

Self-Assessment Questions for Module 11 Project Risk Management

Question 1: Julia has just presented her risk management strategy to her project sponsor. The project sponsor is very happy with the strategy but has asked Julia to setup a Management Reserve as well. What type of project risks are handled by the Management Reserves?

- A.) Known risks
- B.) Unknown risks
- C.) Mitigated risks
- D.) Transferred risks

Question 2: Anne is currently analyzing her project risks. She wishes to quickly assign relative probabilities to these risks in order to prioritize them. Which of the following processes assigns relative probabilities to the identified project risks?

- A.) Plan Risk Responses
- B.) Perform Quantitative Risk Analysis
- C.) Perform Qualitative Risk Analysis
- D.) Identify Risks

Question 3: Carol is currently planning her project risk responses. There is a huge risk of cost variation due to some of the present economic conditions in the country. This situation cannot be avoided because Carol doesn't have any control over it. In addition, she doesn't have any control over influencing the probability or the impact of this risk. This is also not a type of risk that can be insured. What should Carol do in this situation?

- A.) Accept the risk
- B.) Mitigate the risk
- C.) Transfer the risk
- D.) Avoid the risk

Question 4: Which of the following statements regarding Expected Monetary Value analysis (EMV) is incorrect?

- A.) It calculates a statistical average of the probable outcome of risk events.
- B.) It requires a risk-neutral approach.
- C.) It can be used in decision tree analysis.
- D.) It calculates the impact of risks that have already occurred.

Question 5: George has identified his project risks. He now wants to determine which risks have the most significant impact. This will consist of analyzing the effects of various risks on project objectives by keeping all the uncertain elements at their baseline values. Which of the following tools can help George conduct this analysis?

- A.) Fishbone Diagram
- B.) Flowchart
- C.) Tornado Diagram
- D.) Pareto Chart

Question 6: James has just finished documenting a list of his project risks. He now wants to analyze his company's strengths and capabilities to deal with these risks. Which of the following techniques can help James determine these strengths and capabilities and analyze the organizational environment?

- A.) Expert Judgment
- B.) SWOT Analysis
- C.) Brainstorming
- D.) Checklist Analysis

Question 7: Which of the following statements regarding the Perform Qualitative Risk Analysis and the Perform Quantitative Risk Analysis processes is correct?

- A.) The Perform Quantitative Risk Analysis process assigns relative probabilities while the Perform Qualitative Risk Analysis process assigns numerical probabilities to the project risks.
- B.) The Perform Qualitative Risk Analysis process assigns relative probabilities while the Perform Quantitative Risk Analysis process assigns numerical probabilities to the project risks.
- C.) The Perform Qualitative Risk Analysis process is a mandatory process to be performed on every project, while the Perform Quantitative Risk Analysis process is an optional process.
- D.) The Perform Quantitative Risk Analysis process is a mandatory process to be performed on every project, while the Perform Qualitative Risk Analysis process is an optional process.

Question 8: Which of the following updates to the Risk Register are not performed during the Perform Qualitative Risk Analysis process?

- A.) Relative ranking of risks
- B.) Categorization of risks
- C.) List of risks for additional analysis
- D.) List of potential responses

Question 9: John is currently planning for his project risks. He has documented the risk categories and has obtained approved definitions for the risk probability and impact. In addition, he has developed a Probability and Impact Matrix that will help in prioritizing project risks. Which of the following processes should he perform next?

- A.) Identify Risks
- B.) Perform Qualitative Risk Analysis
- C.) Perform Quantitative Risk Analysis
- D.) Control Risks

Question 10: Which of the following tools and techniques compares the amount of remaining contingency reserves to the amount of remaining project risk, in order to determine the sufficiency of the remaining contingency reserves?

- A.) Risk Reassessment
- B.) Reserve Analysis
- C.) Technical Performance Measurement
- D.) Variance and Trend Analysis

Question 11: Cindy is managing a small building construction project. This is a six month long project. The project has a rigid time deadline. Some heavy rains are expected in the next couple of months and Cindy is worried that this might affect the schedule of the project. Heavy rains in this scenario are an example of?

