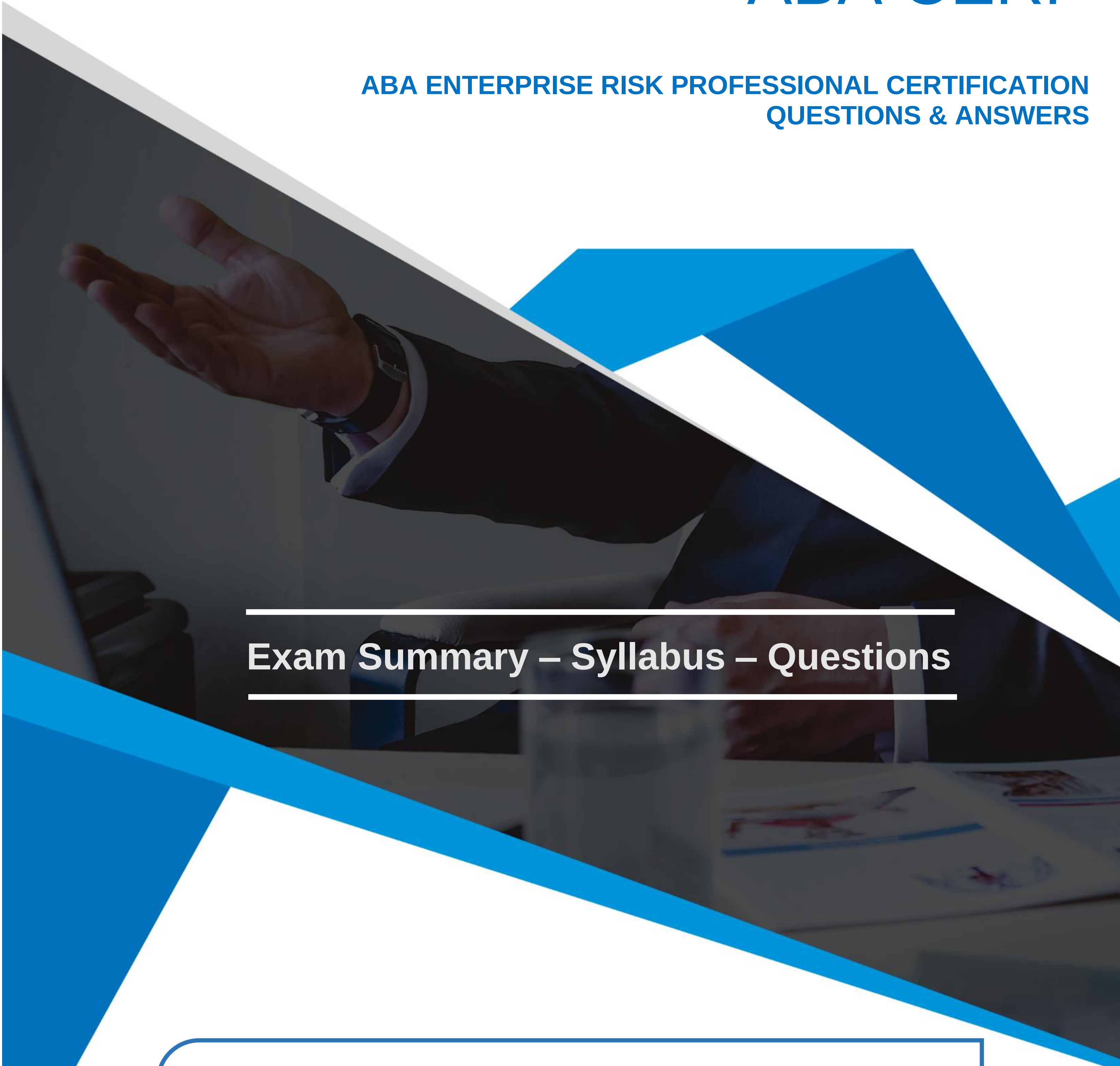
ABA CERP

ABA ENTERPRISE RISK PROFESSIONAL CERTIFICATION QUESTIONS & ANSWERS



Exam Summary – Syllabus – Questions

CERP

[ABA Certified Enterprise Risk Professional (CERP)]

200 Questions Exam – Pass/Fail Cut Score – Duration of 240 minutes

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Know Your CERP Certification Well:

The CERP is best suitable for candidates who want to gain knowledge in the ABA Professional Level. Before you start your CERP preparation you may struggle to get all the crucial Enterprise Risk Professional materials like CERP syllabus, sample questions, study guide.

