

Agenda item 10 – OTHER IALA GROUPS

10.1 Legal Advisory Panel (LAP)

10.1.2 IALA Risk Register

Note by the Legal Advisory Panel

1. Executive summary: The document C60-10.1.2.2 provides Council with a briefing on the current IALA Risk Register. A copy of the Register is attached.

2. Background: LAP first prepared a *List of IALA's Main Activities and Associated Risks* in May 2007, noting that the risks were for the most part of a legal / liability nature. The document listed the mitigation in place against each risk; the level of risk in terms of low, medium or high; and any action required. The document has since been reviewed by LAP meetings, updated and enhanced as necessary in line with best practice and passed to Council for information. The format of the Register follows internationally recognised standards including those of the Federation of European Risk Management Associates (FERMA).

3. Detail: Risk management is a central part of any organisation's strategic management. It is the process whereby organisations methodically identify and address the risks attaching to their functions and the achievement of their objectives.

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

- *protects the interests of their stakeholders;*
- *protects the professional reputation or public perception of the organisation;*
- *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 Risk Register adopts this method of categorisation.

The IALA risk management process follows a recognised 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 realised;

- analyses and estimates the probability and impact of the risk being realised (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.

The results of this process show that IALA has few residual risks, which are greater than 'low' or 'medium'.

The key changes identified to the register as a result of the latest review by LAP14 are:

- (i) An overall reduction in the level of the strategic risks having regard inter alia to the decision of the General Assembly to move ahead with the change of status project and the establishment of a Change of Status Advisory Group (The change of status risk itself has fallen for these reasons);
- (ii) The removal of the Competent Pilotage Forum risk as it is no longer relevant;
- (iii) The approval and introduction of a new IALA Document Scheme as a mitigator in terms of IALA's operational risks;
- (iv) Work to develop pro-forma contracts for IALA experts and others providing advice.

The new operational risk identified at the last review, namely the potential loss of expertise as a result of the change in Secretary General, has reduced significantly from high to medium post mitigation. It is anticipated that it will be possible to remove this risk at the next review in the autumn.

The overall level of risk faced by the organisation is assessed as static or falling.

There is a separate risk register for the change of status project itself, which will be covered by the Secretary General in his report on the project.

4. Action requested from Council: Council is invited to:

- (i) note this report and the accompanying Risk Register (input paper C60-10.1.2.2);
- (ii) consider what, if any, additional actions should be instigated to reduce the residual risks shown in the Register; and
- (iii) provide any comments it considers appropriate to LAP.