



Input paper: CoS1.8.2.5

Input paper for Change of Status Working Group

Purpose of paper:

- ☐ Input
- ☐ Information

Agenda item

8.2.5

Author

Secretariat

Change of Status Project – Risk Register

1 Summary

This paper introduces the Change of Status Risk Register, which was initially prepared by the IALA Legal Advisory Panel (LAP) at its second extraordinary meeting (EX LAP 2), held in Paris in March 2014.

The Change of Status Working Group has been tasked by Council to identify and manage the potential risks associated with the delivery of activities related to IALA's change of status.

1.1 Purpose of the document

The Change of Status Risk Register is one mechanism via which the Change of Status Working Group can fulfil the tasks set for it by Council. The Risk Register will be a working document that will be reviewed regularly.

1.2 Related documents

The Change of Status Working Group Terms of Reference

Change of Status Project Initiation Document

2 Background

Management of risk is part of the on-going activity of the IALA Council. To assist Council the LAP regularly considers IALA's activities, and the environment in which IALA operates, and identifies risks that IALA may face.

Using a modern risk management approach LAP identifies risks and related controls and treatments before assigning a pre- and post- treatment risk estimation, which is then monitored over time. Where risks remain too high post-treatment, steps are taken, where practicable, to reduce the risk level further.

During EX LAP 2 it was agreed that the proposed change of status for IALA was a significant change to the operation of IALA, and as such warranted creation of a standalone risk register. The Change of Status Risk Register, which is provided at Annex A, was produced by EX LAP 2 and last updated in April 2014.

3 Discussion

3.1 Project risks

The Change of Status Project Initiation Document identifies that there will be risks related to the change of status project as a whole and also risks associated with the individual tasks that will be undertaken as part of the project.

The Risk Register at Annex A may deal with the first of these – that is, overarching risks related to a change of status, but was not developed with the current Change of Status Project specifically in mind. Accordingly, the Risk Register will need to be reviewed and updated to include any new high level risks associated with the Change of Status Project.

3.2 Task risks

In addition, the Change of Status Project identifies a number of separate activities that will be required to be undertaken to assist Council progress IALA toward IGO status.

It will be necessary to assess the risks associated with these individual tasks, and to include these risks and their related controls and treatments in the Change of Status Risk Register.

3.3 Management of risks – IALA approach

Risk management is a central part of any organisation's strategic management. It applies equally to the public and private sector. It is the process whereby organisations methodically identify and address the risks attaching to their activities.

Good corporate governance requires that organisations adopt a methodical approach to risk management which:

- protects the interests of their stakeholders;
- ensures that the Board of Directors (in IALA's case the Council) discharges its duties to direct strategy and monitor performance of the organisation; and
- ensures that internal management controls are in place, are performing adequately to facilitate the achievement of the organisation's objectives and enhanced where necessary.

The risks facing an organisation and its operations can result from factors both external and internal to the organisation. Risks are often categorised or grouped into types of risk such as strategic, financial, operational and hazard, as recommended by FERMA. The IALA Change of Status Risk Register adopts this method of categorisation.

The IALA risk management process follows a recognized approach as shown in the Risk Register. The process:

- describes each risk which has been identified, and its various aspects
- sets out the consequences for IALA of the risk being realized
- analyses and estimates the probability and impact of the risk being realized (against set criteria shown at the end of the register) prior to any internal controls being applied, often described as 'the raw risk'
- considers how the risk is currently mitigated
- re-assesses the risk in terms of probability and impact in the light of those internal controls being applied (against the same criteria), the result of which is often described as the 'residual risk'
- considers whether any additional controls are required to mitigate the risk further, and
- assigns ownership or responsibility for each risk to an individual or body within the organisation. Accountability helps to ensure that 'ownership' of the risk is recognised and appropriate management resources are allocated accordingly.

The use of arrows against each risk on the Register (other than new risks) shows whether the level of risk is rising, falling or static.

