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Question 1

Question Type: MultipleChoice

The Chief Risk Officer is responsible for the management of the Risk Management Infrastructure, and as such helps the Board define, and then implements throughout the organization, the risk appetite of the organization.

Which of the following is also the responsibility of the Chief Risk Officer?

Options:

- A-** Maintaining appropriate assurance measures to ensure that the Governance and Risk framework of the organization is effective, and, if any shortcomings are discovered, to escalate these to the Board so that remedial action can be taken in an appropriate and timely manner
- B-** ensuring that all employees understand the rules and regulations (both internal and external) with which they must comply and the implications, for them and for the organization, of non-compliance
- C-** Ensures that reporting of risk and governance-related matters are produced in a timely and accurate manner
- D-** Acts as sponsor for risk throughout the organization and ensures that a risk culture is implemented, and maintained

Answer:

C

Question 2

Question Type: MultipleChoice

Which of the following should NOT be part of the Risk Management Infrastructure?

Options:

- A-** Define the organization's definition of risk management as articulated by the Board in clear and uncertain terms
- B-** Include financial risk management, compliance and external reporting and, to the extent that resources allow, should exclude legal or accounting
- C-** Be independently staffed and report to an employee who is on the Executive Committee (Operating Committee) but who is NOT a business unit leader
- D-** Review continually the application of the Principles of Good Governance to the Risk Management Infrastructure, financial accounting and reporting infrastructure and the organization as a whole

Answer:

D

Question 3

Question Type: MultipleChoice

Boards of Directors, including Audit and Risk Committees must review thoroughly compensation plans of potentially "highly compensated positions" for:

I competitive market conditions

II ensuring compliance with their corporate risk appetite and fiduciary responsibility to shareholders

III ensuring any discretionary bonus plans are geared towards keeping high income / revenue generators

IV reporting all such personnel to the local regulator

Options:

A- II, III and IV only

B- I, II and IV only

C- All of the above

D- I and II only

Answer:

D

Question 4

Question Type: MultipleChoice

The key people involved in the application of good governance and risk management must:

I be trustworthy

II be honest

III be approved by the local regulator

IV treat others fairly at all times

Options:

A- I, II, and III only

B- III only

C- I, II, and IV only

D- I, II, III and IV above

Answer:

C

Question 5

Question Type: MultipleChoice

Employees shall be remunerated adequately for the roles that they perform, where 'adequately' is defined

Options:

- A-** as being the market norm for similarly situated personnel in competitive organizations
- B-** using external references and benchmarks, and in a framework which is consistent with the type of risk-taking behavior expected of employees
- C-** using the risk reward profile for each business line in the organization
- D-** as commensurate with policies to attract and retain high income / revenue earners

Answer:

B

Question 6

Question Type: MultipleChoice

For the sentence

"The organization shall encourage all employees to keep abreast of the latest developments in their particular areas of expertise, through _____, _____, and _____ and shall make adequate resources available to enable this to occur,"

Choose the correct combinations of words from the following options:

Options:

- A- courses, conferences, journals
- B- conferences, discussion groups, blog sites
- C- courses, educational certification, journals
- D- journals, courses, compliance mandates

Answer:

A

Question 7

Question Type: MultipleChoice

For the sentence

"The organization should have at its disposal employees who have adequate _____, _____ and _____ to perform the tasks assigned to them",

Choose the correct combination of words from the following options:

Options:

- A- knowledge, skills, expertise
- B- experience, skills, previous successes
- C- risk appetite, knowledge, expertise
- D- track record, expertise, skills

Answer:

A

Question 8

Question Type: MultipleChoice

PRMIA Governance Principles

Options:

- A-** must be adhered to by all PRMIA member organizations
- B-** is a set of recommendations based on research and best practice
- C-** must be adhered to by all PRM charter holders
- D-** must be adhered to by all financial firms that are PRMIA members

Answer:

B

Question 9

Question Type: MultipleChoice

According to PRMIA governance principles, boards and audit committees should ...

Options:

- A- Review compensation plans to ensure consistency with corporate risk appetite, competitive market conditions, and fiduciary responsibility to shareholders
- B- Collectively assume responsibility of understanding and reporting the effectiveness of the firm risk management infrastructure
- C- Be composed of key business unit representatives
- D- Leave shareholder accountability to senior management who decides strategic direction

Answer:

A

Question 10

Question Type: MultipleChoice

The Financial Accounting and Reporting Infrastructure of any organization must:

- I Accurately represent the corporation's current and known financial condition in a timely manner
- II Only use off-balance sheet transactions which have a legitimate economic, tax, risk transfer or risk mitigating purpose
- III Provide a detailed description of the Risk Management Infrastructure in the organization's Annual Report to Shareholders

IV Provide an auditable Annual Statement of Compliance with the Board's publicly stated Standards of Corporate Governance to the Board and Audit Committee

Options:

A- I, II and III only

B- I, III and IV only

C- I and III only

D- All of these are expected of the Financial Accounting and Reporting Infrastructure

Answer:

D

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