

**041306T4BUS**

**BUSINESS MANAGER LEVEL 6**

**BUS/OS/BM/CR/7/6**

**MANAGE BUSINESS RISKS**

**Nov. /Dec. 2022**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**WRITTEN ASSESSMENT**

**INSTRUCTIONS TO CANDIDATE**

*You have 3 hours to answer all the questions.*

*You are provided with a separate answer booklet.*

*Do not write on the question paper*

*Marks for each question are indicated.*

**SECTION A: (40 MARKS)**

*Answer all Questions in this Section*

1. State **FOUR** types of hazardous materials that may pose a risk to an organization. (4 Marks)
2. Outline the steps followed when making a risk assessment matrix in an organization. (4 Marks)
3. Outline **FOUR** advantages of recruiting employees internally. (4 Marks)
4. Highlight **FOUR** challenges that a risk management team may encounter when carrying out operations in an organization. (4 Marks)
5. Highlight **FOUR** strategies that a risk manager may use to ensure successful risk mitigation in an organization. (4 Marks)
6. State **FOUR** types of risk reporting that a Project Manager may use in a business in a business organization. (4 Marks).
7. State **FOUR** reasons why risk management is important to a business organization. (4 Marks)
8. Highlight **FOUR** factors that a risk manager may consider when reviewing a risk-training framework in an organization. (4 Marks)
9. List **FOUR** advantages of risk forecasting to an organization. (4 Marks)
10. Highlight **FOUR** components of a risk management. (4 Marks)

**SECTION B (60 marks)**

**Question 11 is Compulsory and Answer ANY other TWO Questions.**

**11. Case Study**

Read the case study below and answer the questions that follow.

Gloria from ABC Company Ltd works in the model development team and is responsible for overseeing the development of all the life business valuation models. ABC Ltd is on a continual model development cycle and implements changes every quarter. Gloria's team has implemented 10 model enhancement changes into a sandbox model that remove simplifications and fix errors. It's already mid-November and this model needs to be used for year-end reporting in December. Management has been requesting these changes be implemented in the model for several quarters and Gloria does not want to let them down. Gloria and her team quantified the aggregate impact which showed a 2million reserve decrease. Company ABC's policy allows model owners to decide if a model change requires independent MRM review if it has less than 5million financial impact. Due to time constraints, Gloria elects to bypass MRM review and promotes the model to production for year-end reporting. Long and behold, in February, auditors finds that two of the changes were not appropriately implemented, but they had large offsetting impacts that were not clear in the aggregate impact analysis.

- a) From the case study, explain **FIVE** ways in which Gloria and her team, model risk management (MRM) program would mitigate the possibility of this scenario from reoccurring. (10 Marks)
- b) Explain five possible consequences that ABC LTD would suffer for not being proactive in risk management (10 marks).

12. a) Explain **FIVE** techniques that a Project Manager may use to identify risk in an organization. (10 Marks).
- c) Describe the steps followed in risk management in an organization. (10 Marks).

13. a) Explain **SIX** benefits of Risk Assessment Matrix in a business organization. (12 Marks).

b) Explain **FOUR** factors that may hinder the risk management process in an organization. (8 Marks).

14 (a) Explain **FIVE** responsibilities of a risk manager in an organization. (10 Marks).

(b) Explain **FIVE** ways of managing construction related risks. (10 Marks)

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