- A.) Assumption
- B.) Constraint
- C.) Unknown risk
- D.) Known risk

Question 12: Linda is currently performing the Control Risks process for her project. She determines that some of the project risks listed in the Risk Register have become outdated. What should be done to these risks?

- A.) These risks need to be reassessed.
- B.) These risks need to be transferred to the Risk Watch List.
- C.) These risks need to be closed.
- D.) These risks need to be documented as Lessons Learned.

Question 13: Which of the following regarding project risks is incorrect?

- A.) Project risks are always in future.
- B.) Project risks are always uncertain.
- C.) Every project risk must be mitigated.
- D.) A project risk may have multiple causes.

Question 14: Gordon is managing a process improvement project. There are a number of project risks involved. Gordon wants to document as many risks as possible in order to have a robust Risk Management Plan. He is reviewing some events and the possible variables that affect these events. Which of the following tools should Gordon use that can help him analyze the effects of different variables on these events?

- A.) Influence Diagram
- B.) Cause and Effect Diagram
- C.) Flowchart
- D.) Histogram

Question 15: Jim is currently managing a construction project. The project is in its execution phase and the project customer has just announced that if Jim can complete the project two months earlier, Jim's company will receive a 50% bonus on top of the agreed contract fee. If this goal is achievable, what would be the best strategy for Jim?

- A.) Exploit the opportunity
- B.) Share the opportunity
- C.) Enhance the opportunity
- D.) Accept the opportunity

Answer Sheet for Self-Assessment 11

Question Number	My Answer	Correct	Incorrect
Question 01		<input type="checkbox"/>	<input type="checkbox"/>
Question 02		<input type="checkbox"/>	<input type="checkbox"/>
Question 03		<input type="checkbox"/>	<input type="checkbox"/>
Question 04		<input type="checkbox"/>	<input type="checkbox"/>
Question 05		<input type="checkbox"/>	<input type="checkbox"/>
Question 06		<input type="checkbox"/>	<input type="checkbox"/>
Question 07		<input type="checkbox"/>	<input type="checkbox"/>
Question 08		<input type="checkbox"/>	<input type="checkbox"/>
Question 09		<input type="checkbox"/>	<input type="checkbox"/>
Question 10		<input type="checkbox"/>	<input type="checkbox"/>
Question 11		<input type="checkbox"/>	<input type="checkbox"/>
Question 12		<input type="checkbox"/>	<input type="checkbox"/>
Question 13		<input type="checkbox"/>	<input type="checkbox"/>
Question 14		<input type="checkbox"/>	<input type="checkbox"/>
Question 15		<input type="checkbox"/>	<input type="checkbox"/>
Total Number			
% Correct		_____ %	

To calculate the % correct, divide the "total correct" by 0.15. Example: If you have 13 correct then calculate $13 / 0.15 = 86.6\%$

Answers for Self-Assessment 11

Question Number	Correct Answer
Question 01	B
Question 02	C
Question 03	A
Question 04	D
Question 05	C
Question 06	B
Question 07	B
Question 08	D
Question 09	A
Question 10	B
Question 11	D
Question 12	C
Question 13	C
Question 14	A
Question 15	A

Answers & Explanations for Self-Assessment 11

Question 1: Julia has just presented her risk management strategy to her project sponsor. The project sponsor is very happy with the strategy but has asked Julia to setup a Management Reserve as well. What type of project risks are handled by the Management Reserves?

- A.) Known risks
- B.) Unknown risks
- C.) Mitigated risks
- D.) Transferred risks

Correct answer is **B**

Explanation: Unknown project risks are handled by the management reserves.

Reference: PMBOK Guide 5th Edition, page 310

Question 2: Anne is currently analyzing her project risks. She wishes to quickly assign relative probabilities to these risks in order to prioritize them. Which of the following processes assigns relative probabilities to the identified project risks?

- A.) Plan Risk Responses
- B.) Perform Quantitative Risk Analysis
- C.) Perform Qualitative Risk Analysis
- D.) Identify Risks

Correct answer is **C**

Explanation: Anne wants to assign relative probabilities. Such probabilities are based on ordinal scale. The Perform Qualitative Risk Analysis process assigns these probabilities to the identified project risks.

