



DEPARTMENT OF BUSINESS MANAGEMENT

B.COM HONS. (STRATEGIC MANAGEMENT) ENTERPRISE RISK MANAGEMENT STM8X02

FINAL SUMMATIVE ASSESSMENT: NOVEMBER 2016

SUBJECT:	Enterprise Risk Management
CODE:	STM8X02/STB16X7
DATE:	NOVEMBER 2016
TIME ALLOWED:	3 Hours
TOTAL MARKS:	100

EXAMINER(S):	Dr T.N. van der Linde
MODERATOR:	Mr. C. Hamman (Steinhoff)
NUMBER OF PAGES:	2

INSTRUCTIONS:

- This is a **close book** assessment.
- Answer all the questions:
- Number your answers clearly.
- Question papers must be handed in together with your answer books.
- Read the questions carefully and answer only what is asked.
- Write neatly and legibly.
- Non-programmable calculators are allowed.
- The general University of Johannesburg policies, procedures and rules pertaining to written **assessments** apply to this assessment.
- **NB: This paper must be handed in with your script.**

QUESTION 1

(30 marks)

Scenario:

Kloofzicht medical suites, a large doctor's practice, with 8 partners and 10 practice nurses, has decided to increase its income by providing day surgery. The existing building would be extended to provide room for the surgical unit and storage facility for equipment and drugs. The aim is to offer patients the opportunity to have minor surgical procedures conducted by a doctor at their local practice, thus avoiding any unfamiliarity and possible delays to treatment that might result from a referral to a hospital. Blood and samples taken during the surgery will be sent away to the local pathologists for testing and the patients will get their results from their doctor at the practice. It is anticipated that the introduction of the day surgery facility will increase practice income by approximately 27%.

(Source: adapted from CIMA 2012)

Required:

Question 1a

15 marks

Identify the additional risks (threats and opportunities) that the practice may expect to face as a consequence of the introduction of the new facility and explain how a risk management process (model) can be used to identify and control these risks.

Question 1b

5 marks

Explain the meaning of the concepts "risk appetite" and "risk tolerance" and explain who should take responsibility for defining and determining the risk appetite and risk tolerance in the scenario outlined above

Question 1c

10 marks

Discuss the three lines of defence in relation to the risk management process in any organisation.

QUESTION 2

(50 Marks)

Imperial holdings was founded in 1948 as a car dealership. Imperial applied its capabilities to grow into new products, businesses and markets. In an environment of profound structural and systematic change, extending the group's leadership requires

a new understanding, discipline and agility. The changes at Imperial are therefore transformational.

By studying the supplied abstracts from Imperial's integrated report it is required of you to:

1. Analyse the group's business model, operating context and strategy in terms of risk (uncertainties) that may influence the afore-mentioned. (20 marks)
2. Evaluate and comment on the corporate governance report. (10 marks)
3. Formulate a report regarding the adequacy of risk management at Imperial Holdings. (20 marks)

QUESTION 3

(20 Marks)

As governance processes and procedures are continuously adapted and updated by demand of the business environment the Institute of Directors (South Africa) has launched a project to update the governance code of practice (King III). King IV will be available during the later part of 2016. In terms of risk management the focus shifted from managing risk to managing opportunity. It is required of you to contrast King III with King IV. The proposed answer may follow the structure below.

- Introduction (The relationship between corporate governance and risk management)
- Principles of risk management in King III
- Principles of risk management in King IV
- Contrast these principles and highlight the differences

- END OF PAPER -