

## Risk Management

National Occupational Standards

February 2014

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**Overview**

This standard is about developing a risk management strategy in line with the organisation's overall strategy and business plan and its appetite for and attitude to risk. It includes analysing and evaluating trends and events, identifying risk factors that could impact on the organisation and/or your area of responsibility, consulting with key stakeholders and establishing the criteria against which the strategy will be evaluated. It is for risk management professionals and others who are responsible for developing a risk management strategy.

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**Performance  
criteria**

- You must be able to:
- P1 analyse and evaluate trends and events and identify their implications for the organisation and/or your area of responsibility
  - P2 adhere to the risk culture and risk appetite of the organisation
  - P3 identify risk factors that may have an impact on the organisation and/or your area of responsibility
  - P4 define the objectives for a risk management strategy in line with the organisation's overall strategy and business plan
  - P5 analyse the vulnerability of the organisation's activities in your area of responsibility
  - P6 develop a risk management strategy in line with the organisation's overall strategy, business plan and its appetite for and attitude to risk
  - P7 ensure that the strategy is proportionate to the needs of the organisation
  - P8 establish the criteria by which the risk management strategy will be reviewed
  - P9 seek advice and guidance from recognised sources of risk management expertise
  - P10 consult with key stakeholders and adjust the strategy in line with feedback
  - P11 negotiate and agree the strategy with decision-makers and/or seek their approval

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**Knowledge and understanding**

**You need to know and understand:**

- K1 the organisation's purpose, vision and values, strategy and business plan
- K2 the structure of the organisation and its products and/or services
- K3 the culture of the organisation and its attitude to risk
- K4 current legal and regulatory requirements and standards that apply to risk management
- K5 principles of good governance, environmental and social responsibility and ethical practice that apply to risk management
- K6 the concepts of risk management and risk awareness
- K7 the business environment and market within which the organisation operates
- K8 principles and methods of writing a risk management strategy
- K9 methods of analysing and evaluating the nature and types of risks which impact on the organisation
- K10 the importance of adhering to the risk culture of the organisation and its appetite for and attitude to risk
- K11 how to ensure that the risk strategy is proportionate to the needs of the organisation
- K12 which colleagues should be consulted about risk management
- K13 how a range of relevant sources of risk management information can be identified and obtained
- K14 the roles and responsibilities of key stakeholders involved in the management of risk, and the organisational governance procedures which underpin these activities

CFARMA001  
Develop a risk management strategy



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<b>Developed by</b>	Skills CFA
<b>Version number</b>	1
<b>Date approved</b>	February 2014
<b>Indicative review date</b>	February 2017
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating organisation</b>	Skills CFA
<b>Original URN</b>	CFARMA001
<b>Relevant occupations Suite</b>	Management consultants and business analysts; Business and financial project management professionals; Business and related associate professionals n.e.c Risk Management (2014)
<b>Key words</b>	Risk management strategy; organisational strategy; business plan; risk appetite; risk attitude; risk factors; risk culture; risk management objectives

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**Overview**

This standard is about developing risk management policies and procedures to meet organisational needs. It includes establishing an appropriate risk architecture and producing policies and procedures that are proportionate to the needs of the organisation. It is for risk management professionals and others who are responsible for developing risk management policies and procedures.

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**Performance  
criteria**

- You must be able to:
- P1 adhere to the risk appetite and tolerance for the organisation
  - P2 establish an appropriate risk architecture, setting out roles and responsibilities of individuals and committees, communication and risk monitoring, and reporting structures
  - P3 ensure that policies and procedures are developed in line with the risk management strategy
  - P4 produce policies and procedures consistent with legal and regulatory requirements, current standards for risk management and other constraints
  - P5 ensure that policies and procedures are proportionate to the organisation's needs and can be operated consistently across the organisation where necessary
  - P6 negotiate and agree the policies and procedures with decision-makers and/or seek their approval
  - P7 communicate risk management architecture, policies and procedures to colleagues and stakeholders, ensuring that they are understood
  - P8 develop appropriate guidance documents for colleagues and stakeholders to support the implementation of risk management architecture, policies and procedures