Reference: PMBOK Guide 5th Edition, page 328

Question 3: Carol is currently planning her project risk responses. There is a huge risk of cost variation due to some of the present economic conditions in the country. This situation cannot be avoided because Carol doesn't have any control over it. In addition, she doesn't have any control over influencing the probability or the impact of this risk. This is also not a type of risk that can be insured. What should Carol do in this situation?

- A.) Accept the risk
- B.) Mitigate the risk
- C.) Transfer the risk
- D.) Avoid the risk

Correct answer is **A**

Explanation: In this situation, Carol cannot avoid, mitigate or transfer the risk. She doesn't have a choice so she must accept the risk.

Reference: PMBOK Guide 5th Edition, page 345

Question 4: Which of the following statements regarding Expected Monetary Value analysis (EMV) is incorrect?

- A.) It calculates a statistical average of the probable outcome of risk events.
- B.) It requires a risk-neutral approach.
- C.) It can be used in decision tree analysis.
- D.) It calculates the impact of risks that have already occurred.

Correct answer is **D**

Explanation: EMV only takes into account future risks. It doesn't calculate the impact of risks that have already occurred. Risks that have already occurred are considered issues.

Reference: PMBOK Guide 5th Edition, page 339

Question 5: George has identified his project risks. He now wants to determine which risks have the most significant impact. This will consist of analyzing the effects of various risks on project objectives by keeping all the uncertain elements at their baseline values. Which of the following tools can help George conduct this analysis?

- A.) Fishbone Diagram
- B.) Flowchart
- C.) Tornado Diagram
- D.) Pareto Chart

Correct answer is **C**

Explanation: George wants to conduct a Sensitivity Analysis. A Tornado Diagram is a typical display of sensitivity analysis.

Reference: PMBOK Guide 5th Edition, page 338

Question 6: James has just finished documenting a list of his project risks. He now wants to analyze his company's strengths and capabilities to deal with these risks. Which of the following techniques can help James determine these strengths and capabilities and analyze the organizational environment?

- A.) Expert Judgment
- B.) SWOT Analysis
- C.) Brainstorming

D.) Checklist Analysis

Correct answer is **B**

Explanation: James wants to analyze the organization's strengths and weaknesses in relation to the identified risks. A SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis is the tool that can help James with this activity.

Reference: PMBOK Guide 5th Edition, page 326

Question 7: Which of the following statements regarding the Perform Qualitative Risk Analysis and the Perform Quantitative Risk Analysis processes is correct?

- A.) The Perform Quantitative Risk Analysis process assigns relative probabilities while the Perform Qualitative Risk Analysis process assigns numerical probabilities to the project risks.
- B.) The Perform Qualitative Risk Analysis process assigns relative probabilities while the Perform Quantitative Risk Analysis process assigns numerical probabilities to the project risks.
- C.) The Perform Qualitative Risk Analysis process is a mandatory process to be performed on every project, while the Perform Quantitative Risk Analysis process is an optional process.
- D.) The Perform Quantitative Risk Analysis process is a mandatory process to be performed on every project, while the Perform Qualitative Risk Analysis process is an optional process.

Correct answer is **B**

Explanation: No process in the PMBOK Guide is mandatory. Every project team can determine which processes need to be applied to a specific project. The difference between these processes is that the Perform Qualitative Risk Analysis process assigns relative probabilities to the project risks, while the Perform Quantitative Risk Analysis process assigns numerical probabilities to the project risks.

Reference: PMBOK Guide 5th Edition, pages 328, 333

Question 8: Which of the following updates to the Risk Register are not performed during the Perform Qualitative Risk Analysis process?

- A.) Relative ranking of risks
- B.) Categorization of risks
- C.) List of risks for additional analysis
- D.) List of potential responses

Correct answer is **D**

Explanation: Potential risk responses are updated in the Risk Register during the Identify Risks process. Their responses are updated again during the Plan Risk Responses process. However, these updates are not performed during the Perform Qualitative Risk Analysis process.

