



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSRSK502A Assess risks**

**Revision Number: 1**

## FNSRSK502A Assess risks

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to examine the likelihood of financial risks and their consequences and assess the organisation's exposure to those risks.</p> <p>No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.</p>
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### Application of the Unit

<b>Application of the unit</b>	<p>This applies in any sector of the financial services industry where job roles involve risk management.</p>
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>		

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Develop risk evaluation criteria	1.1. Risks are identified in organisation processes and procedures 1.2. Risk evaluation <i>criteria</i> , including tolerance levels, are developed
2. Assess current exposure	2.1. Appropriate risk assessment tools are identified and applied and <i>probability</i> of risk established 2.2. Potential severity and/or <i>impact</i> of each <i>consequence</i> of risk is identified 2.3. <i>Mitigating</i> effect of existing <i>controls</i> is identified and <i>exposure to risk assessed</i> using evaluation criteria
3. Compare exposure with guidelines	3.1. Relevant guidelines are identified and risk exposure levels compared with organisational guidelines 3.2. Exposure levels are compared with industry and statutory obligations with unacceptable residual risks identified and reported
4. Prepare a probability assessment	4.1. Specific issues are analysed using measurement criteria 4.2. A risk map is prepared that <i>ranks</i> and summarises threats and risk issues in a consistent manner
5. Communicate with relevant internal and external stakeholders	5.1. <i>Stakeholders</i> are identified and their views sought 5.2. Information is provided to stakeholders at each stage of assessing the organisation's exposure to risks

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- well-developed communication skills to:
  - determine and confirm organisation risk situation with internal and external stakeholders, using questioning and active listening as required
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences
- risk assessment and management skills
- numeracy and IT skills to make financial calculations and use word processors, spreadsheets, databases and internet information
- literacy skills for analysing risk information to ensure appropriateness to the organisation
- problem solving skills to assess risk issues that have the potential to impact on organisation and to develop options to resolve these issues when they arise
- organisational skills, including the ability to plan and sequence work

#### Required knowledge

- Australian Standard 4360 Risk Management
- organisation policies, procedures and operational guidelines
- principles of risk management

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• apply risk management principles and practices</li> <li>• effectively analyse financial risk situations</li> <li>• evaluate risk consequences and develop recommendations for mitigation.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> <li>• access to Australian Standard 4360 Risk Management.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• setting and reviewing business simulations or scenarios</li> <li>• accessing and validating third party reports.</li> </ul>
<b>Guidance information for assessment</b>	

## Range Statement

<b>RANGE STATEMENT</b>	
<p>The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.</p>	
<p><b>Criteria</b> may be defined in:</p>	<ul style="list-style-type: none"> <li>• financial terms</li> <li>• non-financial terms which may impact on:               <ul style="list-style-type: none"> <li>• reputation</li> <li>• personal suffering</li> <li>• environmental degradation</li> <li>• loss of reputation or image.</li> </ul> </li> </ul>
<p><b>Probability</b> refers to:</p>	<ul style="list-style-type: none"> <li>• the likelihood of the particular event or issue crystallising.</li> </ul>
<p><b>Impact</b> refers to:</p>	<ul style="list-style-type: none"> <li>• the scale of the effect on statutory objectives if the issue or event crystallises.</li> </ul>
<p><b>Consequences</b> refer to:</p>	<ul style="list-style-type: none"> <li>• areas of impact might include:               <ul style="list-style-type: none"> <li>• people</li> <li>• environment</li> <li>• business cessation</li> </ul> </li> <li>• the impact of occurrence.</li> </ul>
<p><b>Mitigation</b> refers to:</p>	<ul style="list-style-type: none"> <li>• any of a range of activities which will reduce the likelihood or consequences of the risk and may include:               <ul style="list-style-type: none"> <li>• application of the hierarchy of control for physical hazards</li> <li>• hedging for currency exchange risks</li> <li>• insurance for business risks.</li> </ul> </li> </ul>
<p><b>Controls</b> are:</p>	<ul style="list-style-type: none"> <li>• measures which limit the impact of risks.</li> </ul>
<p><b>Exposure to risk assessed</b> is based on:</p>	<ul style="list-style-type: none"> <li>• consequences</li> <li>• likelihood</li> <li>• mitigating effects.</li> </ul>
<p><b>Ranking of risk</b> is according to:</p>	<ul style="list-style-type: none"> <li>• exposure level</li> <li>• likelihood of occurrence</li> <li>• consequences</li> <li>• severity</li> <li>• management priorities and policies.</li> </ul>

**RANGE STATEMENT**

<b>Stakeholders</b> are:	<ul style="list-style-type: none"> <li>• internal to the organisation who have an interest in the function under consideration, including:             <ul style="list-style-type: none"> <li>• those providing services</li> <li>• policy makers</li> <li>• those receiving services from this organisation</li> </ul> </li> <li>• external to the organisation who have an interest the organisation under being assessed, including:             <ul style="list-style-type: none"> <li>• suppliers</li> <li>• customers</li> <li>• regulators</li> <li>• shareholders.</li> </ul> </li> </ul>
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**Unit Sector(s)**

<b>Unit sector</b>	Risk management
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**Competency field**

<b>Competency field</b>	
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**Co-requisite units**

<b>Co-requisite units</b>		