



Audit, Risk & Assurance Committee

Date: Wednesday 29 September 2021

Time: 10.00 am **Public meeting** Yes

Venue: Room 116, West Midlands Combined Authority, 16 Summer Lane, Birmingham, B19 3SD

Membership

David Lane (Chair)

Councillor Ram Lakha OBE (Vice-Chair)

Councillor Carl Rice

Councillor Alan Butt

Councillor Dave Borley

Councillor Charn Padda

Councillor Gary Flint

Councillor Ken Meeson

Councillor Tom Baker- Price

Councillor John Kraujalis

Councillor Hayden Walmsley

Councillor Chris Schofield

Kate Shaw

Coventry City Council

Birmingham City Council

City of Wolverhampton Council

Dudley Metropolitan Council

Sandwell Metropolitan Borough Council

Walsall Metropolitan Borough Council

Solihull Metropolitan Borough Council

Worcestershire Non- Constituent Authorities

Staffordshire Non-Constituent Authorities

Warwickshire Non- Constituent Authorities

Shropshire Council -Non Constituent Authorities

Greater Birmingham and Solihull Local Enterprise Partnership

Quorum for this meeting shall be nine members. Of those, at least one member must be in attendance from five different constituent councils.

If you have any queries about this meeting, please contact:

Contact Wendy Slater, Senior Governance Services Officer
Telephone 0121 214 7016
Email wendy.slater@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages	Time
Meeting Business Items				
1.	Apologies for Absence	Chair	None	10:00
2.	Declarations of Interest Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).		None	
3.	Minutes - 19 April 2021	Chair	1 - 4	
4.	Chair's Remarks - Appointment of Independent Chair	Chair/Satish Mistry	None	
5.	Appointment of Vice-Chair - To receive nominations for the position of Vice-Chair	Chair	None	
6.	Forward Plan	Chair	5 - 6	
Business Items for Noting/Approval				
7.	Covid-19 Update -Employee Health and Wellbeing & New Ways of Working	Melanie Ganderton	7 - 12	10:20
8.	Health & Safety Annual Update	Ben Gittings	13 - 22	10:25
9.	Internal Audit Update	Peter Farrow	23 - 62	10:30
10.	Data Protection & Data Security Annual Update	Gurmit Sangha	63 - 68	10:35
11.	WMCA Strategic Risk Management Framework V1.0	Fiona Bebbington	69 - 122	10:40
12.	Annual Accounts 2020/21 for the West Midlands Combined Authority (a) Annual Accounts 2020/21 for the WMCA (covering report) (b) WMCA Annual Accounts (c) Audit Findings West Midlands Combined Authority (d) Letter of Representation	Linda Horne/Grant Thornton	To Follow	10:45

13.	Midland Metro Annual Accounts	Linda Horne/BDO	To Follow	
14.	Terms of Reference -Whistleblowing Panel	Satish Mistry/Lorraine Quibell	123 - 126	11:45
15.	Exclusion of the Public and Press To pass the following resolution: That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information)		None	
16.	Investigations and Whistleblowing Update Report	Peter Farrow	127 - 130	11:50
17.	Update from Whistleblowing meeting	Chair	Verbal Report	11:55

Date of Next Meeting - 2 November 2021

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Audit, Risk & Assurance Committee

Monday 19 April 2021 at 10.00 am

Minutes

Present

David Lane (Chair)	
Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Alan Butt	City of Wolverhampton Council
Councillor Michael Gough	Solihull Metropolitan Borough Council
Councillor Christine Martin	Staffordshire Non-Constituent Authorities
Councillor June Tandy	Nuneaton & Bedworth Borough Council
Councillor Alan Taylor	Dudley Metropolitan Borough Council
Councillor David Thain	Worcestershire Non-Constituent Local Authorities
Councillor Gurmeet Singh Sohal	Walsall Metropolitan Borough Council

In Attendance

Fiona Bebbington	West Midlands Combined Authority
Louise Cowen	West Midlands Combined Authority
Julia Goldsworthy	West Midlands Combined Authority
Victoria Harman	West Midlands Combined Authority
Helen Lillington	Grant Thornton
Tim Martin	West Midlands Combined Authority
Lorraine Quibell	West Midlands Combined Authority
Grant Patterson	Grant Thornton
Joti Sharma	West Midlands Combined Authority
Rachel Teoh	West Midlands Combined Authority

Item Title No.

71. Apologies for Absence

Apologies for absence were received from Sean Farnell (Coventry & Warwickshire LEP) and Councillor Ahmad Bostan (Sandwell Metropolitan Borough Council).

72. Minutes - 4 March 2021

The minutes of the meeting held on the 4 March 2021 were approved, subject to a correction of a minor typographical error with minute no. 64.

73. Chair's Remarks

The chair noted that both Deborah Cadman, Chief Executive and Tim Martin Monitoring Officer and Head of Governance would shortly be leaving the organisation and wished them both well in their new ventures. He also noted a potential change in legislation whereby remote meetings would no longer be able to take place. The Monitoring Officer and Head of Governance informed the committee that the organisation continued to work on contingency plans for consideration of future arrangements of meetings having to take place in person and would continue to update the chair of this matter.

74. Forward Plan

The committee considered the plan of items to be reported to future meetings. It was noted that the Risk Management Framework would be brought to the next meeting for consideration and approval. The chair also noted that following the departure of the Chief Executive the interim Chief Executive would be invited to a future committee to introduce themselves and proposed this for September 2021.

Resolved:

- (1) The forward plan of items to be reported to future meetings be noted.

75. Internal Audit Annual Report 2020 - 2021

The committee received a report providing them with an annual internal audit opinion on the adequacy and effectiveness of the Combined Authority's governance, risk management and internal control processes. The report also summarised the work completed by Internal Audit during 2020-2021 and noted that based on the work undertaken during the year that the authority had been provided with reasonable assurance on its adequate and effective governance, risk management and internal control processes. The Internal Audit Liaison Officer assured the committee that new processes had been put into place to ensure that follow up audits were completed in line with the timetable provided.

The chair requested that the Digital Retraining Fund Internal Audit be reported back at the next committee due to its number of amber recommendations.

Resolved:

- (1) The contents of the Internal Audit Annual Report 2020-2021 be noted.

76. Draft Annual Governance Statement

The committee received a report on the Annual Governance Statement which explained the processes and procedures in place to enable the Combined Authority to carry out its functions effectively as defined by CIPFA. It was noted that the close down of the financial year had not yet been completed and therefore a possibility that an unknown issue may arise and require comment of inclusion prior to final approval.

Resolved:

- (1) The draft Annual Governance Statement be approved.

77. External Audit Plan

The committee received a report from the External Auditors providing them with an overview of the planned scope and timing of statutory audits of the Combined Authority for those charged with Governance. The scope of the audit is set in accordance with the Code and International Standards on Auditing.

The External Auditor drew the committee's attention to the increase fee proposals and highlighted that this was due to new auditing standards and was subject to further discussions with the Finance Director.

Resolved:

- (1) The External Audit Plan for the year ending 31 March 2021 presented by Grant Thornton be noted.
- (2) The proposed fee increase for the year ending 31 March 2021 be noted.

78. Investigations and Whistleblowing Update

The Head of Governance and Monitoring Officer informed the committee that there were no new notification for the committee to be made aware of in relation to investigations and whistleblowing.

79. Date of Next Meeting

Monday 28 June 2021 at 10.00am.

The meeting ended at 10.35 am.

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AUDIT, RISK AND ASSURANCE COMMITTEE

COMMITTEE MEETING		REPORT AND AUTHOR	AGENDA SETTING MEETING	
<i>Date of Meeting</i>	<i>Date Final Reports to be submitted to Governance Services</i>		<i>Date of Meeting</i>	<i>Reports to Chair for review</i>
2 November 2021	22 October	<ul style="list-style-type: none"> • Internal Audit Report (Sandra Kalyan) • Q1 & Q2 Assurance Appraisal Report (Joti Sharma) • Verbal Update on contract issues arising from Digital Retraining Audit 2020/21 (Lorraine Quibell) • Update on resources for Annual Plan Business Plan Delivery (Linda Horne) • Internal Audit Charter (Lorraine Quibell) 	TBA (w/c 4 Oct)	w/c 11 Oct
18 January 2022	7 January	<ul style="list-style-type: none"> • Draft 2022/23 Internal Audit Plan (Sandra Kalyan) • External Audit Plan (Grant Thornton) • Strategic Risk Register (Victoria Harman) • 	TBA (w/c 13 Dec)	w/c 20 Dec
12 April 2022	1 April	<ul style="list-style-type: none"> • Internal Audit Report (Sandra Kalyan) • Final 2022/23 Internal Audit Plan (Sandra Kalyan) 	w/c 14 March	w/c 21 March

AUDIT, RISK AND ASSURANCE COMMITTEE

COMMITTEE MEETING		REPORT AND AUTHOR	AGENDA SETTING MEETING	
<i>Date of Meeting</i>	<i>Date Final Reports to be submitted to Governance Services</i>		<i>Date of Meeting</i>	<i>Reports to Chair for review</i>
		<ul style="list-style-type: none"> • Q3 Assurance and appraisal report (Joti Sharma) • Update on Equalities Scheme (Anna Sirmoglou) 		
<i>Note- new municipal year</i>		<ul style="list-style-type: none"> • Internal Audit Report (Sandra Kalyan) • Q4 Assurance and appraisal report (Joti Sharma) 	w/c 23 May	w/c 6 June
28 June 2022	17 June			



Audit, Risk & Assurance Committee

Date	29 September 2021
Report title	COVID-19 Update – Employee Health & Well-Being and new ways of working
Accountable Chief Executive	Laura Shoaf, Interim Chief Executive
Accountable Employee	Mel Ganderton, Interim Head of HR
Report has been considered by	Linda Horne, Finance Director

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Note the COVID-19 Update

1. Purpose

The purpose of the report is to provide an update on COVID-19 in relation to supporting employee health and well-being and outlining the future approach with regard to flexible working.

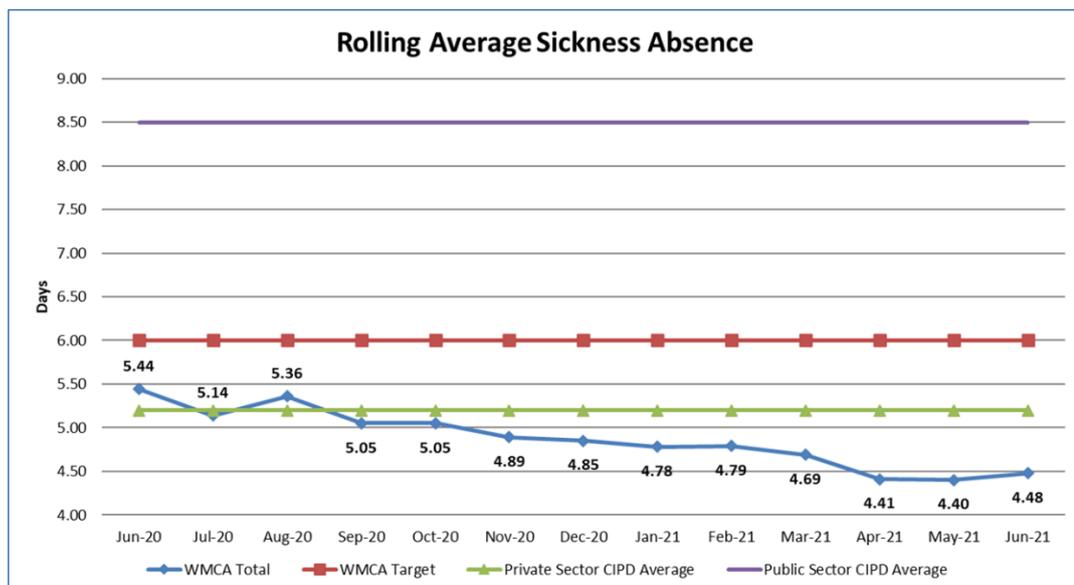
2. Background

COVID-19 has undoubtedly presented significant challenge to all industries and organisations across the UK. With the impact on the pandemic, we have taken swift action to protect the health and well-being of our all employees. Through collaboration and focus we continue to respond to the Governments road map, protecting and promoting health & well-being of all employees whilst continuing to deliver services for our communities.

We have learnt a significant amount and we continue to use that learning as we prepare for organisation life, post Covid. We are now preparing for a return to our offices, but in a different way, where a hybrid style of working will be adopted. This will mean that employees will work some of their time at home and some in the office. Our aim through this transitional period is to support employees as we change our approach as an organisation. The adoption of home working was a forced and necessary action to respond to Covid and control infection rates. However, like many organisations we have adapted to change and have observed the benefits of a more flexible way of working. We are committed to supporting our people as we move through this period of change in particular supporting employee health & well-being.

3. Update on impact of COVID-19 at WMCA

The current 12-month rolling sickness absence rate for the Authority is 4.48 days lost per FTE, which equates to 1.78%. This is lower than the national average of 5 days lost per FTE and 2.2% national average of working time lost per FTE for 2020. Sickness absence is showing a declining trend which is attributable to a number of factors; 1) employees working from home; 2) shielding employees returning to work; 3) reduction in Covid related absence. This trend is comparable to the trend nationally, the average sickness rate of 2.2% working time lost per FTE, is the lowest rate in 15 years (Source: XpertHR annual survey).