4 Action requested of the Working Group

The Working Group is requested to:

- 1 Consider the Change of Status Risk Register to:
 - a. identify any additional project risks that should be included

- b. suggest variations to the already existing risks, consequences and controls and treatments
 - c. assess the current risk estimations and make suggestions as to whether these should be increased or decreased
- 2 Consider the tasks that have been identified in the Change of Status Project Initiation Document to:
- a. identity task specific risks that should be included in the Risk Register
 - b. suggest consequences and controls and treatments in place for these risks
 - c. suggest risk estimations for these risks
 - d. propose actions to reduce these risks, where necessary and practicable
 - e. assign ownership for these risks.

ANNEX A

1 CHANGE OF STATUS RISK REGISTER

IALA CHANGE OF STATUS PROJECT RISK REGISTER

Last Update: 1 April 2014

No.	Risk Description	Consequence	* Risk Estimation (Prior to Mitigation)		Control & Treatment	Risk Estimation (Post Mitigation)		Additional Actions (to reduce further the likelihood of adverse events and mitigate residual impact if they do occur)	**Residual Risk: Reported to & Owned/ Monitored by:
			Probability	Impact		Probability	Impact		
1	Membership i) loss of existing members ii) loss of industrial members (greater than normal turnover levels)	Loss of income Loss of influence Govts do not allow industrial members to join Loss of experience & knowledge	High	Very High	Propose suitable model in Draft International Agreement & General Regulations to be presented to Governments IALA to seek to be involved in Inter-Governmental diplomatic process to finalise Agreement Agreement to provide for deposit of sufficient number of instruments including that of	Low	High	Effective change management and communications strategy with existing membership. International legal advice Promotion of the benefits of IALA IGO membership to	Secretary General

No.	Risk Description	Consequence	* Risk Estimation (Prior to Mitigation)		Control & Treatment	Risk Estimation (Post Mitigation)		Additional Actions (to reduce further the likelihood of adverse events and mitigate residual impact if they do occur)	**Residual Risk: Reported to & Owned/ Monitored by:
			Probability	Impact		Probability	Impact		
			High	High	<p>Host Nation before entry into force</p> <p>Transitional arrangements so that Governments that do not sign may continue as Affiliate Members</p> <p>Consultation and close liaison with IMC regarding options for industry members</p> <p>Adoption of models used by other IGOs where different membership categories are in place eg. ILO</p>	Low	High	increase memberships in the longer term	
2	Financial Costs of Operation (NB IGO status may lead to a less onerous fiscal regime for IALA)	<p>Larger Secretariat required eg. more technical staff needed.</p> <p>Potential requirement for more official languages</p>	High	Very High	<p>Draft International Agreement and General Regulations</p> <p>Headquarters Agreement with Host Nation</p> <p>Less onerous fiscal regime consequent upon IGO status</p>	Med	Med	Review of future structure	Council

No.	Risk Description	Consequence	* Risk Estimation (Prior to Mitigation)		Control & Treatment	Risk Estimation (Post Mitigation)		Additional Actions (to reduce further the likelihood of adverse events and mitigate residual impact if they do occur)	**Residual Risk: Reported to & Owned/ Monitored by:
			Probability	Impact		Probability	Impact		
3	Loss of Flexibility	<p>Lengthier processes to gain agreement to recommendations and standards.</p> <p>Limitation on the issues that IALA can choose to allocate to Committees.</p>	Very High	High	<p>Development of Draft International Agreement & General Regulations as per 1. Above</p> <p>Adoption of modern, adaptable working arrangements</p>	Med	Med	Review of Future Structure	Council
4.	AtoN providers may be replaced by increased bureaucratic influence	<p>Technical representatives may be replaced by diplomats at meetings.</p> <p>Meetings become more bureaucratic</p> <p>Output documents are weaker</p>	Med	High	Draft International Agreement to ensure that member states are represented by their AtoN providers' authorities	Med	Med	<p>IALA part of diplomatic process as lead consultee.</p> <p>Course of action adopted by Denmark to explain position to Danish Parliament.</p>	Council

