

Tutorial letter 101/3/2017

Enterprise Risk Management

RSK2601

Semesters 1 & 2

Department of Finance, Risk Management and Banking

IMPORTANT INFORMATION:

Please activate your *myUnisa* and *myLife* email addresses and ensure you have regular access to the *myUnisa* module site RSK2601-2017 S1 or S2.

Note: Please note that this module is offered online only. All material will be made available on *myUnisa* under “official study material” and/or under “study units”. However, in order to support you in your learning process, you will also receive some study materials in printed format.

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1 INTRODUCTION

Dear Student

Welcome to the module Enterprise Risk Management (RSK2601). You have enrolled for an interesting yet challenging module. To be successful in this module, you will have to devote at least 120 hours to reading, summarizing and doing assignments.

Do not hesitate to contact me (on *myUnisa*, by email or by telephone) if you are experiencing problems with the content of this tutorial letter or any aspect of the module. I sincerely hope that you find this module, as well as your online learning experience interesting and rewarding and trust that you will complete the module successfully.

Please also provide Unisa with your cellular number because important announcements may be sent to you by sms. Also check your *myLife* email address regularly for announcements.

1.1 To get started...

Please note that this module is offered fully online and you therefore need to go online to see your study materials and complete the learning activities for this course. Go to the website here: <https://my.unisa.ac.za> and login with your student number and password. You will see the RSK2601-17-S1/S2 module site in the row of modules in the orange blocks across the top of the webpage. Remember to also check in the - more site - tab if you cannot find it in the orange blocks. Click on the module you want to open and read the **Welcome page**.

We wish you success on your journey!

2 MODULE FORMAT: RSK2601

2.1 Fully online module

All study material for this module will be available on *myUnisa*. It is thus very important that you register on *myUnisa* and access the module site on a regular basis. You must be registered on *myUnisa* to be able to access your learning material and assignment questions, submit your assignments, gain access to various learning resources, “chat” to your lecturer or fellow students about your studies and the challenges that you might encounter, and to participate in online discussion forums. Importantly, *myUnisa* contains the **Learning Units** tool from which you will only be able to access the study material for this module if you have registered and have access to *myUnisa*. The complete study guide for RSK2601 and this tutorial letter (TL101/3/2017) are also available on-line under Official Study Material. Please also go to “additional resources” and “announcements” for updates on the study material or other important messages. These are available online only.

2.2 Printed materials to support the online module

Because we want you to be successful in this online module, Unisa will also provide you with the **Learning Units or Study Guide** in printed format (MO001). This will allow you to read the study materials, even if you are not online. While these printed materials may sometimes appear slightly different from the online study materials, they are exactly the same and have been copied from the online *myUnisa* website.

Remember, the printed support materials are a back-up to everything that is found online, on *myUnisa* under the Learning Units and/or Official Study Material. All additional resources must be downloaded from *myUnisa*. **In other words, you should NOT wait for the printed support materials to arrive to start studying.**

Please consult with the *myStudies@Unisa* publication for more information on the activation of your *myLife* email address as well as obtaining access to the *myUnisa* module site.

3 LECTURER AND TUTORS

3.1 Lecturer

Any enquiries of an academic nature concerning this module, such as an enquiry about a specific chapter in the prescribed book, may (during office hours) be directed to the following e-mail address:

Semester 1: RSK2601-17-S1@unisa.ac.za

Semester 2: RSK2601-17-S2@unisa.ac.za

Lecturers involved in module:

Ms. S Maré

Fax: 086 641 4653

Prof. A Mutezo

Fax: 086 641 5374

To contact the University, you should follow the instructions in the **myStudies@Unisa** brochure. Remember to have your student number available when you contact the University. When you contact the lecturer, please do not forget to always include your **student number** and **module code**. This will help the lecturer to assist you.

3.2 Tutors

Unisa offers online tutorials (e-tutoring) to students registered for qualifying modules at NQF level 5, 6 and 7 which means first year, second year and third year modules.