But don't worry the CERP PDF is here to help you prepare in a stress free manner.

The PDF is a combination of all your queries like-

- What is in the CERP syllabus?
- How many questions are there in the CERP exam?
- Which Practice test would help me to pass the CERP exam at the first attempt?

Passing the CERP exam makes you ABA Certified Enterprise Risk Professional (CERP). Having the Enterprise Risk Professional certification opens multiple opportunities for you. You can grab a new job, get a higher salary or simply get recognition within your current organization.

ABA CERP Enterprise Risk Professional Certification Details:

Exam Name	ABA Certified Enterprise Risk Professional (CERP)
Exam Code	CERP
Exam Price	$775 (USD)
Duration	240 mins
Number of Questions	200
Passing Score	Pass/Fail
Schedule Exam	EXAM APPLICATION
Sample Questions	ABA Enterprise Risk Professional Sample Questions
Practice Exam	ABA CERP Certification Practice Exam

CERP Syllabus:

Topic	Details
Board and Senior Management Oversight (8%)	
Provide relevant, timely, and accurate information to board and senior management.	Knowledge of: 1. Procedures to manage and report the status of risk identification, measurement, and control activities 2. The concepts and components of risk appetite and risk culture and how they link to corporate strategy and operations 3. The concept of credible challenge by the board
Champion policies, risk appetite, and risk culture across the organization.	Knowledge of: 1. Methods to manage organizational, process, and cultural change 2. The concepts and components of risk appetite and risk culture and how they link to corporate strategy and operations 3. Practices to educate and increase awareness of risk policies, appetite, and culture within and across all three lines of defense
Direct information to the appropriate board and/or management risk committees.	Knowledge of: 1. Organizational structures and committees, and their roles and responsibilities 2. The concepts and components of risk appetite and risk culture and how they link to corporate strategy and operations 3. The concept of credible challenge by the board
Policies, Procedures, and Limits (15%)	
Establish and maintain enterprise risk management policies in alignment with enterprise goals and objectives.	Knowledge of: 1. Elements of a good control environment 2. Business performance relative to policy limits and the implications this has for the effectiveness of the limits themselves

Topic	Details
	3. Regulatory expectations around policy constraints 4. How to identify current and emerging expectations in the regulatory environment 5. Methods to implement and communicate enterprise risk management policies, standards, procedures, and guidelines 6. The importance of idiosyncratic risks to the business 7. The concepts of organizational control structure and escalation channels 8. The relationship between risk appetite and enterprise goals and objectives 9. Purpose of policies and guiding principles that policies should follow 10. The concepts and components of risk appetite and risk culture and how they link to corporate strategy and operations
Define and maintain enterprise risk management standards, guidelines, and procedures to guide and enforce compliance.	Knowledge of: 1. Elements of a good control environment 2. Regulatory expectations around policy constraints 3. How to identify current and emerging expectations in the regulatory environment 4. The importance of idiosyncratic risks to the business 5. The concepts of organizational control structure and escalation channels 6. Elements of risk appetite and the relationship between risk appetite and enterprise goals and objectives 7. Purpose of procedures and principles the procedures should follow 8. Expectations for policy, procedure, and limit review
Develop and maintain policy limits.	Knowledge of: 1. Business performance relative to policy limits and the implications this has for the effectiveness of the limits themselves 2. Regulatory expectations around policy constraints