The impact of COVID-19 on sickness absence has been relatively low throughout the duration of the pandemic. The number working days lost due to Covid related absence is 843.5 days (March 20 to 6th July 2021). This equates to 0.42% loss of working time for the whole period. The number of days lost due to employees having to self-isolate is 396.5 days, which equates to a 0.2% loss in working time. This is attributable to those employees within Transport for West Midlands who were required to self-isolate but who could not perform their work from home. Employees who were required to self-isolate but who could work from home, continued to work and therefore there was no impact on productivity.

Therefore, the impact of Covid related absence and self-isolation is low. This is positive as it means that the organisation has continued to operate and has been productive during the pandemic because services have been maintained through the majority of employees being in the position to work from home.

4. Employee Engagement During the Pandemic

Following the January report, we have continued the focus on employee engagement to ensure that employees feel connected. Driven primarily through the Summer Lane recovery group, the focus has been to develop regular communications, FAQs and resources in line with the latest advice from Government. Regular staff webinars have provided regular updates in relation to Covid for the organisation and the plans to return in line with the lifting of restrictions. We have also provided specific resources and toolkits for managers around remote working and ensuring that regular conversations are maintained to ensure employees feel supported and connected. We continue to provide advice and regular FAQ updates, although it should be noted that questions more recently have focused on new ways of working post Covid as opposed to issues in relation to the pandemic itself.

5. Employee Health and Well-Being

We have been cognisant of the impact of Covid on our employees from a health and well-being perspective. Through the Health & Safety Committee and Summer Lane Recovery Group we have ensured that we have maintained a focus on safety and well-being. We have ensured that all our buildings are Covid secure and have ensured that we have developed appropriate risk assessments that Covid measures are in place and adhered to. More recently with the phasing of a return to office based working we have introduced Covid testing, as part of the national scheme on a voluntary basis. We have had very few instances of positive cases but where we have had a positive case appropriate and swift action has been undertaken to protect others from exposure.

We have provided a range of support to employees on health & well-being particularly in relation to mental health and working remotely. We have delivered a range of webinars on how to support a healthy lifestyle, including themes such as importance of physical exercise, taking breaks, mindfulness, resilience. The most recent webinar in July focused on adapting to change and managing wellbeing.

We have also provided a range of support to managers to equip them with the skills to manage teams remotely and dealing with issues particularly in relation to managing mental health. We delivered four mental health sessions for managers with Birmingham Mind.

Through the delivery of the well-being strategy, we will be implementing a new stress and resilience toolkit and raising awareness of hidden disabilities, which will incorporate different conditions including mental health and musculo-skeletal conditions.

In line with our Thrive Silver accreditation we issued a health and well-being survey to conduct an organisational health check and identify key areas of focus in relation to health and well-being. 222 employees responded to the survey. The results were positive with 87% of employees describing their health as excellent, good or very good, 3% described their health as fair. Only one individual described their health as poor.

The survey highlighted that overall employees feel positive about their health and well-being and feel that the organisation is taking action to support positive well-being outcomes. However, the survey highlighted that further support is needed in relation to supporting employee resilience; work life balance; musculo-skeletal issues. It also identified the need to provide additional training and support to managers in order to improve management competence to confidently have conversations about a range of well-being issues.

Organisational capacity and resilience is an area that we continue to review, particularly as we are about to enter the summer holiday period and in the event of a 3rd and 4th wave when restrictions relax. Our recruitment to vacancies is a key priority in order to ensure that teams are operating at full capacity. We have taken action to bring in short-term additional capacity where this is needed in order to support critical work and programmes.

6. New Ways of Working - #WOW21

We, like many other organisations, have taken the opportunity within the context of Covid to review how we work. We have embarked on a New ways of working- #WOW21 programme where the aim is for the organisation to adopt a more hybrid way of working post Covid. A hybrid way of working is a combination of office-based working, partially remote working and fully remote working. This allows us to capitalise on the positives of working flexibly, promoting the health and well-being of our workforce and changing our culture to one that is focused on output and performance rather than where work is performed. We recognise that a flexible approach encourages greater flexibility and autonomy. Other notable benefits of this approach are reducing cost of maintaining building assets, reducing travel costs through promotion of virtual meetings, the ability to attract talent from a wider pool and the ability to think about the utilisation of space differently i.e. bringing people together to collaborate and generate ideas.

Our agile task and finish group, established earlier this year, has been developing the organisations approach to hybrid working, including policy developing, manager and employee toolkits and have conducted a number of focus groups to obtain feedback on options. We are phasing the opening of offices, in line with Government advice. Throughout the remainder of July and August, Summer Lane will be accessible for collaboration and meetings and from September onwards the aim is for the #WOW21 hybrid approach to working to be implemented September 2021.

7. Financial Implications

Employee health & Well-Being initiatives are continuing to be funded from the existing budget. We will be reviewing our health & well-being offer but at this stage we do not anticipate any additional financial cost. We do however expect additional costs to be incurred through the new ways of working programme, particularly around additional IT

and digital costs. We are continuing to evaluate the financial implications as the details evolve.

8. Legal Implications

No issues.

9. Equalities Implications

Further to the equality impact assessment undertaken on out-based employees on the network, we have ensured that risk assessments have been updated in line with latest Government advice. Risks assessments have considered the impact on high risk groups i.e. disability, age, ethnicity and appropriate measures have been implemented.

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Audit, Risk and Assurance Committee

Date	29 September 2021
Report title	Health and Safety Annual Update
Portfolio Lead	Ben Gittings Health and Safety Manager Email: Ben.Gittings@tfwm.org.uk Tel: 0121 214 7030
Accountable Chief Executive/TfWM Director	Laura Shoaf Interim Chief Executive Email: Laura.Shoaf@wmca.org.uk Tel: 0121 214 7444
Accountable Employee	Pete Bond Director of Integrated Network Services Email: Pete.Bond@tfwm.org.uk Tel: 0121 214 7388
Report has been considered by	Not Applicable

Recommendation(s) for action or decision:

ARAC is recommended to:

Note the annual update on Health and Safety contained within this report.

1. Purpose

1.1. The purpose of this report is to provide a summary of principal activities relating to the promotion and management of health and safety and outcomes during the past year, and outline the strategic direction for occupational health and safety within the wide-ranging remit of the West Midlands Combined Authority (WMCA).

2. Background

2.1. The Coronavirus (COVID-19) pandemic has significantly altered the landscape in which we all operate and the *Health and Safety Strategy 2020-23* has been tailored to address the health and safety challenges and opportunities presented by the 'new normal'.

2.2. As we adapt our ways of working, it is recognised that the way we manage health and safety must continue to evolve. With an immediate shift from fixed workplaces and our previous operational norms, there must be renewed focus on health and wellbeing support, whilst also ensuring that high standards of occupational safety continue to be maintained.

2.3. We must seek to engender a sustainable organisational culture, aligned to the '*Your Safety, Our Priority*' ethos, where all employees actively participate in, and support the advancement of, our shared aims and objectives in relation to health and safety.

2.4. It is essential that we continue to build in a planned, systematic way to ensure health and safety is further integrated into all WMCA operational activities, ensuring proportionality in health and safety management, and enabling improvement through efficient and effective delivery.

3. Health and Safety – Key Achievements

3.1. Whilst a significant proportion of Health and Safety team resource during the last year has been focussed on supporting the organisational response and recovery to the COVID-19 pandemic, the team have endeavoured to utilise every opportunity to implement enhancements to health and safety arrangements and management systems, ensuring standards of safety and compliance are being maintained consistently across the organisation.

3.2. The below table provides an overview of the key achievements and activities:

Key Achievements and Activities 2020-21	
✓	<p>WMCA Health and Safety Strategy 2020-2023</p> <p>Developed new three year strategy which seeks to continue the integration of positive occupational health and safety management practices and ensure that all parties play their part to support a proactive, robust health and safety management system which meets legal obligations and reduces risk to those affected by our activities.</p>
✓	<p>Review of organisational Health and Safety Governance Structure</p> <p>Providing a robust platform and effective management structure for the delivery of health and safety aspirations and objectives. Ensuring no ambiguity exists relevant to accountability, responsibility, assurance and delivery of health and safety.</p> <p>This has included an in-depth review of the arrangement in place for West Midlands Metro (including operations and programme delivery) during July – August 2021.</p>

✓	<p>Review and update of Health and Safety Policy</p> <p>Policy statement of intent, organisation & responsibilities, and arrangements for implementation have been reviewed and updated to ensure they reflect the updated arrangements for the management, governance and reporting of health and safety within the organisation. Sign-off by Laura Shoaf, Interim Chief Executive in July 2021.</p>
✓	<p>Migration to ISO 45001:2018 Occupational Health and Safety Management Systems Standard</p> <p>Successful migration to the ISO 45001 confirming compliance with the requirements of the new standard. An internationally accepted method of assessing and auditing occupational health and safety management systems.</p>
✓	<p>Ongoing Health and Safety Committee Structure</p> <p>The Health and Safety Strategic Committee and Safety, Health and Environment Committee have continued to provide forums to facilitate the appropriate level of challenge, allow effective escalation of issues where required, provide a further means for consultation and communication, and support delivery of strategic direction on any proposed or implemented changes.</p>
✓	<p>Improved Health and Safety Reporting</p> <p>Revised structure of Board report, which seeks to better identify the issues relevant to the various areas of the organisation. Presented on a monthly basis to Transport Operations Board, TfWM Board, Corporate Management Team and WMCA Strategic Leadership Team.</p>
✓	<p>Display Screen Equipment – Enhanced Arrangements</p> <p>Enhancements to the existing processes introduced, including migration of the self-assessment tool to the WMCA Support Portal in February 2021. In line with the release of the new assessment process, all staff were asked to complete the new mandatory DSE eLearning on Learning Pool, with over 95% compliance with completion recorded.</p>
✓	<p>Health and Safety E-Learning</p> <p>Health and Safety Team working in collaboration with the Organisational Development & Engagement Team migrated health and safety e-learning from the existing platform to the Learning Pool platform utilised by the wider organisation. This provides cost savings to the organisation, a holistic view of compliance with mandatory training, and a better end user experience for colleagues.</p>
✓	<p>Audit and Inspection Schedule</p> <p>Maintained high levels of safety compliance of organisational assets via undertaking proactive scheduled health and safety audits and inspections, ensuring the ongoing safety of staff, customers and stakeholders.</p>
✓	<p>COVID-19 Response and Recovery</p> <p>The Health and Safety Team has supported the organisational response to the COVID-19 pandemic, providing input to the COVID-19 Tactical Group, 16 Summer Lane Recovery Working Group, Operations Recovery Working Group and producing relevant updates posted to the COVID-19 H&S Staff Resources intranet section and included within Manager’s Briefings.</p> <p>An annexe (SMS-C19) to the organisational Safety Management System (SMS) was created to directly address changes as a result of COVID-19 response and recovery. Risk Assessments have been produced to cover organisational premises (16 Summer Lane, Bus Stations x 12, Travel Information Centres x 2), those who work remotely to all of these premises (i.e. Customer Intelligence Team), as well as individual risk assessments to identify personal risk factors in relation to COVID-19. These have been subject to regular review to ensure they remain suitable, sufficient and in line with current requirements.</p>

4. Health and Safety Strategy 2020-2023 / Annual Delivery Plan 2021-2022

4.1. The *Health and Safety Strategy 2020-2023* and associated *Annual Delivery Plan*, will seek to continue the integration of positive occupational health and safety management practices into all aspects of the organisations activities and undertakings.

4.2. A key challenge for this Strategy is how to continue to embed three fundamental strategic aims (i.e. culture, coherence, compliance) into the fabric of the organisation which is moving away from fixed places of work.

4.3. The overarching aim of this Strategy is to provide strategic direction to encourage all departments to fully integrate health and safety into their operational norms and practices, ensuring the organisation becomes an increasingly safer and healthier place to work.

4.4. In order to achieve the organisation's vision for occupational health and safety, the strategy has been divided into five distinct strategic priorities – i) Leadership and Commitment, ii) Management and Control of Risk, iii) Communication and Engagement, iv) Training and Competence, v) Performance Management.