Once you have been registered for a **qualifying module**, you will be allocated to a group of students with whom you will be interacting during the tuition period as well as an e-tutor who will be your tutorial facilitator. Thereafter you will receive a sms informing you about your group, the name of your e-tutor and instructions on how to log onto myUnisa in order to receive further information on the e-tutoring process.

Online tutorials are conducted by qualified e-tutors who are appointed by Unisa and are offered free of charge. All you need to be able to participate in e-tutoring is a computer with internet connection. If you live close to a Unisa Regional Centre or a Telecenter contracted with Unisa, please feel free to visit any of these to access the internet. e-tutoring takes place on myUnisa where you are expected to connect with other students in your allocated group. It is the role of the e-tutor to guide you through your study material during this interaction process. For you to get the most out of online tutoring, you need to participate in the online discussions that the e-tutor will be facilitating.

There are modules which students have been found to repeatedly fail. These modules are allocated face-to-face tutors and tutorials for these modules take place at the Unisa Regional Centers. These tutorials are also offered free of charge, however, it is important for you to register at your nearest Unisa Regional Centre to secure attendance of these classes.

4 MODULE RELATED RESOURCES

4.1 Prescribed books

You have to purchase the following book:

Chapman, R.J. 2011. *Simple tools and techniques for Enterprise Risk Management*, 2nd edition. John Wiley and Sons Ltd (ISBN 9781118742426) (**Paperback**).

4.2 Recommended books

Young, J. 2006. *Operational Risk Management: A practical application of a qualitative approach, 1st edition*. Pretoria: Van Schaik.

or

Young, J. 2014. *Operational Risk Management, 2nd edition*. Pretoria: Van Schaik.

5 ASSESSMENT

5.1 Assessment plan

Assignments are seen as part of the learning material for this module. As you do the assignments, study the reading texts, consult other resources, discuss the work with fellow students or do research, you are actively engaged in learning. Paying attention to the assessment criteria for each assignment will help you to understand what is required of you more clearly.

You may submit assignments either by post or electronically via myUnisa. Assignments may not be submitted by fax or e-mail. For detailed information and requirements as far as assignments are concerned, see the brochure **myStudies@Unisa** that is available on the Unisa web-site.

Compulsory assignments

There are two compulsory assignments for this module. There are non-negotiable submission deadlines for each of the assignments of this module. The assignments contribute to your year mark. (see below)

Year marks

Your year mark, based on the marks obtained for the two compulsory assignments, contributes 20% towards your final mark, while your examination mark contributes 80%.

The combined weighted average of your year mark and examination mark must be 50% or higher for you to pass the module. However, you must obtain a minimum of 40% in the examination, regardless of your year mark. If you obtain less than 40% in the examination, your year mark will not be taken into account and you will fail.

For example:

Assignment 01 mark = 50% Assignment 02 mark = 90%. These marks each contribute 50% towards the final 20% year mark.

Assignment no	Mark	Weight	Total
Ass. 01	50%	50%	25
Ass. 02	90%	50%	45
			70 x 20% of final = 14

Assume an examination mark of 45%
80% of the examination mark is 36

Final mark = (20% of the average assignment marks) + (80% examination mark)
= 14 + 36
= 50%

The example demonstrates that your year mark can help you to pass the module. To pass the module you need a final mark of at least 50% and to qualify for a supplementary examination you will need a final mark of above 40%.

5.2 General assignment numbers

Assignments are numbered consecutively per module, starting from 01.

5.2.1 Unique assignment numbers

Each assignment has been allocated a unique number in order to identify it in the Unisa assessment plans. Please ensure you always indicate the correct unique number when submitting assignments.

5.2.2 Due dates for assignments

You should preferably submit your assignments at <https://my.unisa.ac.za>. Do not wait until the day just prior to the due date to submit your assignment. Technical problems with the computer servers of myUnisa may prevent you from submitting your assignment at the last minute.

