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Question: 1

The relationship between risk appetite and enterprise goals and objectives means that:
Response:

- A. Risk appetite should be independent of organizational goals and objectives
- B. Enterprise goals and objectives should align with risk appetite
- C. Risk appetite should override enterprise goals and objectives
- D. Enterprise goals and objectives are irrelevant in risk management

Answer: B

Question: 2

What is the relationship between risk appetite and enterprise goals and objectives?
Response:

- A. Risk appetite determines corporate governance
- B. Enterprise goals and objectives influence risk appetite
- C. Risk appetite impacts documentation techniques
- D. Enterprise goals and objectives determine communication channels

Answer: B

Question: 3

What knowledge is required for assessing the adequacy of controls around external financial reporting?
Response:

- A. System of internal controls, including control types and techniques
- B. Quality control and quality assurance
- C. Principles for effective exam management
- D. Financial and regulatory reports and appropriate interpretation

Answer: A

Question: 4

What are the investigative techniques used to assess the quality and capabilities of MIS systems?

Response:

- A. Risk aggregation analysis and data provided by asset liability systems
- B. Inquiring, observing, requesting documentation, and challenging
- C. Utilizing manual reporting processes
- D. Tracking and evaluating risk mitigation actions

Answer: B

Question: 5

How does root cause analysis contribute to issue management?

Response:

- A. By evaluating the effectiveness of risk responses
- B. By identifying the underlying causes of issues
- C. By documenting issue resolution processes
- D. By estimating the residual risk of issues

Answer: B

Question: 6

How does root cause analysis contribute to preparing action plans?

Response:

- A. By evaluating the appropriateness of management's risk response
- B. By identifying the underlying causes of risk events
- C. By assessing the effectiveness of risk mitigation measures
- D. By documenting risk events and their impact

Answer: B

Question: 7

What is the role of the first line in conducting comprehensive risk and control self-assessments (RCSAs)?

Response:

- A. Monitoring and surveying the internal and external environment for emerging risks
- B. Identifying and executing risk mitigating strategies

- C. Assessing the likelihood and impact of risk events
- D. Properly identifying, scoping, and conducting RCSAs

Answer: D

Question: 8

What is the importance of an independent ERM function in the three lines of defense model?
Response:

- A. Ensuring effective exam management
- B. Assessing the adequacy of controls for financial reporting
- C. Coordinating risk management reviews with control partners
- D. Providing an objective assessment of the internal control framework

Answer: D

Question: 9

Which control framework is commonly used to evaluate the internal control framework?
Response:

- A. Sarbanes-Oxley Act (SOX)
- B. Control Objectives for Information and Related Technologies (COBIT)
- C. Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- D. Model Risk Management (MRM)

Answer: C

Question: 10

What types of events should be used in stress testing and scenario analysis?
Response:

- A. Key credit, financial, and non-financial risk measures
- B. Evaluation of inherent risk, control environment, and residual risk
- C. Events with high likelihood and high impact
- D. Key indicators of economic trends

Answer: C

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