4.5. The below table provides an overview of the objectives set out in the *Annual Delivery Plan for 2021-2022*.

Summary of Health and Safety Annual Delivery Plan for 2021-22
Leadership and Commitment
<ul style="list-style-type: none"> ▪ Health and Safety Strategy 20-23 & Annual Delivery Plan 21-22 - <i>Ensure strategic H&S aims and key deliverables are communicated and embedded throughout the organisation</i> ▪ WMCA Health and Safety Policy - <i>Review and update of WMCA Health and Safety Policy</i> ▪ Renewed Leadership Commitment - <i>Renewed commitment of leadership in relation to accountability and the management of health and safety, demonstrating that leadership 'lead & promote a culture'</i> ▪ Expansion of Leadership Audit and Inspection Programme - <i>Visible felt leadership through direct engagement in audit, inspection and safety tour / briefing activities</i>
Management and Control of Risk
<ul style="list-style-type: none"> ▪ COVID-19 Risk Management - <i>Reduce COVID-19 related risk to the lowest reasonably practicable level. Ensure risks are assessed in systematic manner and control measures implemented</i> ▪ External Accreditation of SMS (ISO 45001:2018 Standard) - <i>Continued accreditation to ISO 45001 standard and expansion of scope</i> ▪ Comprehensive Gap Analysis - <i>Gap analysis of organisational activities and undertakings to ensure all are adequately captured within SMS, risk assessed and appropriate control measures identified and implemented</i> ▪ Programme Delivery Health and Safety Assurance - <i>Develop enhancements to the assurance mechanisms in place for TfWM and WMCA programme delivery</i> ▪ Audit and Inspection Programme - <i>Deliver Health and Safety Audit and Inspection Programme associated to organisational premises, assets and undertakings</i>

Communication and Engagement

- **Health and Safety Communications Plan** - *Deliver H&S Communications Plan to promote H&S and encourage employee engagement*
- **Review Existing Communication & Engagement Processes** - *Review existing processes for the delivery of consultation and participation of staff*
- **Alignment of “Health and Safety” and “Wellbeing” Strategies** - *Maximise benefit to the organisation, engaging in partnership working to address health, safety and wellbeing matters*
- **Further Develop Links with External Partners / Stakeholders** - *Strengthen links and develop effective network with other H&S professionals to allow for active engagement, sharing of best practice, and benchmarking with other organisations*

Training and Competence

- **Health and Safety Induction** - *Review and update of H&S induction to ensure it is suitable and sufficient for our new ways of working*
- **Health and Safety Training Matrix** - *Develop a training matrix for all roles to ensure a defined structure exists for the provision of health and safety training and required competence can be demonstrated*
- **Health and Safety E-Learning** - *Further utilise Learning Pool e-learning platform to deliver H&S training to enhance staff competence and ensure compliance*

Performance Management

- **Internal Review of Safety Management System** - *Review and enhance existing processes for internal audit of SMS against ISO 45001:2018*
- **Context of the Organisation** - *Review and document all internal and external issues relevant to the organisations Safety Management System, understanding the needs and expectations of all interested parties*
- **Health and Safety Dashboard Enhancement** - *Review and enhance existing health and safety reporting dashboards to ensure they provide optimal information to recipients in a clear and concise format*
- **SMS Compliance Reviews** - *Introduce Safety Management System Compliance Reviews for each directorate / business area*
- **WMCA H&S Governance and Report Arrangements** - *Periodic review and update of WMCA health and safety governance and reporting arrangements to ensure they remain appropriate to the organisation’s undertakings*

4.6. Progress against this plan will be reported periodically to the *Health and Safety Strategic Committee; Safety, Health and Environment Committee* and any other relevant Board or Committee.

4.7. As reported to ARAC in June 2021, the Health and Safety Team has been directly involved in the workstream established to develop and introduce new Ways of Working within the organisation, which is being launched under the name #WoW21.

4.8. The Health and Safety Team will seek to identify any new or emerging risks introduced by these changes, which will then be subject to the appropriate mitigation measures to eliminate or reduce the risk, so far as is reasonably practicable.

5. Wellbeing – Key Achievements and Future Areas of Focus

5.1. The Equalities, Diversity and Wellbeing Team has developed a Wellbeing Strategy, which is underpinned by six pillars covering: mental wellness; work/life balance; musculoskeletal; keeping connected; healthy lifestyles and cultural and behavioural change.

5.2. Mental health and wellbeing have been identified as key priorities, with multiple initiatives delivered to support colleagues in this area. These include an Employee Assistance Programme, Mental Health First Aiders, and Mental Health Awareness training for managers, as well as resilience training for employees.

5.3. To complement this, tools to support individuals and management capability, such as *Wellbeing When Working from Home Guidance* and Stress and Resilience Toolkit have been developed. Wellbeing has also been embedded within key processes, including Management Fundamentals, 1-2-1s and the Individual Performance Management process.

5.4. To promote wellbeing, a number of campaigns have been delivered, including those focussed on work-life balance and musculoskeletal health. Sessions have also been delivered on posture alignment therapy, yoga and pilates to empower employees to look after their wellbeing and musculoskeletal health.

5.5. A *Reasonable Adjustments Policy* has been developed, with line managers encouraged to consider any reasonable adjustment needs for staff as part of the hybrid working model e.g. what can help support individual staff positive mental health and wellbeing in terms of their working patterns and their working environment.

5.6. The Thrive at Work survey and staff engagement has helped highlight key areas of focus which are outlined below. A number of these have a direct and/or indirect impact on wellbeing.

Summary of Wellbeing Future Areas of Focus for 2021-22

Support positive mental health for staff and work towards destigmatising mental health

- Deliver Bitesize Learning sessions on stress risk assessments.
- Support initiatives that help destigmatise mental health – e.g., continuation of “this is me” staff campaign
- Support the continued delivery of resilience training
- Promote key mindfulness techniques
- Continue to promote the existence of internal wellbeing support (e.g., MH buddies, EAP)
- Promote the importance of embedding wellbeing within 1-2-1s including by re-promoting resources

Improve management competencies

- Liaise with OD team regarding management development on key identified areas (e.g. having difficult conversations, building rapport with staff, planning work with people in mind, supporting work-life balance) and take steps to ensure key sessions are attended by all

Support a positive work-life balance

- Encourage regular breaks and support time away from screen through messaging and staff stories
- Promote the benefits of physical activity and active breaks during the workday
- Work with the #WoW21 team to develop a WMCA stance on meeting culture (including resources) and introduce messages and initiatives that are implemented corporately, role modelled at the top and help promote a positive work life balance (e.g.; no meetings at certain times, 25-minute meetings, meeting free day or time blocked in calendars for lunch etc.)
- Encourage managers to monitor staff annual leave take-up

Raise staff awareness on key wellbeing areas

- Deliver Bitesize Learning and develop resources (for staff and managers) on the following key wellbeing areas: nutrition, exercise, smoking, musculoskeletal, menopause, domestic abuse and sleep – incorporating these into our calendar of events
- Deliver menopause training
- Sign up to The Purple Pledge, train domestic abuse champions and deliver wider training
- Develop resources and organise sessions on prevalent lifestyle conditions (e.g. diabetes)

Ensure staff stay connected in a hybrid working model

- Consider social activities that bring teams and individuals together -aim to deliver one quarterly activity (with a CSR focus, where possible)
- Promote and feature teams within the organisation who take steps to stay connected (mini campaigns and a webinar focus)
- Reinforce with managers the message of staying connected and offer practical guidance
- Re-promote the employee volunteering policy encouraging teams to make use of it

Ensure hybrid working arrangements help support positive wellbeing outcomes

- Educate managers and senior managers to ensure individual needs and preferences are met, where possible, acknowledging that different solutions work for different people (e.g., primarily working from home or spending more time in the office)
- Monitor effectiveness of the WoW model once operational by engaging with staff and adjusting model to ensure it supports positive outcomes

Support positive musculoskeletal health

- Campaigns on musculoskeletal health, also encouraging staff to report musculoskeletal related issues at an early stage Develop a staff resource on musculoskeletal health (including ergonomic guidance) and a mini manager guide on managing musculoskeletal health
- Communicate videos with brief exercises that help promote positive musculoskeletal health
- Develop guidance on how to set up the home working office environment
- Deliver regular (quarterly) sessions encouraging positive musculoskeletal health
- Continue to provide adaptations and reasonable adjustments, where needed and review risk assessments on a regular basis

5.7. In addition to the above, the Health and Safety Team will continue to work closely with the Equalities, Wellbeing and Diversity Team, with a key objective to undertake an initial assessment of the benefits of working towards the new ISO 45003:2021 standard which covers psychological health and safety at work and the management of psychosocial risks.

6. Summary of Current Position

6.1. Whilst significant progress has been made to date, the effective implementation of the strategy and associated delivery plans will be essential to ensure the continued integration of positive occupational health and safety management practices into all aspects of the organisations activities and undertakings.

6.2. There are not currently any specific areas of concern or particular items for urgent improvement, however with the move to hybrid working, it will be critical that all departments fully integrate health and safety into their operational norms and practices, ensuring the organisation becomes an increasingly safer and healthier place to work.

6.3. It will be essential that any changes to the Safety Management System are clearly communicated and embedded in a timely manner. It is foreseen that existing forums (e.g. *Corporate Management Team, TfWM Board, Health and Safety Strategic Committee, SHE Committee, Joint Asset Board, Asset Delivery Group*, etc.) and communication methods (e.g. *Spotlight, Manager Briefing, Bitesize sessions, intranet*, etc.) can generally be utilised for this purpose.

6.4. To support this an ongoing programme of *SMS Compliance Reviews* will be introduced. These will focus on assessing the application and understanding of health and safety policies and procedures within each directorate / business area, ensuring the Safety Management System, is effectively embedded and consistently applied across the organisation.

6.5. It will be vital that suitable mechanisms for lessons learnt and benchmarking are in place, which seek to bring out the key learning, opportunities and next steps in relation to our new working practices.

6.6. The Health and Safety team will continually support the wide-range of activities for which the organisation has a remit and promote the benefits of proportionate health and safety management as a positive instrument to ensure statutory compliance and organisational success rather than a burden to progress.

6.7. To ensure sufficient resource exists to successfully support organisational needs going forward, an additional *Health and Safety Advisor* role has been created within the Health and Safety Team, with appointment to the role expected shortly.

7. Financial Implications

7.1. There are no specific financial implications arising from this report, however as the remit and responsibilities of the WMCA evolve additional resources and budgetary allocation may be required to ensure effective delivery of the aims and objective set out within the Health and Safety Policy and associated Strategy.

8. Legal Implications

8.1. Although there are no current legal implications, cognisance should be given to all applicable Health and Safety legislation that places duties upon the organisation.

9 Equalities Implications

9.1. There are no specific equalities implications arising from this report. However, it can be confirmed that any changes implemented in relation to new ways of working have been or will be subject to Equality Impact Assessment.

10. Inclusive Growth Implications

10.1. There are no inclusive growth implications arising from this report.

11. Geographical Area of Report's Implications

11.1. There are no geographical area implications arising from this report.

12. Other Implications

12.1. There are no other implications arising from this report.

13. Schedule of Background Papers

13.1. Not applicable

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Audit, Risk and Assurance Committee Meeting

Date	29 September 2021
Report title	Internal Audit Update – September 2021
Accountable Chief Executive	Laura Shoaf, Interim Chief Executive
Accountable Employee	Satish Mistry, Interim Director, Law and Governance
Report has been considered by	Strategic Leadership Team

Recommendation(s) for action or decision:

The Combined Authority Audit, Risk and Assurance Committee is recommended to:

Note the contents of the latest Internal Audit Update Report.

1.0 Purpose

1.1 The purpose of this report is to present the Committee with an update on the work completed by internal audit so far, this financial year.

2.0 Background

2.1 In accordance with the agreed work programme for internal audit, the reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing their risk management, governance, and control environment.

2.2 The reports will also feed into the Annual Internal Audit Report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year. This opinion can then be used to feed into the Combined Authority's Annual Governance Statement that accompanies the Annual Statement of Accounts.

3.0 Wider WMCA Implications

3.1 There are no implications

4.0 Financial implications

4.1 There are no implications

5.0 Legal implications

5.1 There are no implications

6.0 Equalities implications

6.1 There are no implications

7.0 Other implications

7.1 Not applicable

8.0 Schedule of background papers

8.1 None

9.0 Appendices

9.1 None



West Midlands Combined Authority

Internal Audit Update Report – September 2021 2021-2022

Delivered by City of Wolverhampton Council – Audit Services

1 Introduction

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2021 - 2022 internal audit plan.

The Audit, Risk and Assurance Committee has a responsibility to review the effectiveness of the system of internal controls and to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control, and governance.

This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into and inform our overall opinion in our internal audit annual report issued at the year-end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

2 Summary of progress:

The following internal audit reviews have been completed or are currently underway.

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
2020-2021 Internal Audit Reviews previously reported (will feed into the 2021-2022 opinion)			
Commonwealth Games Transport Plan – TfWM Governance and Management Arrangements	High	Final Issued - Substantial	June 2021
Risk Management	High	Final Issued - Satisfactory	June 2021
Digital Retraining Fund	High	Final Issued - Satisfactory	June 2021
2020-2021 Internal Audit Reviews completed			
Adult Education Budget (appended)	High	Final Issued - Satisfactory	September 2021

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
2021-2022 Internal Audit Reviews completed			
General Data Protection Regulations (appended)	High	Final Issued – Satisfactory	September 2021
Corporate Complaints Process	High	Draft Issued - Satisfactory	November 2021
2021-2022 Internal Audit Reviews in progress			
TfWM COVID 19 Response – Management and Decision-Making Arrangements	High	Fieldwork in progress	November 2021
Single Commissioning Framework - Land Fund	High	Fieldwork in progress	November 2021
Freedom of Information	High	Fieldwork in progress	November 2021
WMCA Key Financial Systems	High	Planning commenced	January 2022
Dudley Interchange	Medium	Planning commenced	January 2022
Longbridge Park and Ride Income Management and Charging Arrangements	Medium	Planning commenced	April 2022

3 Forward plan for 2021-2022 scheduled audits

Auditable area	AAN Rating	Quarter	ARAC Meeting (indicative)
Bid Management Framework	High	Awaiting WMCA response regarding rescheduling	
Local Industrial and Economic Strategy	High	Awaiting WMCA decision regarding deferral	
WM2041 Delivery Programme (Environmental Recovery)	High	Deferred by WMCA – January 2021	April 2022
Affordable Housing Delivery Vehicle	High	3	April 2022
ICT Strategy	High	3	April 2022
Inclusive Growth Investment Toolkit	High	4	April 2022
Investment Programme Monitoring and Evaluation Arrangements	High	4	June 2022
Adult Education Budget	High	4	June 2022

4 Follow-up of previous recommendations

Through an ongoing cycle of reviews, we continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit, Risk and Assurance Committee.