Should you not be able to submit your assignments at myUnisa and need to mail us your assignments in hard copy format, please ensure that your assignments reach the Unisa main campus by the due dates. Requests for extension of due dates for assignments will not be granted. These due dates have been set to allow you sufficient time for the completion of other assignments and your preparation for the examination.

Information about whether Unisa has received your assignment and the mark attained for an assignment can be obtained from <https://my.unisa.ac.za>.

5.3 Submission of assignments

To submit an assignment **via myUnisa**:

- Go to myUnisa at <https://my.unisa.ac.za>
- Log in with your student number and password.
- Select the module.
- Click on assignments in the left-hand menu.
- Click on the assignment number you want to submit.
- Follow the instructions on the screen.

5.4 Assignments

FIRST SEMESTER ASSIGNMENT 01

Due Date	First Semester	17 March 2017
Unique Number	First Semester	831185

Aim: To evaluate your knowledge of some of the fundamental aspects of study units 1 to 4 in your study guide (MO001) and chapters 1, 2 and 8 to 14 in the prescribed book.

Answer the following questions and submit your assignment at <https://myunisa.ac.za>.

Multiple Choice Questions:

Question 1

Enterprise Risk Management (ERM) may be defined as ...

- 1 being a reactive and responding system to events as they unfold.
- 2 a 'tick-box' process ensuring legislation is complied with.
- 3 a systematic process embedded in a company's system of internal control to support the fulfilling of the company's objectives.
- 4 a system aimed at satisfying stock exchange requirements.

Question 2

What do boards essentially seek from an ERM system?

- 1 The avoidance of unpleasant surprises and losses.
- 2 Robust procedures.
- 3 Integration of risk management, audit and governance.
- 4 Competent risk management teams.

Question 3

Which of the following are benefits of ERM?

- a Build confidence with stakeholders and the investment community.
- b Align risk appetite and strategy.
- c Link growth, risk and return.
- d Seize opportunities.

Choose the correct combination:

- 1 a,c
- 2 b,c
- 3 a,b,c
- 4 all of the above

Question 4

In terms of the King III Code of governance principles ...

- 1 internal audit should be integrated with the risk management process.
- 2 risk management is separable from the company's strategic business processes.
- 3 risk management should be performed on an ongoing basis.
- 4 compliance should not form part of the risk management process.

Question 5

According to King III ...

- a a minimum of three executive directors should be appointed to the board.
- b a financial director must be appointed to the board for listed companies as from 2009.
- c the memorandum of incorporation of the company should allow the board to remove any director from the board.
- d non-executive directors could receive share options based on prior approval.

Choose the correct combination:

- 1 a,b
- 2 b,c
- 3 a,b,d
- 4 all of the above

Question 6

The risk management process forms part of the risk management ...

- 1 scenario.
- 2 taxonomy.
- 3 framework.
- 4 templates.

Question 7

During the context stage of a risk study, the ERM team for ZK Furniture elects to examine ZK Furniture's financial ratios to understand the business's financial health before moving onto the risk identification stage. This will enable them to ...

- 1 open the dialogue with the finance department and the internal auditors in ZK Furniture.
- 2 assess whether ZK Furniture's records are regularly updated.
- 3 provide a quick and relatively simple way to examine the financial position and performance of ZK Furniture.
- 4 satisfy / reflect recommended ERM practices for this stage of the risk process in ZK Furniture.

Question 8

Brainstorming is a technique which is primarily used in the ... stage of the risk management process.

- 1 identification
- 2 analysis
- 3 evaluation
- 4 monitoring and review

Question 9

Scenario analysis can be used ...

- 1 to identify risks by using case scenarios (best to worst scenarios) to consider possible future developments.
- 2 for technological forecasting by expert scenarios.
- 3 to record ideas in a scenario for clarification and evaluation.
- 4 in an interview to view a situation from a different perspective.

Question 10

Which of the following is a typical output of the Risk Analysis stage?

- 1 Industry betas.
- 2 Human Resources Plan.
- 3 Risk Register.
- 4 Profit and loss account.

