



BODY OF KNOWLEDGE
DOMAIN 4
RISK TREATMENT

Purpose

To document the knowledge and practices, which an applicant for certification with RMIA is required to know to successfully pass the certification examination. The Body of Knowledge is to be read in conjunction with the appropriate Competency Statement.

Knowledge and Practice Statements are indicated in the tables below. The application of the Knowledge and Practices Statements may vary between the certification levels i.e. CPRA and CPRM, and this is indicated in the tables.

Domain 4: Risk Treatment

Risks are assessed using the relevant risk criteria, appetite and ranked in an order of priority to indicate, which risks are within tolerance or otherwise. Risks that fall outside of tolerance may need treatment.

Risk treatment is a risk modification process. It involves selecting and implementing one or more treatment options. Once the risk treatment has been implemented, it becomes a control or it modifies existing control(s).

There are a number of risk treatment options. These are:

- Avoid the risk.
- Take or increase the risk in order to pursue an opportunity.
- Remove the risk source.
- Change the likelihood and/ or consequences.
- Share the risk with another party or parties.
- Retain the risk by informed decision.

Risk treatment options will be determined with consideration to the organisation's risk appetite. Treatments are not mutually exclusive or necessarily appropriate in all circumstances.

Risk Treatment selection requires a balance between the costs and efforts of implementation against the potential benefits. This is a risk versus reward proposition. The treatment of risk entails the application of one or more mitigation strategies until the residual risk is deemed tolerable.

Types of risk treatment may include:

- Selection of an alternative amongst a hierarchy of controls (safety).
- System and procedural – changing the way things are done.
- Human resource management – for example training.
- Equipment – modifications or a more advanced solution.
- Hedging, insurance or re-insurance. or
- A commercial solution.

All risk treatments are documented in the Risk Register or similar document.

Knowledge Statements

A certified risk professional is required to have knowledge of the following at the operational, project, process, and business/enterprise* activity levels:

Knowledge No.	Description	CPRA	CPRM
KS4.1	Standards (ISO31000 and ISO73), frameworks and practices related to risk identification, analysis, evaluation and treatment.	✓	✓
KS4.2	Techniques and tools for risk treatment selection.	✓	✓
KS4.3	The range and hierarchy of options for modification and implementation of controls.	✓	✓
KS4.4	The cyclical nature of the risk treatment process.	✓	✓
KS4.5	The options available or to be considered when applying a risk treatment.	✓	✓
KS4.6	The Risk – Reward proposition.		✓
KS4.7	How risk treatments are influenced by regulation, legislation, social responsibility, internal influences and protection of the natural environment.	✓	*✓
KS4.8	Risk treatment(s) that can introduce secondary risks that may need to be assessed, treated, monitored and reviewed.		*✓
KS4.9	Tolerances for risks within the organisation to determine whether treatment is required.	✓	✓
KS4.10	Organisational appetite for risk and it's context.		✓
KS4.11	Determine the effectiveness of risk treatment plans.	✓	✓

Practice Statements

A certified risk professional is required to perform the following at the operational, project, process, and business/enterprise* activity level:

Practice No.	Description	CPRA	CPRM
PS4.1	Demonstrate an understanding of the risk treatment cyclical process.	✓	✓
PS4.2	Collate information about options available to treat risks with consideration to the risk appetite and it's organisational context.	✓	✓
PS4.3	Identify potential risk treatment options with consideration to the priority of costs and benefits derived with regard to overall risk management effectiveness.		✓
PS4.4	The engagement of stakeholders in the selection of the appropriate risk treatment(s).	✓	✓
PS4.5	Develop a risk treatment plan, which clearly identifies the priority order in which individual risk treatments are to be implemented.	✓	✓
PS4.6	Assign the ownership of the Risk Treatment Plan.	✓	✓
PS4.7	Identification of secondary risk(s) that may occur with the implementation of the Risk Treatment Plan.	✓	* ✓
PS4.8	Monitoring Risk Treatments Plan and reporting the status of those plans (with reference to documented completion deadlines).	✓	✓
PS4.9	Communicate with stakeholders of the nature and extent of the residual risk after risk treatment.	✓	✓
PS4.10	Continue to monitor the residual risk and, where appropriate, further treatment with consideration to the organisation's risk appetite and its context.		✓

*** At the enterprise level it is performed by the CPRM.**