

IALA COUNCIL
59th session

9-10 December 2014
IALA Headquarters

Agenda item 9 – OTHER AILA GROUPS

9.1 – Legal Advisory Panel (LAP)

9.1.2 - IALA Risk Register

Note from the Legal Advisory Panel (LAP)

1. Executive summary: This document 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 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 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 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.

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

The key changes identified to the register as a result of this review 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;
- (ii) Recognition that the risks associated with the late payment of fees will reduce with the change in IALA's legal status (this has already been evidenced by the decision of Canada to rejoin the organisation);
- (iii) A continued reduction in the risks associated with the global financial crisis;
- (iv) The introduction of a documentation policy as a mitigator in terms of IALA's operational risks.

One new operational risk has been identified, namely the potential loss of expertise as a result of the forthcoming change in Secretary General. A robust recruitment process has, however, been put in place to ensure that the risk will be mitigated as far as possible. There will also be a handover process. It is anticipated that it will be possible to remove this risk within the next 12 months.

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

4. Recommendation: Council is invited to:

- (i) note this report and the accompanying Risk Register;
- (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.

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