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**Knowledge and understanding****You need to know and understand:**

- K1 the organisation's purpose, vision and values, strategy and business plan
- K2 the structure of the organisation and its products and/or services
- K3 the culture of the organisation and its attitude to risk
- K4 current legal and regulatory requirements and standards that apply to risk management
- K5 principles of good governance, environmental and social responsibility and ethical practice that apply to risk management
- K6 the business environment and market within which the organisation operates
- K7 the concepts of risk management and risk awareness
- K8 the risk appetite and tolerance of the organisation
- K9 the types of risk architecture that can be put in place and appropriate roles and responsibilities for individuals and committees
- K10 the principles and methods of writing risk management policies and procedures
- K11 the organisation's policies and procedures and the supporting documentation that is required for recording, monitoring and reporting
- K12 the external policies, procedures and supporting documents appropriate to the risk being managed and its potential impact
- K13 the constraints that may need to be taken into account
- K14 how to ensure that policies and procedures are proportionate to the needs of the organisation
- K15 communication mechanisms that will ensure that risk management architecture, policies and procedures are understood
- K16 how to develop guidance documents that are appropriate to the organisation

<b>Developed by</b>	Skills CFA
<b>Version number</b>	1
<b>Date approved</b>	February 2014
<b>Indicative review date</b>	February 2017
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating organisation</b>	Skills CFA
<b>Original URN</b>	CFARMA002
<b>Relevant occupations Suite</b>	Management consultants and business analysts; Business and financial project management professionals; Business and related associate professionals n.e.c Risk Management (2014)
<b>Key words</b>	Risk management strategy; organisational strategy; business plan; risk appetite; risk attitude; risk factors; risk culture; risk management objectives

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**Overview**

This standard is about raising awareness of risk management within an organisation. It includes developing a risk management training and awareness plan that is proportionate to the needs of the organisation, promoting the benefits of managing risk, providing training, support and advice and ensuring that risk management processes are embedded within core functions of the organisation. It is for risk management professionals and others who are responsible for raising awareness of risk management.

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**Performance  
criteria**

- You must be able to:
- P1 develop a risk management training plan proportionate to the training needs of individuals and the organisation
  - P2 develop a risk management awareness plan that compliments and supports the training needs of individuals and the organisation
  - P3 promote and communicate the benefits of managing risks to the activities of the organisation
  - P4 identify individuals who may champion risk management
  - P5 provide appropriate training, support and advice to colleagues, in line with the risk management training and awareness plan
  - P6 plan and implement measures to maximise compliance with risk management processes
  - P7 keep up to date with best practice and key developments in risk management in order to continue to develop personal expertise

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## Knowledge and understanding

### You need to know and understand:

- K1 the organisation's purpose, vision and values, strategy and business plan
- K2 the structure of the organisation and its products and/or services
- K3 the culture of the organisation and its appetite for and attitude to risk
- K4 current legal and regulatory requirements and standards that apply to risk management
- K5 principles of good governance, environmental and social responsibility and ethical practice that apply to risk management
- K6 the concepts of risk management and risk awareness
- K7 how risk management processes link with core business planning, budget setting and decision making
- K8 the content of a risk management training and awareness plan and how to measure their effectiveness
- K9 the importance of embedding risk awareness throughout the organisation and methods of achieving this
- K10 how to communicate the benefits of risk management throughout the organisation
- K11 how to communicate the variety of risks to the activities of the organisation
- K12 the types of training, support and advice that can be required and methods that can be used to provide these
- K13 sources of up to date information on best practice and key developments in risk management

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<b>Developed by</b>	Skills CFA
<b>Version number</b>	1
<b>Date approved</b>	February 2014
<b>Indicative review date</b>	February 2017
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating organisation</b>	Skills CFA
<b>Original URN</b>	CFARMA003
<b>Relevant occupations Suite</b>	Management consultants and business analysts; Business and financial project management professionals; Business and related associate professionals n.e.c Risk Management (2014)
<b>Key words</b>	Risk management strategy; organisational strategy; business plan; risk appetite; risk attitude; risk factors; risk culture; risk management objectives

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**Overview**

This standard is about identifying, analysing and assessing risk, in line with agreed risk management policies and procedures. It includes monitoring the environment and identifying risks to the organisation, using appropriate techniques to categorise, describe, evaluate and prioritise risks, analysing risks and establishing appropriate controls. It is appropriate for risk management professionals and others who are responsible for identifying, analysing and assessing risk.