As part of a new working arrangement, the WMCA Internal Audit Liaison Officer will be undertaking the initial preparatory work for each follow-up review, obtaining progress updates, and supporting evidence as and when agreed implementation dates arrive. This is in support also of the WMCA management monitoring arrangements of progress with implementation.

Internal Audit upon referral from the Internal Audit Liaison Officer, will then independently review the progress and supporting evidence, and report accordingly on the progress made with implementation of recommendations. Ultimately, Internal Audit will retain the responsibility for determining if sufficient action has been taken.

Follow up action of the following reviews forms part of this ongoing cycle:

Auditable area	Overall Opinion	Agreed Actions			Number Implemented
		Red	Amber	Green	
Completed					
Devolution Deal Objectives and Financial Assumptions, including Business Planning (summary below)	Final issued - Satisfactory	-	2	-	Action still in progress
In progress (Internal Audit Liaison Officer)					
Third Generation Tram Procurement Project Management	Satisfactory	-	2	3	-
Sprint Programme Management Arrangements	Substantial	-	-	4	-
Midland Metro Limited Operational Transfer	Satisfactory	-	2	-	-
West Midlands Rail Limited - WMCA Governance and Management Arrangements	Satisfactory	-	3	-	-
Forward plan					
Programme and Project Management Framework	Satisfactory	-	3	-	-
WMCA Accessible Transport Services	N/A	-	4	2	-
Environmental Management System	Satisfactory	-	1	1	-
Human Resources Pre-employment checks	N/A	-	2	-	-

Auditable area	Overall Opinion	Agreed Actions			Number
Procurement (Covid-19 Response)	Substantial	-	-	1	-
Harvesttime Project Management Arrangements	Substantial	-	-	5	-
Risk Management	Satisfactory	-	1	3	-
Digital Retraining Fund	Satisfactory	-	3	1	-
Commonwealth Games Transport Plan - TfWM Governance and Management Arrangements	Substantial	-	-	3	-
Deferred					
WMCA Governance Arrangements*	Substantial	-	-	6	-
Employee Performance Management#	Satisfactory	-	1	1	-

Summary

Devolution Deal Objectives and Financial Assumptions, including Business Planning (2019)

We sought assurance that appropriate performance management and business planning arrangements had been established. Two amber recommendations were made for implementation by December 2019 regarding the establishment of an organisational wide performance management framework and revision of the business planning tool to better support performance monitoring and reporting.

However, at the time of our review the amber recommendations were yet to be implemented. Action was still ongoing as part of development of the WMCA's approach to performance management and monitoring, and business planning to meet a new Corporate Strategy (September 2021 for implementation through the 2022-2023 Annual Plan), the Annual Plan, and newly defined High-Level Deliverables.

Both amber recommendations had been reiterated as they remain relevant within the above developmental work with a revised implementation date of March 2022.

* WMCA advised a detailed review is proposed of governance arrangements post mayoral elections and a full audit will be undertaken in due course

#Due to implementation of a revised framework a full audit is recommended in 2022-2023 once the new arrangements are embedded.



West Midlands Combined Authority

Final Internal Audit Report: WMCA Devolved Adult Education Budget 2020-2021

Report Date: 7 September 2021

Report Distribution: Julie Nugent – Director, Productivity and Skills
Clare Hatton – Head of Skills Delivery
Iris Both – Senior Delivery Manager Adult Education

Linda Horne – Finance Director (s151 Officer)
Louise Cowen – Financial Controller
Fahmida Chowdhury – Productivity and Skills Finance Business Partner
Ian Martin – Investment and Commercial Activities Director
Joti Sharma - Head of Programme Assurance & Appraisal

Satish Mistry, Interim Director, Law and Governance
Jayne Middleton – Interim Legal Services Manager

1. Executive summary

Introduction

An audit of the arrangements for the West Midlands Combined Authority (WMCA) Adult Education Budget (AEB / the Budget) was undertaken as part of the approved internal audit plan for the financial year 2020 / 2021.

Responsibility for the Budget and how it is delivered within the West Midlands region was devolved from the Department for Education (DfE) to the WMCA in August 2019. The academic year 2019 / 2020 was the first year of funding.

The Regional Skills Plan sets out the key difficulties in the local labour market with increasing importance to address such issues as low employment rate, high levels of unemployment, low wage levels leading to issues of poverty, low skills and qualification attainment, and persistent skills shortages.

The aim of the Budget is to engage adults and employers in providing the skills and learning required for the region to equip adults for work, upskill current employees and facilitate specialist training whilst aligning funding with priority individuals, communities, and sectors.

The Budget is used to fund education provision through a range of delivery providers including grant agreements with Colleges and Local Authorities across the region, and contracts with Independent Training Providers (ITPs). Of the total 62 providers, 22 Colleges, five West Midlands Local Authorities and 35 ITPs had been allocated funding for the provision of adult education within 2020 / 2021.

The total funding allocation to Colleges, Local Authorities, and ITPs for the current funding year 2020 / 2021 was £126,739,021. Colleges were allocated £76,541,502, Local Authorities £21,811,751 and ITPs £28,385,768.

The Budget is supported by the WMCA Payment and Performance Management Framework (Framework) covering key processes for undertaking performance monitoring of delivery by providers in accordance with grant agreements / contracts and for determining payments to providers based on validated learner delivery data. Integration with Education Skills Funding Agency (ESFA) processes and liaison within ESFA regimes for oversight of providers, further supports the Framework and processes established by the WMCA.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance that effective governance and management arrangements have been established for the operation of the AEB to ensure achievement of the strategic objectives and aims regarding skills and education within the Regional Skills Plan are supported.

Scope	Potential risks
The scope of the audit included high level review of the governance and management arrangements (including performance and	<ul style="list-style-type: none"> Achievement of the strategic objectives and aims within the Regional Skills Plan may not be effectively supported by

compliance monitoring, and audit and assurance) supporting delivery of the Budget. As part of the above, reference was made (but not limited) to the following core WMCA AEB documents and processes:

- Funding Rules
- Provider Payment and Performance Management Framework
- Financial Due Diligence and Financial Health Monitoring for Independent Providers.

governance and management arrangements in place or operated.

- Effective use of the Budget may not be fully supported due to poorly operated governance and management arrangements.
- Ineffective performance, compliance and assurance arrangements may lead to a failure to prevent or detect poor or non-compliant provider performance and delivery and poor learning outcomes.
- Fraudulent use of funding may not be prevented or detected.

Limitations to the scope of our audit

The review was limited to high level coverage of the above scope. Testing was undertaken in respect of the 2020 / 2021 funding year to date for a sample of providers to cover the most current processes: one College, one Local Authority and three ITPs. Reference to 2019 / 2020 funding year was made in respect of audit and assurance arrangements and contracts / grant agreements. The sample of five providers represented a total contract / grant agreement value of £40,321,280 being 32% of the total allocation for 2020 / 2021. The College represented 29%, the Local Authority 47% and the ITPs 27% of the total allocation for each respective provider category.

Reference was made to the National Local Growth Assurance Framework (including Annex C) regarding assurance arrangements for Adult Education Budgets.

Overall conclusion

Our audit provides **satisfactory** assurance over the adequacy of the controls reviewed as part of the process to mitigate risks to an acceptable level.

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Key issues identified

We have identified three **amber** issues where improvements could be made, arising from the following:

- Sample testing identified that a signed version of an ITP contract with a value of £1,891,553 had not been retained by the WMCA and several sampled grant agreements and contracts did not indicate the date of execution.
- Documentary evidence of delegated s151 Officer approval of provider payments had not been presented at the time of payment request or retained centrally within WMCA financial records and the audit trail in support of AEB payment transactions.
- An AEB Local Assurance Framework document was yet to be established in line with the requirements of the National Local Growth Assurance Framework.

In addition, we have raised two issues classified as **green** which are detailed in section two of this report.

A copy of this report will be presented to the Audit, Risk and Assurance Committee.

Examples of good practice identified

During our work we identified the following examples of good practice in the management of risk, as achieved through the effective design and application of controls:

AEB Governance Arrangements

- Suitable governance arrangements had been established for the AEB through directorate Senior Management Team meetings and specific monthly AEB Payment Group meetings attended by AEB senior officers and the Finance Director (s151 Officer).
- Establishment of the AEB Payment Group provided appropriate governance, management oversight, performance, and financial monitoring as well as approval arrangements for AEB payments with appropriate membership and authority / delegation.
- Suitable meeting records for the AEB Payments Group meetings held between December 2020 and March 2021 were maintained for each meeting.
- AEB Payment Group minutes reflected clear discussion of risks and issues as well as achievements regards provider delivery and specifically payments due to providers prior to approval and payments being made.
- Delegation had been suitably granted and approved by the WMCA Board to the s151 Officer for authorisation of AEB payments to providers due to the amounts being routinely over and above limits within the Scheme of Delegation.
- Review of the Payments Briefings produced for the same period to support the AEB Payment Group's approval of monthly payments confirmed that they had been suitably retained and provided appropriate management information and details of payments due.
- Whilst earlier minutes referred to discussion and approval of payments due involving the s151 Officer, the minutes of the June 2021 meeting suitably and clearly evidenced approval.

- Effective arrangements had been established for delivery review and decision-making by senior officers within Productivity and Skills regarding flexibility and growth requests submitted by providers. As evidence of the decision-making undertaken, a suitably detailed decision log had been maintained showing requests, recommendations, discussions undertaken, and outcome regards whether approved or declined. The date of the decision and details of officers involved in the decision making were suitably noted. Reference to associated payments resulting from these decisions was evident within AEB Payment Group meeting records and supporting Payment Briefs.

Contracts and Grant Agreements

- The two grant agreements and three contracts / extension letters in the selected sample for 2020 / 2021 included suitable reference and links to the 2020 / 2021 Payment and Performance Management Framework via a hyperlink to the WMCA website.
- Delivery plans had been established in support of each grant agreement and contract sampled.
- Performance management arrangements suitably reflected contract/ grant agreement values and delivery plan outputs as applicable per sample testing.
- A register had been suitably maintained of all providers for 2020 / 2021 allocations detailing award type (grant or contract) and payment type (profile or actuals) and contract values.

Performance Management Arrangements

Framework and processes

- A suitably documented Payment and Performance Management Framework (Framework) was in place for each funding year including 2020 / 2021 detailing guidance to ITPs, Colleges and Local Authorities in receipt of devolved WMCA AEB for this funding year.
- The Framework suitably covers appropriate core areas: financial due diligence, data collection and validation, payment arrangements and provider performance monitoring and management review arrangements, and compliance and assurance arrangements.
- The Framework was further supported by a more detailed AEB Performance Review Framework process document outlining performance review arrangements and areas of coverage regarding delivery and compliance.
- AEB Relationship Managers and Skills Delivery Officers were allocated to each provider for the purposes of ongoing liaison as well as undertaking performance reviews at periodic points throughout the funding year as well as at the end of the year as a reconciliation exercise.

Monthly monitoring reviews

- Monthly performance monitoring arrangements had been clearly defined and established as documented within the AEB Performance Review Framework document. Monitoring activities included use of Individualised Learner Record (ILR) data submitted by providers, desk-based review as well as direct contact and liaison with providers, assisting with day to day provider queries and providing additional support such as training and guidance.
- Suitable dashboard-based Highlight Reports (HLRs) were produced covering each provider.

Reports included performance management information regarding comparison of delivery against profile / contract both in terms of funding and numbers of learners. RAG ratings for each provider were also calculated based on performance monitoring information covering overall risk and delivery performance against profile. HLRs were also used for recording and tracking actions arising from monthly reviews.

- Sample testing confirmed that HLRs had been suitably completed as above for each provider on a monthly basis. Progression of stated actions was evident between monthly reviews.

Performance management reviews

- Suitable mechanisms (i.e. reporting database and action tracking) had been established for managing and tracking progress with undertaking more in-depth periodic Performance Management Reviews (PMRs) at specific points in the funding year as well as part of year-end reconciliation. Sample testing demonstrated use of such mechanisms to ensure PMRs undertaken on a timely basis.
- Templates (for providers to complete) and meeting agenda (for the review meetings held with each provider) had been appropriately developed and clearly supported the PMR process. Templates and meeting agendas suitably covered core areas: allocations, delivery plans, destination and progression regards learners, quality, audit, and finance, subcontracting, collaboration and impact, and identification of barriers and future plans as well as review of actions.
- Sample testing for the five selected providers confirmed that a PMR report had been produced for each provider within the January 2021 round of reviews. The format of each report was in line with the templates and included all areas covered by the PMR process.
- An overall PMR report was also completed (March 2021) and suitably covered overall AEB performance and risks, with each area further broken down to coverage of grant funded providers and ITPs with key action stated as applicable.

