

Project Risk Management

Here is a list of sample questions which would help you to understand the pattern of questions on **Project Risk Management** being asked in PMP Certification Exams.

(1) The process under Process Risk Management that prioritizes risks for further analysis or action by assessing and combining their probability of occurrence and impact is called

- Perform Qualitative Risks Analysis
- Perform Quantitative Risk Analysis
- Plan Risk Management
- Plan Risk Responses

Answer – A

Hint – PMBOK 5, Page 309, Sec 11.3

(2) The inputs used in the process of Perform Qualitative Risk Analysis includes all except

- Scope Baseline
- Risk Register
- Quality Management Plan
- Risk Management Plan

Answer – C

Hint – PMBOK 5, Page 312, Sec 11.3

(3) A risk is defined as _____ event or condition that, if it occurs, has a positive or negative effect on one or more project_____.

- indefinite, probabilities
- uncertain, objectives
- sure, goals
- definite, uncertainties

Answer – B

Hint – PMBOK 5, Page 559 Definition of Risk

(4) When is the risk and uncertainty in a project's life cycle at the highest?

- start
- design
- closing
- implementation

Answer – A

Hint – PMBOK 5, Page 40, Figure 2 –9

(5) A new project that was initiated, involved new technology and had never been done before. What type of contract would the owner want to issue to reduce or eliminate as much risk as possible?

- fixed price
- Cost plus fix fee
- Cost plus incentive fee
- Time and Material

Answer – A

Hint – A fixed bid project has lesser risk for the firm that gives high-risk work on contract

(6) The process of Control Risks does not have one of the following as an output. Which one is it?

- Work Performance Information
- Change Requests
- OPA updates
- Risk Register

Answer – D

Hint – PMBOK 5, Section 11.6 Control Risks

(7) Which of the following fit the category of external risks?

- Project delays, budget under-runs, movement of city utilities

- Regulatory, currency changes, taxation
- Natural disasters, regulatory, design
- Inflation, design, social impact
- Political unrest, budget overruns, size and complexity of the project

Answer – B

Hint – PMBOK 5, Page 317, Risk categories

(8) Decision trees are best used for –

- Determining the interaction of the amount at stake and the expected value
- Association of the probabilities with the risk events
- Calculating the average outcome when the future includes scenarios that may or may not happen
- A flow chart which determines the standard deviation of the risk event

Answer – C

Hint – PMBOK 5, Page 339 Decision tree analysis

(9) The total amount of risk that is calculated for a project is found by

- Multiplying the sum of each the risk times the amount at stake
- Calculating the cumulative sum of the probability for each risk and multiplying this value times the consequence of occurrence of the risk events
- Cannot be calculated since all risks are not known
- The amount of project reserves available

Answer – B

Hint – PMBOK 5, Page 339 Decision tree analysis

(10) The strategy used under Strategies for Positive Risks or Opportunities that is used to increase the probability and/or the positive impacts of an opportunity is called.

- Share
- Accept
- Enhance
- Exploit

Answer – C

Hint – PMBOK 5, Page 346

(11) For the following processes of Project Risk Management–

1. Plan Risk Management
2. Perform Qualitative Risk Analysis
3. Identify Risks
4. Perform Quantitative Risk Analysis
5. Plan Risk Responses
6. Control Risks

The correct sequence is –

- A.1–2–3–4–5–6
- B.1–3–2–4–5–6
- C.1–3–4–2–5–6
- D.3–1–2–4–5–6

Answer –B

Hint – PMBOK 5, Page 309

(12) The process of implementing risk responses plans, tracking identified risks, monitoring residual risks, identifying new risks, and evaluating risk process effectiveness throughout the project is called?

- Plan Risk Responses
- Control Risks
- Identify Risks
- Perform Qualitative Risk Analysis

Answer – B

Hint – PMBOK 5, Page 309

(13) The measure along the level of uncertainty or the level of impact at which a stakeholder may have a specific interest. Below that, the organization will accept the risk, and above this measure the organization will not accept the risk. It is known as

- Risk Threshold
- Risk Appetite
- Risk Tolerance
- None of the above

Answer – A

Hint – PMBOK 5, Page 311

(14)

Which of the following tools and techniques is not used in the process of Identify Risks

- SWOT Analysis
- Diagramming Techniques
- Checklist Analysis
- Risk Categorization

Answer – D

Hint – PMBOK 5, Page 312, Sec 11.2

(15) The tools and techniques used in the process of Plan Risk Responses includes all except

- Contingent Response Strategies
- Risk and Impact Matrix
- Strategies for positive risks or opportunities
- Expert Judgment

Answer – B

Hint – PMBOK 5, Page 312, Sec 11.5

(16) A stakeholder risk profile analysis may be performed to grade and qualify the project stakeholder risk appetite and tolerance. The activity is an example of which technique used in the process of Plan Risk Management

- Meetings
- Expert Judgment
- Analytical Techniques
- Both B& C

Answer – C

Hint – PMBOK 5, Page 315, Sec 11.1.2.1

(17) The Risk Management Plan, which is the outcome of the process Plan Risk Management includes all except

- Methodology
- Roles and Responsibilities
- Budgeting
- Tracking

Answer – D

Hint – PMBOK 5, Page 316, 11.1.3.1

(18) The technique used under the Quantitative Risk Analysis which is a statistical concept that calculates the average outcome when the future includes scenarios that may or may not happen is known as

- Sensitivity Analysis
- Expected Monetary value Analysis
- Modeling and Simulation
- Expert Judgment

Answer – B

Hint – PMBOK 5, Page 339

(19)

The technique used under the Quantitative Risk Analysis that translates the specified detailed uncertainties of the project into their potential impact on project activities is

called

- Expected Monetary value Analysis
- Modeling and Simulation
- Expert Judgment
- Sensitivity Analysis

Answer – B

Hint – PMBOK 5, Page 340

(20) A risk response strategy used under tool of Strategies for negative Risks or Threats through which the project team decides to acknowledge the risk and not take any action unless the risk occurs is called

- Mitigate
- Transfer
- Accept
- Avoid

Answer – C

Hint – PMBOK 5, Page 345