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STRATEGY, PLANNING AND REFORM

Status report on the progress of the Risk Management Process

Submitted by the Secretary-General

SUMMARY

Executive summary: This document provides a progress report on the implementation of the risk management framework, including relevant updates on the risk management exercise for the 2014-2015 biennium

Strategic direction: 4

High-level action: 4.0.4

Planned output: 4.0.4.1

Action to be taken: Paragraph 13

Related documents: C 112/D, paragraph 3.3, C 112/3; C 110/3/5 and C 110/WP.3

Background

1 The Council will recall that, at its 112th session, it considered the report of the sixth session of the Council Risk Review, Management and Reporting Working Group, providing, inter alia, the outcome of the Secretariat's risk management exercise for the 2014-2015 biennium. This document provides a progress report on the implementation of risk management within the Secretariat, as well as information on the current risk management exercise as requested by the Council at its 112th session.

2 When considering the progress made regarding the implementation of the risk management process, it is important to recall the objective of risk management as presented in the Risk Management Framework and the Context Document.

3 Risk Management is defined as a continuous and iterative process of identifying, assessing, managing and reporting on risks impacting the Organization's ability to meet its objectives. The main objective of the risk management process is to control or prevent the adverse impact emanating from these foreseeable risk events. The result of this process cannot be the complete elimination of all possible risks, but the mitigation of risks to a level that is as low as reasonably practicable taking into account the suitability and cost-effectiveness of an additional mitigation.

4 Within this iterative process, some risk events will become irrelevant due to successful mitigation or other developments, while new risk events will be identified. Though it can be expected that there will be some similarities in the biennial exercises, every biennium will present some new risk events and some risk events with a changed assessment.

Risk management exercise for the 2014-2015 biennium

5 It has to be borne in mind that even though the risk management exercise for the 2014-2015 biennium was the third iteration of the risk management process, the scope changed with the development of the Secretariat's Business Plan. Furthermore, no risk management exercise took place in the 2012-2013 biennium due to the establishment of the Council Working Group on Prioritization. Therefore, this iteration indicates the beginning of a new process and is only partly a continuation of the previous risk management cycle.

6 The risk management exercise for the 2014-2015 biennium started with a review of the risk events identified during the last exercise in 2010. The review showed that no risk event identified in the last risk management exercise had had an adverse impact on the Organization's objectives. Twelve risk events were no longer relevant due to successful mitigation and only seven risk events were carried over to the present risk management exercise.

7 All the risk events carried over cover the continuous operational tasks of the Secretariat (e.g. preparation, running and support of IMO meetings; planning and delivery of technical cooperation; human resources; budgeting; ITC systems) that have to be monitored constantly and will likely remain a relevant risk in future iterations even though with changing priorities.

8 A positive development of the 2014 risk management exercise is that most of the risk events are identified as small or moderate risks, making the development of additional risk controls not immediately necessary. The risk control should therefore focus on the four risk events that are in the significant risk category (performance appraisal, ITC systems, GESAMP support and treasury placements). For these risk events, additional controls are already planned and are in the process of implementation.

Developments in the Risk Monitoring and Review Process

9 The Council's decision to limit the risk management process to the Secretariat's Business Plan clearly defined the future risk management scope and enabled the Secretariat to start working on a continuous monitoring mechanism.

10 In order to prevent any risk events from occurring and mitigate imminent risks in the future, the Secretariat is in the process of implementing a risk event database. This database will include the information covered in the risk event tables that were attached to the summary report on the outcome of the risk management exercise by the Secretariat. Additionally, the database will include a section to update the risk periodically during the biennium. This will enable the Secretariat to monitor the risk events and react appropriately.

11 At the end of every biennium, the Secretariat will conduct a final assessment of the current risk (impact and probability) and decide on the final status of each risk event to identify if it would still be relevant for the next biennium.

12 As the database is presently in the phase of implementation, the Secretariat will examine its functionality in the current biennium and integrate all necessary changes to ensure a fully working system for future risk management iterations.

Action requested of the Council

13 The Council is invited to note the progress report on the risk management process.