Risk Management Arrangements

- A risk-based approach to performance monitoring and management arrangements was clearly advocated within the Framework to determine the level and frequency of review applied to each provider.

Financial Due Diligence (AEB Team / ESFA)

- The Framework suitably referenced both the WMCA's approach for financial due diligence and financial health assessments for 2020 / 2021 as well as the ESFA Financial Intervention Regime for Further Education Colleges and ESFA Oversight for ITPs. Local Authorities are deemed exempt by the ESFA.
- As well as the WMCA having its own monitoring arrangements, the WMCA and ESFA also collaborate jointly regarding monitoring and oversight of Colleges and ITPs through a series of regular meetings and as and when issues arise regarding providers funded by both the WMCA and ESFA.
- Review of meeting records confirmed that quarterly meetings were held between the WMCA AEB senior officers and the ESFA Regional Team to review and consider college and ITP provision, performance issues and any financial risks and issues flagged by either or both

organisations. Joint reviews and investigations may be commissioned as a result of issues and risks arising. Operational level meetings were also evident in support of the quarterly meetings.

- Action notes with stated owners and deadlines were suitably maintained for quarterly meetings (December 2020 and March 2021) and detailed attendees showing representation from the ESFA and WMCA. Also, actions completed from previous meetings and key actions arising were recorded.
- It is understood that ESFA derived gradings from their own financial assessments / monitoring activity for both Colleges and ITPs that are shared with ESFA funded providers are also shared with the WMCA.

Financial Due Diligence and Financial Health Monitoring for ITPs (WMCA Finance)

- The Framework suitably refers to implementation of an approach to Financial Due Diligence and Financial Health Monitoring for ITPs (the Due Diligence Guide) as operated by WMCA Finance. A revised approach was introduced in December 2020 as a result of review of previous arrangements.
- The Due Diligence Guide clearly detailed the approach and processes for assessing the financial health of and grading each ITP as well as providing guidance to ITPs regards the mandatory requirement to submit financial information by specified deadlines.
- The metrics (based on solvency, profitability and gearing ratios) and the gradings (outstanding, good, satisfactory or inadequate) utilised with the WMCA's approach clearly aligned with that used by the ESFA (Financial health guidance for organisations contracting with or applying to ESFA which relates to ITPs).
- An override facility had been included to award an automatic rating of inadequate based on failure to pass a specific number of metrics.
- Suitable details regards the frequency of monitoring and requirement for providers to submit mandatory information was also included in the Due Diligence Guide based on the grading awarded (i.e. monthly frequency for inadequate, four months for good, two for satisfactory and six for outstanding), as well as a year-end validity check.
- Finance had established a suitable spreadsheet mechanism for undertaking the above assessment and calculating gradings based on both information submitted by ITPs and other information available from credit scoring agencies and Companies House as examples.
- Arrangements were in place for informing ITPs of their assessed grading and the resultant frequency with which they must provider mandatory information.
- Sample testing for financial assessments and gradings undertaken between August 2020 and May 2021 based on the spreadsheet maintained by Finance identified that financial assessments were undertaken largely in line with the frequency defined for each grading. Testing also confirmed that providers had been suitably notified of their gradings. For the one ITP in the sample rated as inadequate monthly assessment had been evidenced in accordance with the defined frequency.

- Sampled assessments undertaken in December 2020 suitably covered the period between the initial assessment in August 2020 with assessments being undertaken on a regular basis from January 2021 onwards.

National Local Growth Assurance Framework

- The Payment and Performance Management Framework as well as supporting process / guidance documents collectively provide a suitable assurance framework for the AEB and in principle help meet the requirements of the National Local Growth Assurance Framework (Annex c) (National Assurance Framework).
- The National Assurance Framework requirement for an annual monitoring and evaluation report for AEB delivery and spend was suitably met by the WMCA in respect of 2019 / 2020.
- The report clearly included summary of delivery and spend in terms of providers, learners and aims supported by narrative regarding performance within the 2019 / 2020 funding year (the first year of delivery post devolution of the AEB to WMCA).
- Further, the WMCA advised that work was being undertaken in liaison with an external partner to produce a three-year evaluation report covering the impact of AEB which would involve learner surveys and interviews with key stakeholders. A draft was expected later in 2021 / 2022.

Audit and Assurance Arrangements

- The Framework suitably refers to compliance and assurance arrangements in addition to the aforementioned performance management and monitoring arrangements.
- Arrangements had been suitably established through engagement of an external provider of audit and assurance services to undertake Funding Compliance reviews of WMCA funded provision.
- The methodology utilised by the external provider appears to align with the ESFA methodology which includes assurance reviews undertaken to assess the ILR returns and associated funding for a particular funding year. Where data errors or anomalies are identified, providers will be asked to explain and, where required, correct ILR data and repay funds.
- An engagement letter was in place covering the scope of Funding Compliance reviews to be undertaken and sample of providers (which included two of the three ITPs within the sample selected for this internal audit) covering the 2019 / 2020 funding year.
- The engagement letter and the draft Funding Compliance review reports (March 2021) for the two sampled ITPs indicated that the scope of review and the resultant content within each report for the 2019 / 2020 funding year clearly aligned with the ESFA's assurance methodology.

Provider Subcontracting

- Testing of sampled providers confirmed that subcontractor declarations had been submitted (as a mandatory requirement of the Framework and contracts / grant agreements) and retained for the 2020 / 2021 funding year.

- A suitable subcontracting declarations register had been maintained and published (accessible via the AEB section of the WMCA website) for all providers. Sampled provider declarations were consistent with the corresponding entries in the register.
- Monitoring of subcontracted delivery was suitably facilitated within the HLRs mechanism (nil return for sampled providers).

Learner Data Collection and Validation

- The Framework supported by the Provider Return Validation Process suitably detailed the data collection and validation arrangements established to validate provider submitted learner data (through the ILR) against learner eligibility criteria within funding rules.
- Data imported from the ESFA Submit Learner Data Portal (mandatory requirement for providers to submit learner data via the Portal which is validated by the ESFA), is then subjected to the WMCA's own data validation by the Productivity and Skills Data Analysis Team.
- The validation processes in place help ensure provider errors in data submissions are referred back to the provider to rectify through subsequent submissions to the ESFA Portal.
- Reports were produced on basis of validation checks of learner data regards what provision should be paid for in a particular period and what provision should not be paid for due to data errors or claims for provision that is not in accordance with funding rules criteria.
- The Validation Process also includes validation checks undertaken by Skills Delivery Officers for delivery monitoring purposes and by Finance for payment purposes.
- Validated provider data as above is also made available to the AEB Team and senior management through the QuickSight database developed and maintained by the Data Analysis Team.
- The above ESFA and WMCA validation processes facilitate both payments and performance monitoring on the basis of validated data to ensure accuracy and completeness as well as confirmation of eligibility against funding rules criteria.

Provider Payment Arrangements

- Suitable arrangements as detailed above had been established for the validation, approval, and processing of payments due to Colleges, Local Authorities, and ITPs.
- Testing for a sample of payments made in the period December 2020 to February 2021 for the three selected ITPs (totalling £1,613,520.95 representing 30% of total ITP payments made in this period) identified that payments had been made in accordance with:
 - Reports detailing payments due per ESFA and WMCA validated learner data regarding eligible delivery.
 - Finance validation (i.e. adjustments relating to changes in delivery levels and ensuring payments to date within contract value limits).
 - Corresponding Payment Briefings detailing payments due.
 - Approval at AEB Payment Group meetings.
- Testing of a sample of profile-based payments for the same period as above for one College and one Local Authority identified that payments had been made in accordance with Payment Briefings, approval at AEB Payment Group meetings and Finance validation. Payments to the

selected College totalled £4,162,751.79 and for the selected Local Authority £1,884,370.91, representing 23% and 10% respectively of total grant payments made in the test period.

- Sampled payments as above suitably reconciled to transactions processed and paid within Business World.
- Testing of total payments made for the same period to all providers totalling £23,657,593.86 (£18,297,569.25 grant payments and £5,360,024.61 ITP payments) identified that amounts reconciled between the total due stated in Payment Briefings, total proposed for payment within Accounts Payable upload spreadsheets, and that recorded as processed payment transactions within Business World.
- Sample testing also confirmed that payments had been made on a timely basis in line with the timescales stated in the Framework.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Findings and recommendations

Action is required to avoid exposure to significant risks in achieving objectives
Amber

Legal Services

1. Retention of signed contracts and inclusion of execution dates

Findings:

For the sample selected, two signed grant agreements and two signed contracts relating to the 2019 / 2020 funding year were located by Legal Services. In the remaining instance, a copy of the signed contract with a value of £1,891,553 could not be located by the WMCA within its records. However, upon request to the ITP during the audit, the ITP provided a copy of the signed signature page.

The Public Procurement Regulations 2015 (Part 2, Chapter 4) requires contracting authorities to keep copies of all contracts for at least the duration of the contract where the value exceeds 1,000,000 EUR (£861,630). Whilst evidence was provided by the ITP that the signed contract was in existence, the WMCA had not suitably retained a copy in compliance with the Public Procurement Regulations.

The 2020 / 2021 grant agreements sampled had been retained as signed copies but only one included a deed date of 7 September 2020 which was a month after the start of the funding period. For the three ITPs, the 2019 / 2020 contracts had been extended to cover 2020 / 2021 (permitted by the terms of the contract) but the extension letter notifying the providers had not been signed by the relevant WMCA senior officer and were dated after the start of the funding period. Whilst the deed register may include the execution date, the documents themselves did not include this as complete records in their own right.

Implications:

- Lack of evidence to demonstrate adherence to Public Procurement Regulations may lead to a breach of regulations as well as reputational damage.
- In the absence of signed agreements or clearly stated execution dates within the contract itself, it may be difficult to enforce the terms and conditions of the grant agreement.

Recommendations:

- i. Signed copies of all contracts and grant agreements should be securely and centrally retained as a formal record of the WMCA, and as demonstration of adherence with the Public Procurement Regulations in all cases.
- ii. Copies of signed contracts and grant agreements should be provided immediately after signing to the responsible service area for their operational use and local retention. This should not be a substitute for central retention by Legal Services.
- iii. An exercise should be taken to ensure all contracts and grant agreements for the funding periods 2019 / 2020 and 2020 / 2021 are located and where not held, a copy obtained from the provider. This should be undertaken for all contracts and grant agreements where the value is over the Public Procurement Regulations threshold as a minimum but in all cases as best and consistent practice.
- iv. All contracts and grant agreements should include the date of execution for completeness and demonstration within the document itself that it has been executed prior to the commencement of the funding year and service delivery. Ideally signatures should also be dated.
- v. All extension letters relating to previously executed contracts should be signed by the relevant WMCA senior officer and issued (as in the case for contracts and grant agreements) prior to the commencement of the funding year and service delivery.
- vi. The contract form used for AEB ITPs should be reviewed and revised to ensure that it can facilitate the inclusion of the date upon which the contract is executed as a deed. Ideally all contract forms and grant agreement forms should also facilitate the date of signing by both parties.

Agreed Actions:

The recommendations are agreed. It is acknowledged that there are historic gaps in processes that have led to the department not being able to provide signed copies of contracts in a timely manner. Since the audit, steps have been taken to address the areas of concern identified including:

1. Legal and the AEB client have been working much more closely together, meeting weekly to review contracts. Signed copies of all documents are now scanned and sent to the client. Legal and the AEB client have set up a closed Share-point space to store all signed contracts, both past and current contracts.
2. An exercise has been undertaken to locate all contracts and grant agreements for the funding periods 2019 / 2020 and 2020 / 2021 and copies of these have been placed in the Share-point file. Legal and the AEB client as part of their weekly meetings complete a Contracts tracker which captures all legal instruction and details future pipelines of work. The Acting Lead Solicitor for Productivity, Skills and Public Sector Reform will continue to work with the client develop the tracker to note execution dates and renewal dates.
3. The Acting Lead Solicitor in consultation with the Interim Legal Services Manager will undertake a review of the form of contract to consider the points made around execution and dating of signatures in recommendations iv to vi.
4. An Interim Practice Manager is already in place who is in the process of reviewing the facilities and processes for storage and documentation. The Interim Practice Manager and the Interim Legal Services Manager will then make recommendations for a long-term storage solution for electronic and hard copy documents and put into place a process for storage and documentation. The process will consider where, and by who, the contracts will be held, retention periods and information governance and data security issues, and ensure that the contracts are centrally accessible and that the process is subject to regular spot checks to ensure compliance.

Responsible Officer:

Satish Mistry, Interim Director, Law and Governance
Jayne Middleton, Interim Legal Services Manager

Target Date:

31 December 2021

WMCA Finance**2. Evidencing s151 Officer approval within financial records and audit trail for uploaded transactions****Findings:**

Testing of the transaction records maintained by Finance and Accounts Payable for the sample selected showed that actual evidence of approval by the s151 Officer as granted within AEB Payment Group meetings was not submitted prior to payment being made or retained as part of the WMCA's central financial records and the audit trail.