Question 11

The attitude that requires an increase in return for an increase in risk is termed risk ...

- 1 neutral.
- 2 seeking.
- 3 pursuing.
- 4 averse.

Question 12

Sensitivity analysis is a useful technique to ...

- 1 evaluate the effect of uncertainty on a planned activity in a range of situations.
- 2 focus on the consequences of the combinations of events.
- 3 examine how sensitive the project outcomes are to changes in the business.
- 4 analyse financial models where variables may be uncertain.

Question 13

Risk retention is used ...

- 1 when a business accepts the risk.
- 2 to transfer the risk to another business.
- 3 in the reduction of risks by distribution.
- 4 to eliminate a risk when a negative outcome is anticipated.

Question 14

The monitoring and review stage ...

- 1 occurs infrequently.
- 2 is a continuous process.
- 3 is implemented prior to the annual report.
- 4 is implemented to satisfy audit requirements.

Question 15

According to King III an independent non-executive director ...

- a is not a member of the immediate family of an individual who is employed by the company in an executive capacity.
- b is not a representative of a shareholder who has the ability to significantly influence management.
- c is not a professional advisor to the company other than in a director capacity.
- d does not receive remuneration contingent upon the performance of the company.

Choose the correct combination:

- 1 a,b
- 2 c,d
- 3 a,b,c
- 4 all of the above

(Total marks: 15)

FIRST SEMSTER ASSIGNMENT 02

Due Date	First Semester	7 April 2017
Unique Number	First Semester	821915

Aim: To evaluate your knowledge of the fundamental aspects of study units 5 to 11 in your study guide (MO001) and chapters 15 to 26 in the prescribed book.

Answer the following questions and submit your assignment at <https://myunisa.ac.za>.

Multiple Choice Questions:**Question 1**

The risk of the exposure of an enterprise to adverse events that erode profitability and in extreme situations, bring about business collapse is ... risk.

- 1 financial
- 2 economic
- 3 strategic
- 4 market

Question 2

Operational risk ...

- a is the exposure of an enterprise to losses resulting from people, processes, systems and external events.
- b is present in all organizations.
- c does not affect a firm's solvency.
- d can affect the fair treatment of a firm's clients.

Choose the correct combination:

- 1 a,b
- 2 a,b,c
- 3 a,b,d
- 4 all of the above

Question 3

Communication technology tools include ...

- 1 operational research.
- 2 broadband.
- 3 information assets.
- 4 telematics.

Question 4

Risk ... as part of the Project Risk Management process entails the listing of risks that may affect the project as well as establishing its characteristics.

- 1 identification
- 2 analysis
- 3 evaluation
- 4 monitoring and review

Question 5

Currency risk is concerned with ...

- 1 not having a cash surplus to respond to sudden or unexpected liquidity problems.
- 2 a lack of familiarity with the history of changes in the exchange rate of different currencies.
- 3 inability in the short term to obtain cash in a desired currency.
- 4 fluctuations in exchange rates which affects cash flows from overseas investments.

Question 6

Which one of the following is a political risk factor a South African business may face when conducting business overseas?

- 1 Unexpected changes in tax rules in a foreign country.
- 2 Foreign exchange changes.
- 3 Systemic risk.
- 4 Changes in South African monetary policy.

Question 7

Legal risk is defined as the ...

- 1 uncertainty that stems from the exercise of power by government actors.
- 2 society's impact on a business performance over which the business has no ability to control.
- 3 influence of national macroeconomics through manipulation of consumer spending.
- 4 risk arising from violations of laws, rules, prescribed policies and ethical standards.

Question 8

Which of the following factors may influence social risk within a business?

- a Education
- b Crime
- c Health
- d Stress levels

Choose the correct combination:

- 1 a,b
- 2 a,b,c
- 3 a,b,d
- 4 all of the above

Question 9

Ethical risk refers to ...

- 1 moral rules and regulations governing the business world.
- 2 exposure to events, which may result in criminal prosecution.
- 3 the breach of environmental legislation.
- 4 the care a person should take before entering into an agreement with another party.