Topic	Details
	3. How to identify current and emerging expectations in the regulatory environment 4. The importance of idiosyncratic risks to the business 5. Concept of risk appetite and its relationship to limit-setting 6. Purpose of, methodologies for establishing, and sound governance principles for limits 7. Calculation of risk metrics/quantitative methods 8. Typical sources of risk concentration
Establish risk appetite framework.	Knowledge of: 1. Elements of a good control environment 2. The importance of idiosyncratic risks to the business 3. Elements of risk appetite and the relationship between risk appetite and enterprise goals and objectives
Administer and handle policy and standard exceptions.	Knowledge of: 1. Organizational structures, committees and their roles and responsibilities, and the concept of escalation 2. Documentation of policy and standard exceptions, including that the appropriate approval authority was used for the exception
Escalate risk to the appropriate governing body.	Knowledge of: 1. Corporate governance, organizational structures, committees, and their roles and responsibilities 2. Communication channels and techniques 3. Business writing and communication techniques 4. Documentation techniques and best practices

Topic	Details
Management Information Systems (9%)	
Develop and maintain management information systems (reporting tools) to systematically track and evaluate the performance of risk mitigation actions.	Knowledge of: Risk aggregation analysis tools and processes How to manage risk effectively with existing system limitations and access restrictions (e.g., manual vs. automated reporting) Methodologies for confirming and challenging the integrity of entries in the system Information systems likely to be able to provide data required for risk reporting (e.g., asset liability systems) Collection, preservation, and presentation of evidence (completeness, quality, etc.) Design elements in MIS reports to board and senior management that escalate attention to important risk mitigation actions
Assess the quality and capabilities of the MIS systems used to support the decision-making activities of the institution.	Knowledge of: 1. Risk aggregation analysis tools and processes 2. Industry standards, sound practices, and regulatory expectations regarding enterprise risk management 3. How to manage risk effectively with existing system limitations and access restrictions (e.g., manual vs. automated reporting) 4. Information systems likely to be able to provide data required for risk reporting (e.g., asset liability systems) 5. Investigative techniques (inquire, observe, request documentation, challenge)
Ensure accuracy of data used for board and senior management reporting.	Knowledge of: Risk aggregation analysis tools and processes Investigative techniques (inquire, observe, request documentation, challenge) Fundamental system requirements knowledge (e.g., asset liability system, modeling, credit risk, risk assessment)
Effectively manage data governance.	Knowledge of:

<table>
<tr><th>Topic</th><th>Details</th></tr>
<tr><td></td><td>1. Risk aggregation analysis tools and processes
2. Investigative techniques (inquire, observe, request documentation, challenge)
3. Information systems likely to be able to provide data required for risk reporting (e.g., asset liability systems)
4. Techniques for establishing quality control processes and accountability</td></tr>
<tr><td colspan="2" align="center">Control Framework (10%)</td></tr>
<tr><td>Determine if the internal control framework aligns with the size, complexity, and risk appetite of the organization.</td><td>Knowledge of:

1. Three lines of defense: roles, responsibilities, and the importance of an independent ERM function
2. System of internal controls, including control types and techniques
3. Control frameworks (e.g., COSO)
4. Effective challenge by risk management staff
5. Principles for conducting effective risk and control self-assessments (RCSAs)
6. Model risk management practices</td></tr>
<tr><td>Coordinate timing, coverage, and scope of risk management reviews with those of other control partners.</td><td>Knowledge of:

1. Three lines of defense: roles, responsibilities, and the importance of an independent ERM function
2. System of internal controls, including control types and techniques
3. Quality control and quality assurance</td></tr>
<tr><td>Support effective exam management for regulators, independent third parties, and audit.</td><td>Knowledge of:

