

APPENDIX C 1 RISK READINESS QUESTIONNAIRE – PILOT STUDY

Questionnaire designed to establish the extent of risk readiness and oversight within the organization; and to obtain a measure of the level of risk tolerance of the Board

Please circle the appropriate choice by circling one number only to reflect your response.

- 1 Not at all
- 2,3 or 4 Minimally
- 5,6 or 7 Moderately
- 8,9 or 10 Extensively
- 11 A Great Deal

Not at all

A Great Deal

1 2 3 4 5 6 7 8 9 10 11

Question 1

To what extent has the volume and complexity of risks in your business increased over the past 5 years?

Not at all

A Great Deal

1 2 3 4 5 6 7 8 9 10 11

Question 2

To what extent has your organization faced an operational surprise in the last 5 years

Not at all

A Great Deal

1 2 3 4 5 6 7 8 9 10 11

Question 3

What is the level of maturity of your organisation's approach to a fully functioning ERM process according to King III

Not at all

A Great Deal

1 2 3 4 5 6 7 8 9 10 11

Question 21

What risks are monitored by the audit committee. Choose one only:

financial risks only ;

operational and compliance risks in addition to the financial risks ;

all entity risks, including operational, compliance and financial risks

Question 22

The highest level of reporting by the CRO is to the:

board,

CEO or President or Chairman;

CFO;

COO;

Other

No dedicated/appointed CRO

Question 23

Indicate the extent of requests for increased senior executive involvement in risk management from the following sources.

Board;

Not at all					A Great Deal					
1	2	3	4	5	6	7	8	9	10	11

Audit Committee;

Not at all					A Great Deal					
1	2	3	4	5	6	7	8	9	10	11

CEO;

Not at all					A Great Deal					
1	2	3	4	5	6	7	8	9	10	11

Internal Audit.

Not at all

A Great Deal

1 2 3 4 5 6 7 8 9 10 11

Question 24

Indicate the incentives which have led to senior executives increasing focus on ERM activities. Choose one from the following:

unanticipated risk events that have affected the organization;

expectation that ERM is “best practice”;

unanticipated risk events that have affected competitors.

Question 25

What is the extent of the following barriers which act as an impediment to the implementation of an effective ERM process. Choose one from:

competing priorities;

insufficient resources;

lack of perceived value;

perception ERM adds bureaucracy;

lack of Board or senior executive ERM leadership;

legal or regulatory barriers.

Question 26

Indicate the current state of ERM currently in place in the organization. Choose one of the following:

no enterprise-wide risk management process in place;

currently investigating concept of ERM, but no firm plans in place yet;

no formal ERM process in place yet, but plans underway to implement one;

partial ERM process in place – some areas addressed but not others;

complete formal ERM process in place

APPENDIX C 2 THE RISK AVERSION QUESTIONNAIRE – PILOT STUDY

For each of the following questions, X represents the projected net profit after tax of your organization for the current financial year.

In each case select which option your company would choose faced with the following opportunities:

Question 27

Choose between the following 2 projects:

A which provides you with a 20% chance of achieving a 10% higher net profit result ($X + 10\%$), and a 80% chance of achieving the budgeted result (X)

or

B which provides you with a 20% chance of achieving a 30% higher net profit result ($X + 30\%$), and a 80% chance of underperforming the budget by 5% ($X-5\%$)

Question 28

Choose between the following 2 projects:

A which provides you with a 50% chance of achieving a 10% higher net profit result ($X + 10\%$), and a 50% chance of achieving the budgeted result (X)

or

B which provides you with a 50% chance of achieving a 30% higher net profit result ($X + 30\%$), and a 50% chance of underperforming the budget by 20% ($X-20\%$)

Question 29

Choose between the following 2 projects:

A which provides you with a 20% chance of achieving a 30% higher net profit result ($X + 30\%$), and a 80% chance of achieving the budgeted result (X)

or

B which provides you with a 20% chance of achieving a 50% higher net profit result (X + 50%), and a 80% chance of underperforming the budget by 5% (X-5%)

Question 30

Choose between the following 2 projects:

A which provides you with a 55% chance of achieving a 25% higher net profit result (X + 25%), and a 45% chance of achieving the budgeted result (X)

or

B which provides you with a 50% chance of achieving a 55% higher net profit result (X + 50%), and a 45% chance of underperforming the budget by 20% (X-20%)

Question 31

Choose between the following 2 unexpected negative impacts on the business:

A which negatively impacts on the business resulting in a 20% chance of meeting the budget (X) , and an 80% chance of underperforming on the budget by 5% (X-5%)

or

B which negatively impacts on the business resulting in a 20% chance of underperforming on the budget by 30% (X - 30%), and an 80% chance of achieving the budget(X%)

Question 32

Choose between the following 2 unexpected negative impacts on the business:

A which negatively impacts on the business resulting in a 55% chance of underperforming the budget by 10% (X - 10%), and a 45% chance of underperforming the budget by 5% (X-5%)

or

B which negatively impacts the business resulting in a 55% chance of underperforming the budget by 20% (X -20%), and a 45% chance of meeting the budget (X%)

Question 33

Choose between the following 2 unexpected negative impacts on the business:

A which negatively impacts on the business resulting in a 20% chance of achieving a 20% lower net profit result (X -20%), and an 80% chance of underperforming the budget by 10% (X-10%)

or

B which provides you with a 20% chance of underperforming the budget by 50% (X -50%), and an 80% chance of achieving budget(X)

Question 34

Choose between the following 2 unexpected negative impacts on the business:

A which negatively impacts on the business resulting in a 55% chance of underperforming on the budget by 40% (X -40%), and a 45% chance of underperforming the budget by 10% (X-10%)

or

B which negatively impacts on the business resulting in a 55% chance the business will underperform by 60% (X-60%), and a 45% chance of achieving the budget(X)