Question 10

Which of the following will be seen as positive indicators after implementing a health and safety risk management system?

- a Active health monitoring programmes (initial and ongoing).
- b A publicly stated health and safety management system to monitor performance.
- c A reward scheme which is designed to ensure that safety performance is rewarded.
- d Display of the health and safety policy in a prominent location.

Choose the correct combination:

- 1 a,b
- 2 a,b,c
- 3 a,b,d
- 4 all of the above

(Total marks: 10)

SECOND SEMESTER ASSIGNMENT 01

Due Date	Second Semester	25 August 2017
Unique Number	Second Semester	713633

Aim: To evaluate your knowledge of some of the fundamental aspects of study units 1 to 4 in your study guide (MO001) and chapters 1, 2 and 8 to 14 in the prescribed book.

Answer the following questions and submit your assignment at <https://myunisa.ac.za>.

Multiple Choice Questions:**Question 1**

The purpose of a risk management framework is to ...

- 1 assist an organisation in integrating risk management into its management processes.
- 2 communicate externally that risk management is being practiced.
- 3 satisfy internal and external audit requirements.
- 4 show that the organisation is following contemporary practices.

Question 2

The risk management policy of an organisation should address specific responsibilities of the ...

- 1 board, the corporate governance committee and the risk committee.
- 2 stock exchange committee, the marketing committee and the board.
- 3 risk committee, the board and the remuneration committee.
- 4 remuneration and marketing committee.

Question 3

King II applied to ...

- a banks.
- b financial institutions.
- c investment institutions.
- d all listed companies on the JSE.

Choose the correct combination:

- 1 a,b
- 2 a,b,d
- 3 a,b,c
- 4 all of the above

Question 4

The King III Report on Corporate Governance was implemented in reaction to new trends in ...

- 1 environmental practices.
- 2 international governance.
- 3 ethical practices.
- 4 economical and social responsibilities.

Question 5

A business must aspire to be a good corporate citizen by empowering the board of directors to ...

- a implement a code of ethics.
- b report on the HIV/Aids strategic plan and policy.
- c to report on social, health and transformational policies and practices.
- d understand the importance of a relationship between the board and the community.

Choose the correct combination:

- 1 a,c
- 2 a,b,c
- 3 b,c,d
- 4 all of the above

Question 6

Which one of the following is **not** a recognised context stage (first stage) tool to obtain information on the business?

- 1 SWOT analysis
- 2 PEST analysis
- 3 Financial analysis
- 4 Sensitivity analysis

Question 7

A PEST analysis is a useful tool for a business to determine ...

- 1 its strengths and weaknesses in the micro environment.
- 2 the external environmental factors which may influence the business's performance.
- 3 the main risks linked to a certain project of the business.
- 4 the internal environmental factors which may influence the business's performance.

Question 8

Using a risk identification facilitator from outside the business will ...

- 1 assist with timetabling.
- 2 avoid creating tension in the team when one is selected as the facilitator and others are not.
- 3 avoid the facilitation process or approach being constrained by previous approaches.
- 4 avoid problems of bias, lack of independence, hidden agendas, single direction approaches or pursuit of personal goals.

Question 9

It was discovered that one in four software development projects exceeds its budget. The probability of a single project exceeding its budget is ...

- 1 0 to 4.
- 2 25%.
- 3 1.
- 4 infrequent.

Question 10

A list generated during the risk identification stage which categorises each risk into a type or area is known as a risk ...

- 1 checklist.
- 2 prompt list.
- 3 taxonomy.
- 4 index.

Question 11

The difference between the initial investment amount and the present value of a project's expected future cash flows, discounted at the appropriate cost of capital is the ...

- 1 Net Present Value.
- 2 Internal Rate of Return.
- 3 Payback Period.
- 4 Average Rate of Return.

Question 12

Risk appetite ...