We understand that for expediency to meet payment deadlines the AEB Accountant submits the Accounts Payable upload spreadsheet via email and states approval was given. Similar emails from the Financial Controller also stated approval was given. However, in both cases this is based on their attendance at the AEB Payment Meeting rather than documentary evidence of approval.

In one case, the deputy s151 Officer had provided email approval although they had not attended the actual Payment Group meeting in person on behalf of the s151 Officer but was understood to have been instead briefed by the Financial Controller who had attended.

All budget managers must provide evidence of approval i.e. via email to Accounts Payable before the upload can be actioned in Business World so as to replicate and comply with the automated workflow built into Business World as standard and requires retention for six years plus one.

However, it is appreciated that minutes of the Payment Group meeting are subsequently produced and awaiting this would delay the payment process which is subject to strict timescales. The Productivity and Skills Finance Business Partner advised that they had retained copies of minutes within their local drive and for confidentiality reasons advised cannot be shared with Accounts Payable.

Implications

- Approval of AEB payments is not clearly evidenced with the WMCA financial records and audit trail to be retained for the required period.
- It may be difficult to demonstrate approval in the event of query or challenge at a later date.

Recommendations:

- i. In all cases and in accordance with standard Accounts Payable spreadsheet upload processes, documentary evidence of approval (including email or minutes) should be provided at the time the spreadsheet is submitted by the service area to Accounts Payable and prior to payments being processed in Business World. Approval evidence must be retained with the uploaded spreadsheet within Accounts Payable as a central financial record and audit trail.
- ii. The Productivity and Skills Finance Business Partner and Financial Controller should clearly evidence responsibility and accountability for confirming approval based on their attendance within their email submissions to Accounts Payable regarding spreadsheets presented for upload.

Agreed Actions:

- i. Documentary evidence of Section 151 Officer approval of payments in the form of the Payment Group minutes will be provided together with the relevant payment files when they are submitted to Accounts Payable with immediate effect. (It is suggested that the minutes of the Payment Group meeting are separated into 2 parts going forward, Part A dealing with the approval of the payments and Part B dealing with provider risks and any sensitive information.)
- ii. The Productivity & Skills Finance Business Partner and the Financial Controller will confirm by email to Accounts Payable that the files submitted are an accurate record of the payments discussed & approved at the Payment Group meeting.

Responsible Officer:

Louise Cowen, Financial Controller
Fahmida Chowdhury, Productivity and Skills Finance Business Partner

Target Date:

31 August 2021

Programme Assurance and Appraisal (Single Assurance Framework)**3. National Local Growth Assurance Framework requirements****Findings:**

The s31 Grant Determination Letter covering devolution of the AEB to the WMCA stated in respect of assurance arrangements that the West Midlands Combined Authority “must have regard to The National Local Growth Assurance framework”, “clarifying what assurances should be in place when administering adult education functions.”

The National Local Growth Assurance Framework states at Annex C: Adult Education Budget Guidelines for Mayoral Combined Authorities what is required to fulfil the above but also states that Combined Authorities are to determine how best to address the guidelines when developing their Local Assurance Framework.

Whilst the WMCA had established a Single Assurance Framework in response to the National Framework, it stated that AEB assurance arrangements would be covered separately.

However, we found that a separate document to meet the requirements of the National Local Growth Assurance Framework at Annex C regarding of a Local Assurance Framework covering AEB was yet to be established.

Implication:

The WMCA may find difficulty in demonstrating compliance with the National Framework requirement to develop an AEB Local Assurance Framework in the absence of an overarching document.

Recommendations:

- i. A suitably detailed and overarching AEB Local Assurance Framework document should be established to meet the requirements of the National Local Growth Assurance Framework.
- ii. The AEB Local Assurance Framework should at all times include reference (and links) to the latest and most up to date AEB Funding Rules, Payment and Performance Management Framework and supporting process documents.

Agreed Actions:

Agreed. WMCA Assurance and Appraisal team will work with AEB to establish the best route for integrating the adult education function into SAF in order to have regard to the National Local Growth Assurance Framework. Any approach must reflect the relatively low risk of the current programme and balance this against the oversight provided through the SAF. The approach will be designed and agreed by 31st December 2021 and integrated with current processes by 30th June 2022. Amendments to the SAF will be made by September 2022 as part of the SAF annual review and approval process.

Responsible Officer: Ian Martin – Investment and Commercial Activities Director Joti Sharma - Head of Programme Assurance & Appraisal	Target Date: 30 September 2022
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Action is advised to enhance risk control or operational efficiency
Green

Productivity and Skills

4. Provider level risk assessments

Findings:

Whilst a risk based approach was evident within both the performance management arrangements operated by the AEB Team and the Financial Due Diligence / Health Assessments operated by Finance, the risk arrangements defined in the Performance Review Framework required review and revision to ensure reflected current and / or developing practice and process.

In addition, there could be clearer integration between the two outcomes to develop a single risk-based view of each provider as well as reflect this more clearly in reporting arrangements. Further this could be enhanced to ensure outcomes integrate with wider risk management at operational, directorate, and strategic levels (as applicable regards the need for escalation).

The above would further support the AEB Payment Group's intention to develop its role regards future reporting and consideration of finance and legal risks in addition to provider delivery risks and issues.

Implications:

Reporting of provide level risk assessment outcomes may not be undertaken collectively.

Recommendations:

- i. Clearer integration of the outcomes of risk assessments within performance management and within financial due diligence activity should be established in order to develop a single risk-based view of each provider and be reflected within performance monitoring and AEB management information and reporting arrangements. This should be further enhanced to ensure outcomes integrate with wider risk management at operational, directorate, and strategic levels (as applicable regards the nature of the risk and need for escalation).
- ii. The AEB Performance Review Framework should be reviewed and revised accordingly to ensure clearly reflects current risk assessment arrangements and supports the above integrated approach between performance management and finance due diligence. The Framework should also reflect how approach integrates with operation, directorate, and strategic level risk management arrangements.

Agreed Actions:

- i. Clearer integration of the outcomes of risk assessments within performance management and within financial due diligence activity will be established in order to develop a single risk-based view of each provider, whilst ensuring the outcomes integrate with WMCA's wider Risk Management Framework. Inclusion of financial due diligence in the provider risk management spreadsheets will be undertaken and will feed into the new AEB Operational Risk Register. Significant financial/delivery risk will be raised in the Payment Group meetings.
- ii. AEB Performance Review Framework is currently under review and will take into account elements raised in the recommendations above and ensure current risk assessment arrangements are clearly reflected.

Responsible Officer:

Iris Both, Senior Delivery Manager Adult Education
Louise Cowen, Financial Controller
Fahmida Chowdhury, Productivity and Skills Finance Business Partner

Target Date:

30 September 2021

WMCA Finance and Productivity and Skills

5. AEB Payment Group administration

Findings:

Action is advised to enhance risk control or operational efficiency
Green

Whilst AEB governance arrangements and specifically in respect of the Payment Group were clearly evident as operational, governance could be further enhanced through establishment of a Terms of Reference detailing (but not limited to) the Group's purpose, authority / delegations and roles and responsibilities.

Also reference to the Group's approval function and delegated authority to the s151 Officer to approve payments through this Group could be clearly stated. Whilst the business of the group was sufficiently documented within minutes, a formal actions and decisions log may more easily facilitate tracking of progress regards actions and implementation of decisions.

Implications:

Governance arrangements may not be fully reflected in the absence of standard administration tools such as terms of reference and logs.

Recommendations:

- i. Suitable terms of reference should be developed for the Payments Group with specific reference to the s151 Officer delegated approval role, as well as (but not limited to) the Group's purpose, membership, meeting frequency and quorum.
- ii. A dedicated action log and decisions log should be developed to support the Payment Group to ensure actions and decisions can be clearly and easily monitored regards progress with implementation.

Agreed Actions: *To be confirmed*

- i. Terms of reference will be developed for the Payments Group with specific reference to the s151 Officer delegated approval role, as well as the Group's purpose, membership, meeting frequency and quorum.
- ii. A dedicated action log and decisions log will be developed to support the Payment Group to ensure actions and decisions can be clearly and easily be monitored.

Responsible Officer:

Louise Cowen, Financial Controller
Fahmida Chowdhury, Productivity and Skills Finance Business Partner
Iris Both, Adult Education Deliver Manager

Target Date:

30 September 2021

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted, or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Stage	Date
Draft issued	13 July 2021
Revised draft issued	27 July 2021
Exit meeting	2 August 2021
Final issued	7 September 2021
ARAC meeting date	29 September 2021



West Midlands Combined Authority

Final Internal Audit Report: General Data Protection Regulations (GDPR) 2021-2022

Report Date: 16 September 2021

Report Distribution: Satish Mistry, Interim Director, Law & Governance
Gurmit Sangha, Data Protection Officer

Laura Shoaf, Interim Chief Executive
Jason Danbury, Strategic Head of Digital and Data

1. Executive summary

Introduction

An audit of the GDPR arrangements for the West Midlands Combined Authority's (WMCA) has been undertaken as part of the approved internal audit plan for 2021-2022.

GDPR was introduced in May 2018 and this review has been undertaken to establish if regulations have been fully embedded within the WMCA. The audit will be based on a compliance review against the Information Commissioners Office (ICO) four steps guidance for Data Controllers. An assessment has been made against each area of the guidance in section two of the report with an assessment and comments made on all the areas irrespective of whether recommendations were made.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and will consider the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance that robust management arrangements and controls are in operation for compliance with General Data Protection Regulations (GDPR).

Scope	Potential risks
<p>The scope of the review included the following areas in accordance with the four steps guidance issued by the ICO for Lawfulness, fairness and transparency:</p> <ul style="list-style-type: none">• The lawfulness, fairness and transparency of personal data being processed.• How the data protection rights of data subjects are met.• The accountability and governance policies/procedures and practises in place.• How data security and data breaches are handled.	<ul style="list-style-type: none">• Regulatory action for failure to comply with legislative requirements• Financial penalties• Loss of sensitive information• Reputational damage through adverse reports
Limitations to the scope of our audit	
<p>The review was be limited to the above scope areas. A separate audit covering cyber security arrangements will be proposed to be considered going forward.</p>	

Overall conclusion

Our audit provides **Satisfactory** assurance over the adequacy of the controls reviewed as part of the process to mitigate risks to an acceptable level.

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Key issues identified

We have identified one **amber** issue where improvements could be made, arising from the following:

- The WMCA's Cyber Essentials accreditation of its IT systems expired in November 2020.

In addition, we have raised nine issues classified as **green** which are detailed in section two of this report.

A summary of this report will be presented to the Audit, Risk and Assurance Committee.

Examples of good practice identified

During our work we identified the following examples of good practice in the management of risk, as achieved through the effective design and application of controls:

- The WMCA had an assigned Data Protection Officer (DPO).
- Data held had been captured and recorded in information asset registers (IAR's) within services.
- All new data processing is subject to completion of Data Privacy Impact Assessments (DPIA) which require project managers to consider the lawful basis of processing, which are assessed by the DPO.
- Where consent is required this is obtained as a ground for processing for individuals.
- Where consent is not obtained as reliance on a legitimate interest is used as the lawful basis for processing, the Information Commissions Office's (ICO) three-part test is applied and met in placing reliance.
- The WMCA is registered with the ICO.
- Privacy information had been provided to individuals through privacy notices published on the website and where appropriate bespoke privacy notices provided.