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**Performance  
criteria**

- You must be able to:
- P1 monitor and evaluate the operational environment using appropriate data and identify the risks to organisation
  - P2 categorise, describe, evaluate and prioritise risks, using appropriate risk identification techniques and in line with agreed risk management policies and procedures and the organisation's appetite for and attitude to risk
  - P3 analyse risks and identify their potential impact and interdependencies, following agreed risk management policies and procedures and help other people to do so
  - P4 take account of risk perceptions, behaviours and biases when identifying, analysing and assessing risk
  - P5 assign risk ownership and responsibility
  - P6 establish appropriate controls for emerging and identified risks
  - P7 ensure that risk assessment takes account of legal, regulatory, and other compliance considerations
  - P8 ensure that risk assessment takes account of ethical and social responsibility considerations
  - P9 construct and use a risk register, in line with risk management policies and procedures



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**Knowledge and understanding**

**You need to know and understand:**

- K1 the organisation's purpose, vision and values, strategy and business plan
- K2 the structure of the organisation and its products and/or services
- K3 the culture of the organisation and its appetite for and attitude to risk
- K4 current legal and regulatory requirements and standards that apply to risk management
- K5 risk tools and techniques relevant to the organisation and industry sector
- K6 principles of good governance, environmental and social responsibility and ethical practice that apply to risk management
- K7 the concepts of risk management and risk awareness
- K8 the business environment and market within which the organisation operates
- K9 the organisation's policies and procedures for risk management and associated supporting documentation
- K10 types and sources of risk information
- K11 how to identify, categorise, describe, evaluate and prioritise risk
- K12 methods of risk analysis and evaluation and how to identify interdependencies
- K13 risk perceptions, behaviours and biases and how they affect risk management
- K14 methods of statistical modelling and root cause analysis
- K15 appropriate controls for different types of risk
- K16 types of risk management software and other tools that are available and how to use them
- K17 how to construct and use a risk register

CFARMA004  
Identify, analyse and assess risk



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<b>Developed by</b>	Skills CFA
<b>Version number</b>	1
<b>Date approved</b>	February 2014
<b>Indicative review date</b>	February 2017
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating organisation</b>	Skills CFA
<b>Original URN</b>	CFARMA004
<b>Relevant occupations Suite</b>	Management consultants and business analysts; Business and financial project management professionals; Business and related associate professionals n.e.c Risk Management (2014)
<b>Key words</b>	Risk management strategy; organisational strategy; business plan; risk appetite; risk attitude; risk factors; risk culture; risk management objectives

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**Overview**

This standard is about managing, monitoring and reporting risk. It includes identifying appropriate risk treatment, monitoring and evaluating risk management activities, prioritising, reporting and escalating risks as appropriate, and managing issues arising from risk identification. It is for risk management professionals and others who are responsible for managing, monitoring and reporting risk.

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**Performance  
criteria**

- You must be able to:
- P1 identify appropriate risk treatment, working with risk owners, managers and other key stakeholders where appropriate
  - P2 monitor and evaluate risk management activities and make appropriate amendments
  - P3 prioritise and report risks and delegate or escalate as appropriate
  - P4 identify control measures required to mitigate identified risks
  - P5 manage and maintain the risk register, ensuring that risks are properly captured and highlighting any inconsistencies in entries
  - P6 manage issues arising from risk identification, taking action in line with risk management policies and procedures
  - P7 complete and update appropriate documentation, in line with risk management policies and procedures
  - P8 produce risk reports for decision-makers and ensure required actions are communicated to relevant colleagues and, where appropriate, stakeholders
  - P9 ensure risk and control measures are regularly reviewed and updated
  - P10 assign risk ownership to appropriate colleagues and/or stakeholders