1. Three lines of defense: roles, responsibilities, and the importance of an independent ERM function
2. System of internal controls, including control types and techniques
3. Principles for effective exam management (e.g., regulatory and audit)</td></tr>
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<table>
<tr><th>Topic</th><th>Details</th></tr>
<tr><td>Assess the adequacy of controls around external financial reporting and disclosures.</td><td>Knowledge of:
Three lines of defense: roles, responsibilities, and the importance of an independent ERM function
System of internal controls, including control types and techniques
Sarbanes-Oxley Act and financial review committees
Financial and regulatory reports and appropriate interpretation
Control frameworks (e.g., COSO)
Effective challenge by risk management staff</td></tr>
<tr><td colspan="2" align="center">Risk Identification (12%)</td></tr>
<tr><td>Monitor and survey the internal and external environment for emerging risks and, where necessary, identify and execute appropriate risk mitigating strategies.</td><td>Knowledge of:
Likelihood, impact, direction, and velocity for assessing risks
Types of risk events (across risk taxonomies)
Potential upstream/downstream impact of risk events
Criteria for criticality
Regulatory environment and applicable requirements
Internal risk appetite and tolerance
Basic processes and principles of banking</td></tr>
<tr><td>Aid the first line in properly identifying, scoping, and conducting comprehensive risk and control self-assessments (RCSAs).</td><td>Knowledge of:
Likelihood, impact, direction, and velocity for assessing risks
Types of risk events (across risk taxonomies)
Potential upstream/downstream impact of risk events
Criteria for business criticality
Risk and control self-assessment (RCSA) scoping
Regulatory environment and applicable requirements
Risk appetite and tolerance</td></tr>
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Topic	Details
	8. Basic processes and principles of banking
Identify key risks associated with non-compliance with internal and external expectations.	Knowledge of: • Likelihood, impact, direction, and velocity for assessing risks • Types of risk events (across risk taxonomies) • Potential upstream/downstream impact of risk events • Criteria for business criticality • Regulatory environment and applicable requirements • Risk appetite and tolerance • Basic processes and principles of banking
Identify key idiosyncratic risks.	Knowledge of: 1. Likelihood, impact, direction, and velocity for assessing risks 2. Types of risk events (across risk taxonomies) 3. Potential upstream/downstream impact of risk events 4. Criteria for business criticality 5. Regulatory environment and applicable requirements 6. Risk appetite and tolerance 7. Basic processes and principles of banking
Identify risk scenarios that could lead to business loss.	Knowledge of: 1. Likelihood, impact, direction, and velocity for assessing risks 2. Types of risk events (across risk taxonomies) 3. Potential upstream/downstream impact of risk events 4. Criteria for business criticality 5. Regulatory environment and applicable requirements 6. Risk appetite and tolerance 7. Basic processes and principles of banking

Topic	Details
Risk Measurement and Evaluation (17%)	
Estimate the likelihood that an event will occur and the impact of an event if it occurs.	Knowledge of: 1. Key credit, financial, and non-financial risk measures (see Appendix for risk measures) 2. Evaluation of inherent risk, control environment, and residual risk 3. Calculation of risk metrics/quantitative methods 4. Key indicators of economic trends (e.g., unemployment, bankruptcy rate, etc.) 5. Typical sources of risk concentration
Effectively challenge risk metric calculations by others.	Knowledge of: 1. Key credit, financial, and non-financial risk measures (see Appendix for risk measures) 2. Calculation of risk metrics
Conduct scenario analysis stress tests.	Knowledge of: 1. Key credit, financial, and non-financial risk measures (see Appendix for risk measures) 2. Calculation of risk metrics 3. Types of events that should be used in stress testing and the limitations of these scenario analyses 4. Key indicators of economic trends (e.g., unemployment, bankruptcy rate, etc.)
Complete risk and control self-assessments (RCSAs).	Knowledge of: 1. Key credit, financial, and non-financial risk measures (see Appendix for risk measures) 2. Evaluation of inherent risk, control environment, and residual risk 3. Calculation of risk metrics
Evaluate risk relative to risk appetite and risk tolerance.	Knowledge of: 1. Key credit, financial, and non-financial risk measures (see Appendix for risk measures) 2. Risk appetite and tolerance 3. Calculation of risk metrics