- Data subject rights were found to be recognised and set out in privacy notices published on the website.
- The WMCA has a process to recognise and respond to individuals' requests to access their personal data and data subject rights through the use of privacy notices and the DPO's contact details published on the website.
- A Data Protection Policy is in place which was introduced in June 2018 following GDPR.
- Annual data protection training is mandatory and completed by all staff through the WMCA Learning Pool.
- The WMCA has written terms in contracts with suppliers who act as processors for data requirements in accordance with the Crown Commercial Services Procurement Policy guidance.
- The WMCA Information Assurance Framework sets out the organisation's information risk structure to manage risks.
- Data and information security sit on the Corporate Risk Register.
- An Information Security Group meets on a quarterly basis which is attended by the DPO and managers.
- The DPO works closely with project managers on the importance of considering privacy protection (data protection by design) to integrate data protection into processing activities.
- The DPIA template is completed as part of all projects which result in new data processing.
- A range of data policies are in place including acceptable use, information security and internet and email use policy.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Findings and recommendations

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Step 1 of 4: Lawfulness, fairness, and transparency				
Information you hold				
1	<p>Your business has conducted an information audit to map data flows.</p>	<p>The current process to map data flows began in July 2019 with a request to all Directors and Heads of Departments from the Senior Information Reporting Officer (SIRO) to document the data they hold and how it is processed.</p> <p>Sample testing identified that business areas had completed an Information Asset Register (IAR) which mapped data the business area held and processes. Further, IAR reviews are undertaken by the WMCA Data Protection Officer (DPO). It is acknowledged that reviews had not been undertaken in 2020 due to Corvid- 19 but these were scheduled to take place in 2021.</p> <p>A review with the DPO established that a summary register of IAR's was required to act as a central reference point and to maintain oversight of the registers.</p>	<p>A central summary register of IAR's will be maintained to provide oversight of the registers.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: 31 August 2021</p> <p>IAR reviews undertaken by the Data Protection Officer (DPO) will be resumed and completed in 2021 /2022.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: 31 March 2022</p>	<p>Green</p> <p>Green</p>
2	<p>Your business has documented what personal data you hold, where it came from, who you share it with and what you do with it.</p>	<p>This is recorded as part of the IAR process detailed in 1 above and reviewed by the DPO.</p>	<p>N/a</p>	<p>N/a</p>

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Lawful basis for processing personal data				
3	Your business has identified your lawful bases for processing and documented them.	<p>The IAR's require Information Asset Owners to consider the lawful bases of processing for all identified data work streams.</p> <p>All new data processing is subject to Data Privacy Impact Assessments (DPIA) which require operational and project managers to consider the lawful basis of processing. Old legacy systems are also recorded on the IARs.</p> <p>All processing is subject to review of DPO to ensure compliance with legislation.</p>	N/a	N/a
Consent				
4	Your business has reviewed how you ask for and record consent.	<p>Consent was found to be required in the WMCA as a ground for processing (i.e. services to individuals using transport systems).</p> <p>Where required the following was found to be compulsory:</p> <ul style="list-style-type: none"> • Clear consent must be obtained from data subjects. • The data subject must "opt-in" to the data processing. WMCA do this by opt-in tick boxes or asking the data subject to sign up (positively subscribe) • Privacy notices are provided to the data subject. • Consent is clearly recorded with functionality to stop processing if consent is withdrawn. 	N/a	N/a
Consent to process children's personal data for online services				
6	If your business relies on consent to offer online services directly to children, you have systems in place to manage it.	N/a. The DPO advised that the WMCA does not process children's personal data for online services.	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Vital interests				
7	<p>You may be required to process data to protect the vital interests of an individual, your business has clearly documented the circumstances where it will be relevant. Your business documents your justification for relying on this basis and informs individuals where necessary.</p>	<p>N/a. The DPO confirmed that the WMCA have no processing subject to the vital interests ground for processing.</p>	N/a	N/a
Legitimate interests				
8	<p>If you are relying on legitimate interests as the lawful basis for processing, your business has applied the three-part test and can demonstrate you have fully considered and protected individual's rights and interests.</p>	<p>The IAR's require Information Asset Owners to consider the lawful bases of processing for all identified data work streams. (i.e. fulfilling a public interest) The ICO three-part test is applied when using legitimate interests as a ground for processing which consists of:</p> <ol style="list-style-type: none"> 1. Purpose – what is the purpose of processing 2. Necessity – must be able to demonstrate necessity for processing 3. Balancing – the legitimate interest must not override an individual's freedom, interest, rights. <p>Where IAR's state a legitimate interest for processing is undertaken as the grounds for processing the DPO reviews to ensure this is justified and correct.</p> <p>Further, all new data processing is subject to Data Privacy Impact Assessments (DPIA) which require project managers to consider the lawful basis of processing.</p>	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Data Protection Fee				
9	Your business is currently registered with the Information Commissioner's Office.	A review of the Information Commissioners Office's register established that the WMCA, TfWM, Midlands Connect, and West Midlands Rail Executive are registered with the Information Commissioner's Office.	N/a	N/a
Step 2 of 4: Individuals' rights				
Right to be informed including privacy information				
10	Your business has provided privacy information to individuals.	<p>A review of the WMCA, TfWM, Midlands Connect and West Midlands Rail Executive websites identified privacy notices were provided to data subjects whose personal data is processed.</p> <p>In addition to operating the standard privacy notices, where required, bespoke privacy notices were evidenced as being provided where more detailed/specific information was required.</p>	N/a	N/a
Communicate the processing of children's personal data				
11	If your business offers online services directly to children, you communicate privacy information in a way that a child will understand.	N/a. The DPO confirmed that the WMCA does not offer online services directly to children.	N/a	N/a
Right of access				
12	Your business has a process to recognise and respond to individuals' requests to access their personal data.	<p>All data subject rights were found to be recognised and set out in privacy notices where It is explained that rights can be exercised by contacting:</p> <ul style="list-style-type: none"> • Information.officer@wmca.org.uk • Telephone: Switchboard – 0121 200 2787; Main Contact Centre – 0345 303 67 60 	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
	<ul style="list-style-type: none"> Address: Data Protection Officer, 16 Summer Lane, Birmingham, B19 3SD <p>When responding to a data subject exercising a data subject right, they are provided with an appeal process to any decision made.</p> <p>A review with the DPO established that all data subject rights are managed and responded to by the DPO/Governance Team, with only a few requests received each year (approximately 5). In addition, staff were provided with guidance on subject rights through a fact sheet and mandatory training.</p>			
Right to rectification and data quality				
13	<p>Your business has processes to ensure that the personal data you hold remains accurate and up to date.</p>	<p>A review with the DPO identified that all new data processing is subject to consideration of data accuracy through DPIA's which are subject to sign off by the DPO.</p> <p>Data accuracy was advised to be the responsibility of the teams to manage with Information Leaders appointed in service areas to champion good data practices. However, spot checks by the DPO with teams on data accuracy when reviewing services IAR's would confirm this.</p> <p>It is acknowledged that resources may restrict the extent of such checks as the DPO is solely responsible for Data Protection, all Freedom of Information Requests, all Subject Access Requests, advice / support on data protection matters and information sharing requests from legal and service areas.</p>	<p>The DPO will carry out spot checks on the accuracy of data when carrying out reviews of service IARs.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: On-going</p> <p>To achieve maximum outcomes from limited resources, regular periodic meetings between the DPO and Information Leaders will take place to communicate data practice topics to services areas / leadership teams.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: 31 July 2021</p>	<p>Green</p> <p>Green</p> <p>Green</p>

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Right to erasure including retention and disposal				
14	Your business has a process to securely dispose of personal data that is no longer required or where an individual has asked you to erase it.	<p>All new data processing is subject to retention consideration through DPIA's where the process for disposing of data is recorded.</p> <p>Data retention is also subject to the WMCA Retention and Disposal Policy. However, a review of the policy identified that the policy was dated in 2017 and required review.</p>	<p>A review of the 2017 Retention and Disposal Policy will be undertaken.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer:</p> <p>Target Date: 30 November 2021</p>	Green
Right to restrict processing				
15	<p>Your business has procedures to respond to an individual's request to restrict the processing of their personal data.</p>	<p>All data subject rights requests are managed and responded to by the DPO.</p> <p>Further, privacy notices published on the WMCA website, explained that rights can be exercised by contacting:</p> <ul style="list-style-type: none"> • Information.officer@wmca.org.uk • Telephone: Switchboard – 0121 200 2787; Main Contact Centre – 0345 303 67 60 • Address: Data Protection Officer, 16 Summer Lane, Birmingham, B19 3SD <p>When responding to a data subject exercising a data subject right, details for an appeal process with any decision made is provided.</p> <p>A review with the DPO established that only one request had been received in the last three years.</p>	N/a	N/a
Right to data portability				
16	Your business has processes to allow individuals to move, copy or transfer their personal data from one IT environment to another in a safe and secure way,	Data portability is considered on a case by case basis and delivered with the support of WMCA IT Team and the DPO. A review with the DPO established that there had not been many cases to date.	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
	without hindrance to usability.			
Right to object				
17	<p>Your business has procedures to handle an individual's objection to the processing of their personal data.</p>	<p>All data subject rights are managed and responded to by the DPO/Governance Team.</p> <p>Privacy notices published on the WMCA website explained that rights can be exercised together with an appeal process. The appeal is a three-stage process.</p> <ol style="list-style-type: none"> 1. complaint about processing data or subject access rights dealt with by the DPO 2. if an appeal is received this would go to the Monitoring Officer 3. if still not happy the right to complain to the ICO is available (contact details provided) <p>Staff at WMCA are provided with training on data subject rights through mandatory training.</p>	N/a	N/a
Rights related to automated decision-making including profiling				
18	<p>Your business has identified whether any of your processing operations constitute automated decision making and have procedures in place to deal with the requirements.</p>	N/a. WMCA is not currently undertaking any automated decision making	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Step 3 of 4: Accountability and governance				
Accountability				
19	Your business has an appropriate data protection policy.	<p>A Data Protection Policy was implemented in June 2018 following GDPR. The policy is available on the WMCA intranet site.</p> <p>However, a review with the DPO established that a dedicated page on the intranet site where policies, guidance notes and update news articles would provide a more centralised place for data management documents.</p>	<p>Consideration will be given to having a dedicated webpage on the WMCA intranet site to provide a centralised point for employees to access data policies, guidance notes and new updates.</p> <p>The Data Protection Policy will be reviewed to ensure that it is still fit for purpose.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: 31 December 2021</p>	Green
20	Your business monitors your own compliance with data protection policies and regularly reviews the effectiveness of data handling and security controls.	Part of the DPO's roles in reviewing services IAR's is to check for compliance and to take the opportunity to challenge.	N/a	N/a
21	Your business provides data protection awareness training for all staff.	<p>Annual data protection training is mandatory for all staff. The annual training is delivered through WMCA Learning Pool, with employees emailed and managers copied in where training is not completed. Take up is also monitored and reported to HR.</p> <p>Additional ongoing training, guidance, awareness is provided throughout the year where required.</p>	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Processor contracts				
22	Your business has a written contract with any processors you use.	A review with the DPO established that all new contracts with suppliers that act as data processors are subject to the Crown Commercial Services Procurement Policy guidance clauses. Further, for old contracts an addendum was sent out in 2018.	N/a	N/a
Information risks				
23	Your business manages information risks in a structured way so that management understands the business impact of personal data related risks and manages them effectively.	<p>A review with the DPO established that the WMCA Information Assurance Framework sets out the organisation's information risk structure.</p> <p>To manage risk WMCA has in place:</p> <ul style="list-style-type: none"> • An Information Risk Management Policy. • An Information Risk Management Procedure. <p>However, the WMCA has recently reviewed its overall Risk Strategy, and how risk is managed. Information risk will feed into and follow this strategy going forward.</p> <p>Data and information security sits on the Strategic Risk Register.</p> <p>An Information Security Group also meets on a quarterly basis which is attended by managers.</p>	N/a	N/a
Data Protection by Design				
24	Your business has implemented appropriate technical and organisational measures to integrate data protection into your processing activities.	<p>A review with the DPO established that since 2018 the WMCA has implemented a programme of upskilling the workforce on data protection compliance. This has included the concept of considering data protection at the design/planning stage of any process that will result in the processing of personal data.</p> <p>The DPO has worked closely with project managers on the importance of considering privacy protection (data protection by design).</p> <p>Privacy by design is implemented through Data Protection Impact assessments (DPIA)</p>	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Data Protection Impact Assessments (DPIA)				
25	Your business understands when you must conduct a DPIA and has processes in place to action this.	The DPO supports project teams on DPIA's and provides guidance, training, and awareness on DPIA's. Written guidance to all staff is also available on DPIA's on the WMCA intranet site.	N/a	N/a
26	Your business has a DPIA framework which links to your existing risk management and project management processes.	A review with the DPO established that: <ul style="list-style-type: none"> • The WMCA DPIA template is completed as part of all projects which will result in new data processing. • Where a third party is acting as a Data Processor a Supplier System Risk Assessment template is completed in conjunction with a DPIA. Further this process will link with the new risk strategy.	N/a	N/a
Data Protection Officers (DPO)				
27	Your business has nominated a data protection lead or Data Protection Officer (DPO).	Gurmit Sangha is WMCA Data Protection Lead and DPO and his contact details are included on the WMCA website.	N/a	N/a
Management Responsibility				
28	Decision makers and key people in your business demonstrate support for data protection legislation and promote a positive culture of data protection compliance across the business.	The WMCA Information Assurance Framework sets out the management responsibilities for information assurance.	N/a	N/a

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Step 4 of 4: Data security, international transfers, and breaches				
Security policy				
29	<p>Your business has an information security policy supported by appropriate security measures.</p>	<p>A review with the DPO established that the WMCA has the following policies in place:</p> <ul style="list-style-type: none"> • Information Security – Acceptable Use Policy. • Information Security Policy. • Information Security Classification Policy. • Internet & Email Use Policy <p>However, it was identified that the WMCA does not use automated protective marking on their e mails (i.e. Restrict, Protect, Not Protectively Marked)</p> <p>Further, the WMCA's Cyber Essentials accreditation of its IT systems had expired in November 2020 and WMCA ICT is in the process of submitting a renewal application with supporting evidence for assessment by an independent third-party accreditor. We understand that once the application is submitted, there will be a period of time before the WMCA receives its accreditation, after the accreditor has undertaken their assessment subject to any requirements for further clarifications or supporting evidence.</p>	<p>Consideration will be given to introducing automated protective marking on emails.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: 31 December 2021</p> <p>A review of progress with submission of the application for re-accreditation has been undertaken by ICT and the target date for Cyber Essentials submissions is now October 2021. This allows us time to be thorough in our assurance around specific controls in areas of Cyber Essentials that have expanded since our previous submission. Cyber Essentials is not a mandatory requirement for GDPR compliance, but we will proceed with this certification as part of the wider HMG Security Policy Framework mandates.</p> <p>Responsibility: Jason Danbury, Strategic Head for Digital and Data</p> <p>Target Date: 31 October 2021 for submission of application (accreditation date thereafter is subject to the accreditor completing their assessment and any requirement for further supporting evidence)</p>	<p>Green</p> <p>Amber</p>