- a can also be referred to as risk attitude, tolerance, preference or capacity.
- b is the amount of risk a business is prepared to tolerate.
- c has no impact on the risk strategy responses and action plan.
- d varies according to the objectives, culture and environment of businesses.

Choose the correct combination:

- 1 a,b
- 2 b,c
- 3 a,b,d
- 4 all of the above

Question 13

The main reason for monitoring risks is to establish whether ...

- 1 risk meetings are happening regularly.
- 2 a risk database is being maintained.
- 3 risk response actions are effectively implemented.
- 4 key risk documents are on display in key locations.

Question 14

Key Performance Indicators (KPIs) ...

- 1 are useful to directors to assess whether their annual bonuses will be awarded.
- 2 assist with business planning.
- 3 are used to measure a business's health.
- 4 help understand the market as a whole.

Question 15

Mr. Lucky has been appointed as the risk manager for A-Z clothing Ltd. Mr. Lucky must implement a risk management process for the business. Which of the following risk management stages should Mr. Lucky implement?

- a Establish the context, monitor and review.
- b Risk identification, risk analysis and risk evaluation.
- c Design and improve the process.
- d Risk treatment, communication and consultation.

Choose the correct combination:

- 1 a,d
- 2 a,b,d
- 3 a,b,c
- 4 all of the above

(Total marks: 15)

SECOND SEMSTER ASSIGNMENT 02

The assignments are the same for both the first and second semesters.

Due Date	First Semester	8 September 2015
Unique Number	First Semester	795303

Aim: To evaluate your knowledge of the fundamental aspects of study units 5 to 11 in your study guide (MO001) and chapters 15 to 26 in the prescribed book.

Answer the following questions and submit your assignment at <https://myunisa.ac.za>.

Multiple Choice Questions:

Question 1

The uncertainty linked to the recovery of outstanding amounts due is known as:

- 1 Exposure risk
- 2 Default risk
- 3 Credit risk
- 4 Recovery risk

Question 2

Which one of the following is **not** a benefit of operational risk management?

- 1 Maximising day-to-day profits.
- 2 Minimising day-to-day losses.
- 3 Improving ability to achieve business objectives.
- 4 Providing a more robust enterprise risk management system.

Question 3

Which of the following are examples of unethical business practices?

- a Insider trading.
- b Money laundering.
- c Invasion of privacy.
- d Inadequate internal controls.

Choose the correct combination:

- 1 a,b
- 2 a,b,c
- 3 a,b,d
- 4 all of the above

Question 4

A-Z Mining takes health and safety extremely seriously. In order to improve human reliability in the workplace, A-Z Mining may introduce ...

- a human reliability analysis.
- b training.
- c reward schemes
- d workplace precautions

Choose the correct combination:

- 1 b,c
- 2 a,b,c
- 3 a,b,d
- 4 all of the above

Question 5

... risk deals with basic macro-economic theory together with fiscal and monetary policies.

- 1 Economic
- 2 Country
- 3 Financial
- 4 Political

Question 6

Market risk refers to the ...

- 1 movement in the company share price over time.
- 2 number of competitors moving into and out of the market the business is operating in.
- 3 exposure to losses arising from the change to the cost of raw materials.
- 4 exposure to a potential loss arising from diminishing sales due to changes in market conditions outside the control of the business.

Question 7

The sources of risk embraced under economic risk include the following:

- a Fall in demand
- b Government policies
- c Exchange Rates
- d. Fall in Supply

Choose the correct combination:

- 1 a,c
- 2 b,c,d
- 3 a,b,c
- 4 all of the above

Question 8

Which one of the following methods is used to calculate Value-at-risk?

- 1 Monte Carlo.
- 2 Pest Analysis.
- 3 Economic value added.
- 4 Economic simulations.

Question 9

In implementing operational risk management in a business, external events which can occur outside of the business must be taken into consideration. These events may require a business to have response strategies in the form of:

- 1 Change and knowledge management.
- 2 Project and knowledge management.
- 3 Change management and business contingency plans.
- 4 Project management and business contingency plans.

