to know about:

♦   the main stages of the project life cycle
♦   key stakeholders and their influences and interests
♦   principles of benchmarking
♦   project specific risks (eg risk ownership, risk indicators, etc)

In Outcome 3, candidates will need to know about:

♦   qualitative and quantitative analysis techniques (eg brainstorming, Monte Carlo Simulation, etc)
♦   classifications of probability (eg subjective, relative, etc)
♦   effects of mitigating action upon risks
♦   higher and lower risk activities
♦   risk exposure matrix (eg probability/impact matrix)

In Outcome 4, candidates will need to know about:

♦   risk management approaches (eg PMBOK, PRAM, etc)
♦   organisational documentation
♦   risk management options (eg avoidance, etc)

Higher National Unit specification: support notes (cont)

Unit title: Managing Organisational Risks

♦ reporting procedures
♦ key organisational roles and responsibilities

Guidance on the delivery and assessment of this Unit

It is recommended that Centres facilitate hands-on experience for the candidates as far as is possible. The use of tutor-mediated discussion, the provision of appropriate examples and case studies, and reference to appropriate management texts will enhance the facilitation process. The use of examples would assist in keeping the Unit relevant to candidates especially if they relate to organisations with which they are familiar. It is anticipated that candidates will be in employment and it is recommended that their place employment is used as the basis of development and assessment for all four outcomes.

Teaching should be supported with relevant textbooks and case studies and talks by management professionals with risk management responsibilities. It is anticipated that this unit may be delivered to candidates with a variety of industrial backgrounds and, wherever possible, teaching should be slanted toward their individual needs. Delivery of the unit should encourage candidates to constantly consider organisational behaviours and practices from the broad discipline of risk management

If it is not possible for candidates to access necessary information within their own work environment, then the centre should provide case study materials.

Candidates should be encouraged to relate theory and practice at all times. They should be encouraged to apply 'best practice' principles and draw conclusions from these.

In Outcome 1, candidates should be encouraged to create a risk management policy for an organisation with clear definition of appropriate risk terminology. In Outcomes 2 and 3, candidates should be encouraged to provide a risk framework encompassing risk criteria and a risk profile for that organisation that takes account of the developmental nature of risk. In Outcome 4, candidates should be encouraged to demonstrate a variety of risk management options and tools for that organisation.

Opportunities for developing Core Skills

There are opportunities to develop the Core Skills of Problem Solving, Communication, Numeracy, Working with Others and Information Technology at SCQF Level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

As they undertake the Unit, candidates will be required to analyse in depth all aspects of an organisation's position as potential risks are identified and considered. A complete range of theoretical and practical problems and issues impacting on the achievements of organisation must be considered, and the significance of each must be determined before options are identified and appropriate risk management proposals selected and justified. This detailed and in depth analysis will provide opportunities to develop problem solving skills to a highly advanced level. On-going evaluation in which all stages of proposals and their potential impact are monitored and reviewed will be a critical aspect of underpinning knowledge.

Higher National Unit specification: support notes (cont)

Unit title: Managing Organisational Risks

Candidates will require a sophisticated understanding of current management theories relating to communicating and working with stakeholders. Recognition of the factors affecting and maximising success in co-operation with others, including methods for overcoming barriers, will be an element of competence.

Accuracy in the interpretation and presentation of financial and statistical data will be important to costing and cost breakdown; the ability to calculate complex resource information underpins competencies developed in the unit.

Skills in accessing and evaluating relevant complex background information on professional considerations, issues and ideas will be developed and enhanced as the unit is undertaken. Sources used should be extensive and encompass all areas of activity, and could be textual, electronic and verbal. Candidates would have a practical understanding of the value and applications of technology for accessing, conveying and organising information, data and ideas.

Open learning

This Unit may be delivered by open or distance learning methods. Additional planning and resources will be required for candidate support, assessment and quality assurance. A combination of new and traditional authentication tools may have to be devised for assessment and re-assessment purposes. For further information and advice please see *Assessment and Quality Assurance for Open and Distance Learning* (SQA, February 2001 — publication code A1030).

Candidates with disabilities and/or additional support needs

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Alternative Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs,* which is available on SQA's website: **www.sqa.org.uk**.

General information for candidates

Unit title: Managing Organisational Risks

This is a one credit Unit at SCQF Level 9 and is designed to develop your managerial skills by enhancing your understanding of the role of risk management in organisational performance and corporate governance. On completion of the Unit, you will have created a policy for managing organisational risks and developed a risk framework for an organisation. You will understand the concept of risk exposure and tools available to effectively manage organisational risks.

The Unit has four Outcomes.

In Outcome 1 you will examine the relationship between existing management frameworks and procedures and the design and implementation of a policy to manage organisational risks. You will identify the parameters of that policy and the roles of key stakeholders in the risk management process. You will also examine the role of risk management in corporate governance and internal controls and the objectives and principles behind it.

In Outcome 2 you will identify risk criteria for an organisation through the examination of stakeholder interests, statutory requirements and other contributory inputs (eg Operational, technical, humanitarian, economic, environmental, social, legal factors). You will also understand the associated costs and benefits of risk criteria and will acknowledge that criteria may themselves develop as risks, as risk management techniques are chosen.

In Outcome 3 you will examine the organisational structure and context and develop a risk profile. You will produce a graphical representation of probability and impact which will allow you to analyse and prioritise specific risks in relation to benchmarked risks. This may be industry / sector specific.

In Outcome 4 you will monitor and evaluate the risk management process. You will assess a variety of options for managing risks and will utilise one or more of risk management approaches. In doing so, you will produce the documentation necessary to support internal control and corporate governance.

You will be assessed though evidence based upon your own work environment or a case study scenario of an organisation. A single instrument of assessment in the form of a portfolio may be one way to achieve this.