Topic	Details
	4. Typical sources of risk concentration
Perform root cause analysis.	Knowledge of: 1. Effects of diversification or amplification on aggregated risks 2. Typical sources of risk concentration 3. How risk appetite is quantified by risk types (for aggregation purposes) 4. Root cause analysis principles and techniques
Aggregate like risks.	Knowledge of: 1. Effects of diversification or amplification on aggregated risks 2. How risk appetite is quantified by risk types (for aggregation purposes)
Aggregate across multiple risk types.	Knowledge of: 1. Effects of correlation on diversification and aggregated risks
Risk Mitigation (17%)	
Evaluate the appropriateness of management's risk response and documentation.	Knowledge of: 1. Types of risk responses (accept, mitigate, transfer, avoid) 2. Basic classes of risk transfer instruments, including insurance and securitized assets, and when they are appropriate to use 3. Practices for mitigating counterparty risk in risk transfer 4. Root cause analysis and after action reviews 5. Documentation expectations
Prepare proper action plans for possible events.	Knowledge of: 1. Types and examples of risk responses (accept, mitigate, transfer, avoid), and when each is appropriate 2. Root cause analysis and after action reviews 3. Third-party risk management practices

Topic	Details
	4. Risk appetite and tolerance
Select or recommend appropriate types of risk mitigation activity.	Knowledge of: 1. Types of risk responses (accept, mitigate, transfer, avoid) 2. Basic classes of risk transfer instruments, including insurance and securitized assets, and when they are appropriate to use 3. Practices for mitigating counterparty risk in risk transfer 4. Root cause analysis and after action reviews 5. Third-party risk management practices 6. Risk appetite and tolerance
Respond to incidents with timely and appropriate mitigation.	Knowledge of: 1. Types of risk responses (accept, mitigate, transfer, avoid) 2. Root cause analysis and after action reviews
Perform issue management, including identification and tracking, to ensure effective and timely resolution.	Knowledge of: 1. Types of risk responses (accept, mitigate, transfer, avoid) 2. Root cause analysis and after action reviews 3. Effective issue management
Respond to findings from regulators, independent third parties, and audit.	Knowledge of: 1. Types of risk responses (accept, mitigate, transfer, avoid) 2. Root cause analysis and after action reviews 3. Effective finding management
Estimate the residual risk of an event post-mitigation.	Knowledge of: 1. Evaluation of inherent risk, control environment, and residual risk 2. Calculation of risk metrics

Topic	Details
	Risk Monitoring (12%)
Design and produce standardized and ad hoc reporting.	Knowledge of: 1. Required frequency and granularity for monitoring and distribution, including timeline, scoping, periodicity, time horizon, level of aggregation, and segmentation 2. Techniques for effectively summarizing and communicating risk information (e.g., color coding, heat mapping) 3. Techniques for effectively deconstructing risk information 4. The proper level to distribute and make information available, including escalation 5. Reporting requirements
Monitor internal and external indicators and reports to identify key environmental changes.	Knowledge of: 1. Required frequency and granularity for monitoring and distribution, including timeline, scoping, periodicity, time horizon, level of aggregation, and segmentation 2. Techniques for effectively deconstructing risk information 3. The proper level to distribute and make information available, including escalation 4. Key credit, financial, and non-financial risk measures (see Appendix for risk measures)
Identify and define key risk indicators.	Knowledge of: 1. Key credit, financial, and non-financial risk measures (see Appendix for risk measures) 2. Risk appetite and tolerance 3. Calculation of risk metrics 4. Distinction between key indicators (i.e., performance vs. risk vs. control) 5. Key indicators of economic trends (e.g., unemployment, bankruptcy rate, etc.) 6. Elements of effective risk measures
Analyze report output.	Knowledge of:

Topic	Details
	1. Techniques for effectively summarizing and communicating risk information (e.g., color coding, heat mapping) 2. Techniques for effectively deconstructing risk information 3. The proper level to distribute and make information available, including escalation
Evaluate the controls for design and operating effectiveness.	Knowledge of: 1. Required frequency and granularity for monitoring and distribution, including timeline, scoping, periodicity, time horizon, level of aggregation, and segmentation 2. Control effectiveness evaluation 3. Techniques for effectively deconstructing risk information
Evaluate the quality of first-line performance/control monitoring.	Knowledge of: 1. Required frequency and granularity for monitoring and distribution, including timeline, scoping, periodicity, time horizon, level of aggregation, and segmentation 2. Control effectiveness evaluation 3. Techniques for effectively deconstructing risk information 4. The proper level to distribute and make information available, including escalation 5. Best practices for first-line monitoring 6. Reporting requirements