Question 10

Control technology can be defined as ...

- 1 the collection, storage and processing of information by electronic means.
- 2 specific computer-based production control systems.
- 3 network systems in which computers are linked to one another over a network..
- 4 IT governance to manage the risks and constraints of IT.

(Total marks: 10)

FIRST AND SECOND SEMESTER SELF ASSESSMENT

ASSIGNMENT 03 – Self Assessment

Please note that this is a self assessment assignment and **must not be submitted for marking**.

Please note that essay questions comprise a substantial part of the examination paper. Please answer the questions under a simulated examination condition.

Aim: To evaluate your knowledge and understanding of the concept of enterprise risk management in context, enterprise risk management process and project risk management.

Essay questions:

The following represents an extract of the risk and balance sheet management statement of Nedbank Group Limited. Read through the extract and answer **Question 1** below.

Risk and balance sheet management

Nedbank Group has a strong risk culture and follows worldclass enterprisewide risk management, which aligns strategy, policies, people, processes, technology and business intelligence in order to evaluate, manage and optimise the opportunities, threats and uncertainties the group may face in its ongoing efforts to maximise sustainable shareholder value.

BACKGROUND TO RISK AND BALANCE SHEET MANAGEMENT IN NEDBANK

Enterprisewide Risk Management (ERM) integrates risk, finance and balance sheet management across the group's risk universe, including business units and operating divisions, geographical locations and legal entities.

Against this backdrop, all risks – including those associated with sustainability – are managed according to a 'three lines of defence' governance model. It is Nedbank Group's view that a strong risk governance process is the foundation for successful risk management and balance sheet management, which is why this model represents the core of the business's Enterprisewide Risk Management Framework (ERMF). The ERMF places emphasis on accountability, responsibility, independence, reporting, communications and transparency, and comprises 17 key risk categories that are managed, monitored, measured and reported on by the first, second and third line-of-defence functions across the group.

Source: Nedbank Group, <http://www.nedbankgroup.co.za/aboutRiskCapitalManagement.asp>

Question 1

- 1.1 In the extract, Nedbank Group's risk and balance sheet management statement is referring to the King Code of Governance Principles 2009 (King III). Discuss the principles listed in the risk and balance sheet management statement of Nedbank Group? **(7)**
- 1.2 Identify any six (6) additional governance of risk principles addressed in the King III report not specifically listed by Nedbank Group. **(6)**

Question 2

Mr. Khumalo has just been appointed as the new CEO of Local Coal Mining Ltd. He approaches you as the risk manager to gain a better understanding of the implementation of risk management in the company.

Briefly describe the difference between an enterprise risk management framework, policy and process to Mr. Khumalo to give him a better understanding of the implementation of risk management in Local Coal Mining Ltd. **(10)**

Question 3

3.1 Identify and describe four (4) risk response strategies which can be used by a business in the enterprise risk management treatment stage. **(8)**

3.2 Distinguish between key risk indicators (KRI) and key performance indicators (KPI) and give two examples of each of the types of KRIs and KPIs. **(6)**

Question 4

Identify and describe eight (8) common challenges faced by businesses in implementing project risk management. **(8)**

(Total marks: 45)

6 EXAMINATION

Examination admission will be granted to all students who submit Assignment 01 before the due date. Students who do not submit the assignment will NOT be allowed to write the examination.

The provisional examination dates have been published at <https://my.unisa.ac.za>.

The examination for RSK2601 will be a 2 hour paper for 70 marks. Details of the composition of the examination will be provided in TL 201/202 which will be available on-line after the due dates of the assignments.

A student must attain a mark of at least 40 per cent in order to qualify for admission to the supplementary examination. Details about the procedure and cost for the re-marking of examination scripts may be found on myUnisa (<https://my.unisa.ac.za>).

I wish you a fascinating and satisfying journey through the learning material and trust that you will complete the module successfully.

Enjoy the journey!

Your lecturer

Ms. S Maré