Reference: PMBOK Guide 5th Edition, page 333

Question 9: John is currently planning for his project risks. He has documented the risk categories and has obtained approved definitions for the risk probability and impact. In addition, he has developed a Probability and Impact Matrix that will help in prioritizing project risks. Which of the following processes should he perform next?

- A.) Identify Risks
- B.) Perform Qualitative Risk Analysis
- C.) Perform Quantitative Risk Analysis
- D.) Control Risks

Correct answer is **A**

Explanation: Risk categories, definitions for risk probability and impact, and the Probability and Impact Matrix are part of the Risk Management Plan. This means that John has completed the Plan Risk Management process and should start the Identify Risks process next.

Reference: PMBOK Guide 5th Edition, page 319

Question 10: Which of the following tools and techniques compares the amount of remaining contingency reserves to the amount of remaining project risk, in order to determine the sufficiency of the remaining contingency reserves?

- A.) Risk Reassessment
- B.) Reserve Analysis
- C.) Technical Performance Measurement
- D.) Variance and Trend Analysis

Correct answer is **B**

Explanation: The contingency reserves are the funds available to the project team to deal with the project risks. Reserve Analysis is the technique that compares the amount of contingency reserves available with the project risk remaining, at the time of the analysis.

Reference: PMBOK Guide 5th Edition, page 352

Question 11: Cindy is managing a small building construction project. This is a six month long project. The project has a rigid time deadline. Some heavy rains are expected in the next couple of months and Cindy is worried

that this might affect the schedule of the project. Heavy rains in this scenario are an example of?

- A.) Assumption
- B.) Constraint
- C.) Unknown risk
- D.) Known risk

Correct answer is **D**

Explanation: The heavy rains in this scenario are uncertain events that might affect the schedule. This is an example of project risk. Since Cindy is aware of this risk, it is a known risk.

Reference: PMBOK Guide 5th Edition, page 310

Question 12: Linda is currently performing the Control Risks process for her project. She determines that some of the project risks listed in the Risk Register have become outdated. What should be done to these risks?

- A.) These risks need to be reassessed.
- B.) These risks need to be transferred to the Risk Watch List.
- C.) These risks need to be closed.
- D.) These risks need to be documented as Lessons Learned.

Correct answer is **C**

Explanation: The Risk Register must be kept updated and accurate as of the Review Date. All the outdated risks need to be closed in the Risk Register.

Reference: PMBOK Guide 5th Edition, page 354

Question 13: Which of the following regarding project risks is incorrect?

- A.) Project risks are always in future.
- B.) Project risks are always uncertain.
- C.) Every project risk must be mitigated.
- D.) A project risk may have multiple causes.

Correct answer is **C**

Explanation: Every project risk may be either mitigated, avoided, transferred or accepted. Selection of the appropriate strategy varies from situation to situation. It is not a good project management practice trying to mitigate each and every project risk.

Reference: PMBOK Guide 5th Edition, pages 310, 344

Question 14: Gordon is managing a process improvement project. There are a number of project risks involved. Gordon wants to document as many

risks as possible in order to have a robust Risk Management Plan. He is reviewing some events and the possible variables that affect these events. Which of the following tools should Gordon use that can help him analyze the effects of different variables on these events?

- A.) Influence Diagram
- B.) Cause and Effect Diagram
- C.) Flowchart
- D.) Histogram

Correct answer is **A**

Explanation: Influence Diagrams are graphical representations of situations showing causal influences, time ordering of events, and other relationships among variables and outcomes. This is the best tool among the given answer choices to analyze the effects of different variables on the events being reviewed.

Reference: PMBOK Guide 5th Edition, page 325

Question 15: Jim is currently managing a construction project. The project is in its execution phase and the project customer has just announced that if Jim can complete the project two months earlier, Jim's company will receive a 50% bonus on top of the agreed contract fee. If this goal is achievable, what would be the best strategy for Jim?

- A.) Exploit the opportunity
- B.) Share the opportunity
- C.) Enhance the opportunity
- D.) Accept the opportunity

Correct answer is **A**

Explanation: Exploiting is the most aggressive technique in comparison to the others. It tries to ensure that an opportunity is realized.

Reference: PMBOK Guide 5th Edition, page 345

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