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**Knowledge and understanding**

**You need to know and understand:**

- K1 the organisation's purpose, vision and values, strategy and business plan
- K2 the structure of the organisation and its products and/or services
- K3 the culture of the organisation and its appetite for and attitude to risk
- K4 current legal and regulatory requirements and standards that apply to risk management
- K5 principles of good governance, environmental and social responsibility and ethical practice that apply to risk management
- K6 the concepts of risk management and risk awareness
- K7 the organisation's business continuity management procedures and the links between these and risk management
- K8 the business environment and market within which the organisation operates
- K9 the organisation's policies and procedures for risk management and associated supporting documentation
- K10 the organisation's risk architecture and the roles and responsibilities of individuals and committees within this
- K11 appropriate treatment and controls for different types of risk
- K12 how to manage issues arising from risk identification
- K13 how to assign risk ownership to colleagues and/or stakeholders

CFARMA005  
Manage, monitor and report risk



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<b>Developed by</b>	Skills CFA
<b>Version number</b>	1
<b>Date approved</b>	February 2014
<b>Indicative review date</b>	February 2017
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating organisation</b>	Skills CFA
<b>Original URN</b>	CFARMA005
<b>Relevant occupations Suite</b>	Management consultants and business analysts; Business and financial project management professionals; Business and related associate professionals n.e.c Risk Management (2014)
<b>Key words</b>	Risk management strategy; organisational strategy; business plan; risk appetite; risk attitude; risk factors; risk culture; risk management objectives

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**Overview**

This standard is about monitoring and reviewing risk management strategies, policies and processes. It includes confirming the criteria by which the strategy will be monitored and reviewed and the responsibility for doing so, establishing and agreeing a review framework, methodology and resources, collecting valid, reliable and comprehensive data and evaluating qualitative and quantitative data. It is for risk management professionals and others who are responsible for monitoring and reviewing risk management strategies, policies and processes.

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**Performance  
criteria**

- You must be able to:
- P1 confirm the criteria by which the risk management strategy will be monitored and reviewed and by whom
  - P2 establish a review framework and agree it with appropriate stakeholders
  - P3 agree the most appropriate review methodology and associated resources with appropriate stakeholders
  - P4 collect valid, reliable and comprehensive data, including feedback from key stakeholders
  - P5 use agreed methods to review quantitative and qualitative data against agreed criteria
  - P6 identify the reasons for variances in performance against expectations
  - P7 report on the findings of the review in the agreed format
  - P8 provide assurance to appropriate organisational groups in respect of the effectiveness of the risk management process
  - P9 ensure that the risk management strategies, policies and processes in use enable the effective management of risk
  - P10 take appropriate action based on the outcomes of the review



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**Knowledge and understanding****You need to know and understand:**

- K1 the organisation's purpose, vision and values, strategy and business plan
- K2 the structure of the organisation and its products and/or services
- K3 the culture of the organisation and its appetite for and attitude to risk
- K4 current legal and regulatory requirements and standards that apply to risk management
- K5 principles of good governance, environmental and social responsibility and ethical practice that apply to risk management
- K6 the concepts of risk management and risk awareness
- K7 the business environment and market within which the organisation operates
- K8 the organisation's policies and procedures for risk management and associated supporting documentation
- K9 the content of a review framework and how to develop this
- K10 methods that can be used for review and how to select those that are best suited to the particular circumstances
- K11 sources of valid and reliable data
- K12 how to apply review methods
- K13 assurance mechanisms and rationale
- K14 how to use evidence from the review to make decisions on appropriate action

<b>Developed by</b>	Skills CFA
<b>Version number</b>	1
<b>Date approved</b>	February 2014
<b>Indicative review date</b>	February 2017
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating organisation</b>	Skills CFA
<b>Original URN</b>	CFARMA006
<b>Relevant occupations Suite</b>	Management consultants and business analysts; Business and financial project management professionals; Business and related associate professionals n.e.c Risk Management (2014)
<b>Key words</b>	Risk management strategy; organisational strategy; business plan; risk appetite; risk attitude; risk factors; risk culture; risk management objectives