ABA CERP Sample Questions:

Question: 1

When is risk acceptance an appropriate risk response?

a) When the risk can be completely avoided
b) When the risk is within the organization's risk appetite
c) When the risk can be effectively mitigated
d) When the risk is caused by external factors

Answer: b

Question: 2

What are the primary functions of management information systems (MIS) in tracking and evaluating risk mitigation actions?

a) Risk aggregation analysis and investigative techniques
b) Collection, preservation, and presentation of evidence
c) Assessing the quality and capabilities of MIS systems
d) Reporting and monitoring risk mitigation performance

Answer: d

Question: 3

How are risks assessed in RCSAs, including their likelihood, impact, direction, and velocity?

a) By considering the regulatory environment and applicable requirements
b) By evaluating the types of risk events across risk taxonomies
c) By aligning with the criteria for business criticality and risk appetite
d) By assessing the potential upstream/downstream impact of risk events

Answer: c

Question: 4

Which knowledge areas are important for effectively managing data governance in the context of ensuring data accuracy?

a) Risk aggregation analysis tools and processes
b) Investigative techniques and fundamental system requirements knowledge
c) Asset liability systems and modeling techniques
d) Techniques for establishing quality control processes and accountability

Answer: b

Question: 5

How do design elements in MIS reports to board and senior management contribute to escalating attention to important risk mitigation actions?

a) By conducting risk aggregation analysis
b) By managing risk with system limitations
c) By confirming and challenging system integrity
d) By designing elements that highlight risk mitigation actions

Question: 6

What is the significance of understanding typical sources of risk concentration in evaluating risk relative to risk appetite and risk tolerance?

a) To calculate risk metrics and quantitative measures
b) To assess the potential upstream/downstream impact of risk events
c) To identify areas of high risk concentration
d) To perform root cause analysis

Answer: c

Question: 7

Business performance relative to policy limits is important because:

a) It determines the level of risk tolerance within the organization
b) It helps assess the effectiveness of the policy limits themselves
c) It ensures compliance with regulatory expectations
d) It provides guidance on risk appetite and culture

Answer: b

Question: 8

To champion policies, risk appetite, and risk culture across the organization, it is essential to:

a) Align risk management with corporate strategy
b) Discourage open communication about risks
c) Maintain silos between different departments
d) Minimize employee involvement in risk-related decisions

Answer: a

Question: 9

Practices to educate and increase awareness of risk policies, appetite, and culture within and across all three lines of defense may include:

a) Developing risk management dashboards
b) Reducing risk reporting frequency
c) Ignoring risk events
d) Promoting risk-taking behaviors

Answer: a

Question: 10

Why are idiosyncratic risks important to the business in the context of risk appetite?

a) They determine the approval authority for exceptions
b) They influence the documentation of policy exceptions
c) They impact the relationship between risk appetite and enterprise goals
d) They affect the elements of a good control environment

Answer: c

Study Guide to Crack ABA Enterprise Risk Professional CERP Exam:

- Getting details of the CERP syllabus, is the first step of a study plan. This pdf is going to be of ultimate help. Completion of the syllabus is must to pass the CERP exam.
- Making a schedule is vital. A structured method of preparation leads to success. A candidate must plan his schedule and follow it rigorously to attain success.
- Joining the ABA provided training for CERP exam could be of much help. If there is specific training for the exam, you can discover it from the link above.
- Read from the CERP sample questions to gain your idea about the actual exam questions. In this PDF useful sample questions are provided to make your exam preparation easy.
- Practicing on CERP practice tests is must. Continuous practice will make you an expert in all syllabus areas.