No.	Risk Description	Consequence	* Risk Estimation (Prior to Mitigation)		Control & Treatment	Risk Estimation (Post Mitigation)		Additional Actions (to reduce further the likelihood of adverse events and mitigate residual impact if they do occur)	**Residual Risk: Reported to & Owned/ Monitored by:
			Probability	Impact		Probability	Impact		
5.	Winding up of IALA is challenged	Current IALA remains in being longer than is necessary with some additional cost.	Med	Med	French legal advice Understanding of steps to be taken Robust transition arrangements	Low	Low	Ensure due diligence approach	Council
6.	Relationship with IMO	Recognition by IMO may not be forthcoming. Potential loss of influence or credibility if so Lack of clear parameters between organisations Conflict between bodies	Med	High	Part of a trilogy (IMO & IHO) Understanding of the remit of IMO within IALA Close liaison with senior IMO officials	Low	Low	Clear framework for the future in terms of respective responsibilities · MOUs with IMO and IHO	Secretary General

No.	Risk Description	Consequence	* Risk Estimation (Prior to Mitigation)		Control & Treatment	Risk Estimation (Post Mitigation)		Additional Actions (to reduce further the likelihood of adverse events and mitigate residual impact if they do occur)	**Residual Risk: Reported to & Owned/ Monitored by:
			Probability	Impact		Probability	Impact		
7.	Diplomatic process	Loss of control by current IALA resulting in a new organisation different from that intended	High	High	Sign-off of draft International Agreement by Council before the diplomatic process starts	Med	High	IALA to monitor and seek withdrawal if necessary	Council

Key:

* Probability of Occurrence is calculated according to the table below:

** Named individual responsible for managing each risk

Probability of Occurrence and Impact

Estimation ^x	Description	Indicators	Consequence of Impact
Very High	Very likely to occur within 1 year or more than 80% chance of occurrence.	Has occurred within last 1 to 2 years.	Financial impact on IALA likely to exceed 250,000 EUR Major impact on IALA strategic plans and delivery of operational services Major political and stakeholder concern Very low defensibility of realisation of risk Reinstatement to pre-risk condition extremely difficult requiring considerable resources and possible additional funding
High	Likely to occur every 1 to 2 years or 50% to 80% chance of occurrence.	Potential of it occurring within 5 years Has occurred.	Financial impact on IALA likely to be in region of 100,000 to 250,000 EUR Significant impact on IALA strategic plans and delivery of operational services Significant political and stakeholder concern Low defensibility of realisation of risk Reinstatement to pre-risk condition requiring commitment of a high level of resources.
Medium	Possibility of occurrence in 10-year period or 20% to 50% chance of occurrence.	Has occurred, to varying degrees, within last 10 years History of some occurrence.	Financial impact on IALA likely to be in region of 25,000 to 100,000 EUR Moderate impact on IALA strategic plans and delivery of operational services Moderate stakeholder impact/concern Some defensibility of realisation of risk probable Reinstatement to pre-risk condition possible with the commitment of a moderate level of resources.
Low	Unlikely to occur in a 10 year period or 10% to 20% chance of occurrence.	Has not occurred in last 10 years Low history of occurrence.	Financial impact of IALA likely to be in the region of 5,000 to 25,000 EUR Low impact on IALA strategic plans and delivery of operational services Low stakeholder impact/concern Defensibility of realisation of risk likely Reinstatement to pre-risk condition likely to be achieved with the minimum commitment of resources.
Very Low	Highly unlikely to occur in a 20 year period or less than 10% chance of occurrence.	Has not occurred Occurrence more than 20 years ago.	Financial impact on IALA likely to be below 5,000 EUR Very low (if any) impact on IALA strategic plans and delivery of operational services Little (if any) stakeholder concern/impact Excellent prospect of defensibility of realisation of risk Reinstatement to pre-risk condition very likely to be achieved.