Information Commissioner's Controllers checklist	WMCA arrangements / controls / procedures in place	Recommendations	Risk Rating	
Breach notification				
30	<p>Your business has effective processes to identify, report, manage and resolve any personal data breaches.</p>	<p>A review with the DPO established that the WMCA has in place:</p> <ul style="list-style-type: none"> • A Security Incident Reporting Policy • A Security Incident Reporting Procedure • Security breaches are reported to SecurityIncidentReporting@wmca.org.uk <p>However, any serious breach would need to be reported to the ICO with 72 hours which would require buy in from Senior Officers with an agreed streamlined procedure to meet the deadline. Senior Officers and Directors would be required to come together at short notice to meet the 72-hour timescale.</p>	<p>An agreed streamlined protocol to meet the ICO reporting deadline for serious breaches will be introduced.</p> <p>Responsibility: Gurmit Sangha, Data Protection Officer</p> <p>Target Date: 31 January 2022</p>	Green
International transfers				
31	<p>Your business ensures an adequate level of protection for any personal data processed by others on your behalf that is transferred outside the European Economic Area.</p>	<p>WMCA will only permit international data transfers (Outside of the UK and EU) only in exceptional circumstances, as it is not the preferred option. Where such transfers are required one of the following are required to be in place:</p> <ul style="list-style-type: none"> • There is in EU adequacy agreement in place. • If the transfer is to the USA, the organisation in the USA is certified to the EU – USA Privacy Shield. • The EU Standard Contractual Clauses for controller to processor are in place 	N/a	N/a

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted, or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Stage	Date
Draft issued	8 July 2021
Revised draft issued	9 August 2021
Final issued	16 September 2021
ARAC meeting date	29 September 2021



Audit, Risk & Assurance Committee

Date	29 September 2021
Report title	Data Protection & Data Security Annual Update
Accountable Chief Executive	Laura Shoaf, Interim Chief Executive
Accountable Employee	Gurmit Sangha, Data Protection Officer Email: Gurmit.Sangha@wmca.org.uk Tel: (0121) 214 7301
Report has been considered by	

1.0 Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to note the reporting of data protection assurance and compliance with data protection legislation.

2.0 Purpose

This report provides the Committee with the Data Protection Officer's (DPO) annual assessment of compliance with the General Data Protection Regulations (GDPR) and the Data Protection Act 2018 (DPA 2018).

3.0 Overview of data protection compliance during the last 12 months

The processing of data continued to take place largely remotely with most staff working from home due to the Covid pandemic. Data protection compliance has also been monitored remotely. Whilst there are some limitations with this, we have continued to have good engagement from business areas on data protection issues. An update on data protection and lone working was presented to the Committee on 28 June 2021.

Staff have taken part in mandatory data protection training and been provided with bespoke communications setting out guidance on data protection good practise.

There has been a continued increase in WMCA business areas processing personal data engaging with the DPO and seeking advice. This has been the case both for ongoing processing and new planned processing.

4.0 Key developments

Since the last update to the Committee WMCA introduced multi-factor authentication for all WMCA IT users, which has made access controls to WMCA systems more robust. Users are now regularly requested to enter a second form of authentication in the form of a code sent to their mobile phone before access is granted. This extra layer of security is an essential recommendation of the Information Commissioners Office.

5.0 Data breaches

The number of reported data breach incidents remains low and can be grouped into three categories.

- i. The cause of the majority (62%) was human (clerical) error. These breaches were assessed as low level breaches with no adverse impact on any data subjects. However, it emphasises the continued need to deliver ongoing data protection awareness to staff. Human error resulting in a data breach is always a risk. We look to mitigate this risk by continued ongoing data protection training and awareness. All incidents have been subject to specific advice and recommendations on future ways of working for the teams involved.
- ii. The deployment of new IT or upgrades can present challenges due to its increasing complexity. We have seen two incidents where settings within systems has resulted in possible unauthorised access by WMCA staff who should not have permission to access this data. It should be noted that there was no risk of anyone external to WMCA gaining access. Both incidents were detected and the access issues rectified before any major breach event.

We recognise the above highlights the need for undertaking Data Privacy Impact Assessments (DPIA) at project design and implementation stage. These assessments compel project managers to consider and record data protection risks to data that will be processed through the IT system. This should then feed into testing and further review/assessment once the system goes live.

- iii. The delivery of front-line services is undertaken by WMCA through partnerships with organisations who provide specialist functions. Under data protection legislation there are two types of relationships that these partnerships form. Firstly, the partner organisation is classed as a "Data Processor" for WMCA who is the "Data Controller".

This means that they handle data on our behalf, and we are responsible for this data. Secondly the relationship may be one where both we and the partnership organisation is a “Data Controller”. This means we are responsible individually for the data we respectively hold and process.

We have had reports from two partners informing us that they have been subject to a breach. We have sort and obtained assurance in relation to both incidents and are satisfied that there was no impact on any data subjects for which WMCA is responsible. The incidents highlight the need for due diligence at procurement stage, robust contractual data protection measures/requirements, and ongoing partnership monitoring.

No reported data breach incidents during the last 12 months were identified as posing a risk to data subjects or required reporting to the Regulator under the Data Protection Act 2018.

6.0 Areas requiring improvement

The focus of the DPO over the next 12 months will be on the following areas, which have been identified as requiring improvement, to increase data protection assurance:

6.1 Establishing a data protection standard to measure WMCA against

The DPO and WMCA Security & Information Risk Advisor have for some time advised that WMCA adopt an assurance standard to measure data protection compliance. The DPO and WMCA Security & Information Risk Advisor have recommended that the Government Functional Standard GOVS 007 is adopted and put in place. GOVS 007 sets out a suite of standards applying to security risk management, planning and response activities for cyber, physical, personnel, technical and incident management. These standards sit alongside the Governments advice and guidance contained within the HMG Security Policy Framework.

The DPO will continue to press for the adoption of the above.

6.2 Improving breach reporting mechanisms

The DPO will work towards improving both data breach reporting knowledge across WMCA the mechanism for reporting breaches, and breach management. The current policies and procedures will be reviewed to improve our current handling of such incidents.

This is an important aspect of data protection compliance. The legislation requires reporting to the Regulator all incidents which are reportable within 72 hours. This does not provide for a great deal of time for assessment and action. We have identified areas where our current arrangements can be significantly improved, and this will be undertaken.

6.3 Establishing a data protection resource

Maintaining data protection awareness across the organisation is vital to both ensuring compliance with legislation and preventing data breaches. Whilst we currently deliver training and data protection communications during each year, we do not have a dedicated space on the WMCA intranet which staff can refer to it. This will be established and promoted as part of filtering good data protection compliance across WMCA.

6.4 Monitoring data processing across WMCA

The final area the DPO will look to enhance is the monitoring of data processing activities across WMCA. This does currently take place, but it will be proposed to the Management Team that it is formally embedded as part of a DPO internal data protection audit plan.

7.0 General Data Protection Regulations (GDPR) Internal Audit 2021

Between April 2021 and September 2021 WMCA was subject to an internal data protection arrangements audit as part of the internal audit plan. The audit was based on the Information

Commissioner's Office data protection assurance toolkit and the auditors experience of auditing similar organisations data protection compliance.

The audit concluded a "Satisfactory" assurance over the adequacy of controls reviewed and identified several areas of good practice. The audit provided recommendations for improvement in six areas. Recommendations were given the following ratings:

GREEN - Action is advised to enhance risk control or operational efficiency

AMBER - Action is required to avoid exposure to significant risks in achieving objectives

RED - Action is imperative to ensure that the objectives for the area under review are met

7.1 Understanding what data WMCA holds and mapping how it flows (audit finding 1).

WMCA has put in place Information Asset Registers (IAR's) for each business area. These registers record the data held by the business area, how it flows through the organisation, and WMCA compliance with data protection principles.

The internal audit randomly selected registers and provided the following green rated recommendations:

- A central summary register of IAR's will be maintained to provide oversight of the registers.
- IAR reviews undertaken by the Data Protection Officer (DPO) will be resumed and completed in 2021/2022.

WMCA have a rolling programme of reviewing registers for business areas that process large volumes of personal data annually. We remain on course to complete 2021/2022. An oversight register will be put in place to provide greater clarity on the status of IAR's, and flag registers that require attention.

7.2 Ensuring data held remains accurate and up to date (audit finding 13).

Data protection legislation stipulates that personal data is accurate and where necessary, kept up to date. If inaccurate data is identified every reasonable step must be taken to erase or rectify it without delay. All business areas are reminded of this requirement and when completing their IAR's are required to confirm procedures are in place to ensure the accurate collection of data.

The internal audit provided the following green rated recommendations to improve assurance:

- The Data Protection Officer (DPO) to carry out spot checks on the accuracy of data when carrying out reviews of IARs.
- To conduct regular periodic meetings between the DPO and Information Leaders within business units to communicate best data practice topics to services areas.

WMCA has implemented the above recommendations and they will be put into practice over the next twelve months.

7.3 Managing retention and disposal (audit finding 14).

The current WMCA Retention and Disposal Policy was last reviewed in 2018. Since this review there have been several changes in both retention of documents and their disposal when no longer required. This change has been heightened by the Covid pandemic which has changed the working environment, and the increasing use of electronic data instead of paper records. Therefore, in accordance with an audit green rated recommendation we will be review and update the policy.

7.4 Embedding data protection policies within WMCA (audit finding 19).

WMCA recognises that a key aspect of ensuring good data protection compliance is ensuring the organisations data protection requirements are embedded and understood by all who process data. Various channels of communication are used to deliver data protection knowledge including formal training, best practise reminders, messages and guidance. However, we do not currently have a central resource where policies, guidance, and updates can be accessed.

The internal audit provided a green rated recommendation that consideration should be given to having a dedicated webpage on the WMCA intranet site to provide a centralised point for employees to access data policies, guidance notes and new updates. A decision has been made to set up a space within the internal WMCA intranet where staff can review data protection resources to assist in processing data in a manner compliant with data protection legislation.

7.5 Appropriate technical security (audit finding 29).

The internal audit reviewed at a high level WMCA meeting the requirement of the Data Protection Act to implement technical and organizational measures that ensure a level of data security. The audit provided two recommendations:

- A green rated recommendation to consider introducing automated protective marking on e-mails.
We will review protective marking and specifically the use of automated protective e-mail marking.
- An Amber rating to review the submission of the re- application for Cyber Essentials.
WMCA's Cyber Essentials accreditation has expired. Whilst it is not mandatory to have such accreditation it requires a level of security compliance which provides assurance. Both the DPO and WMCA Security & Information Risk Advisor have recommended that we reapply for the accreditation by demonstrating WMCA has in place the required standards. The matter currently sits with Digital and Data Team.

7.6 Handling data breaches (audit finding 30).

The audit provided a green recommendation that the protocol for reporting data breaches to the ICO is streamlined. As set out in 6.2 above this is planned work to be undertaken by the DPO.

8.0 Summary

WMCA continues to work towards increasing its data protection maturity. We have seen over the last 3 years a greater understanding of data protection requirements across the organisation. The last 12 months has demonstrated a continuing increase of WMCA departments considering data protection both for ongoing processing and planned new processing. We will over the next 12 months work on areas which we have identified we can develop in order to provide greater assurance and mitigate the risks identified.

9.0 Financial Implications

N/A

10.0 Legal Implications

N/A

11.0 Equalities Implications

N/A

12.0 Inclusive Growth Implications

N/A

13.0 Geographical Area of Report's Implications

N/A

14.0 Other Implications

N/A

15.0 Schedule of Background Papers

None



Audit, Risk & Assurance Committee

Date	29 September 2021
Report title	WMCA Strategic Risk Management Framework V1.0
Accountable Chief Executive	Laura Shoaf, Interim Chief Executive Email: Laura.Shoaf@tfwm.org.uk Tel: (0121) 214 7444
Accountable Employee	Linda Horne (Finance Director & Section 151 officer) Email: Linda.Horne@wmca.org.uk Tel: (0121) 214 7508
Report has been considered by	Linda Horne (Finance Director & Section 151 officer)

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Following presentation to an informal ARAC on 28th June 2021, review and approve/endorse the new WMCA Strategic Risk Management Framework V1.0 enclosed as appendix 1 (in draft until approved by ARAC).

1. Purpose

- 1.1 One of the key roles of the Audit Risk and Assurance Committee documented within the Terms of Reference is “independent review of the governance, risk management and control frameworks”. The purpose of this report is to share with ARAC members the draft WMCA Strategic Risk Management Framework V1.0 (SRMF) as documented in appendix 1. In view of its role of oversight of risk management, ARAC is requested to review and approve/endorse the draft Strategic Risk Management Framework V1.0 (draft) ahead of its implementation, the framework will remain in draft until approved/endorsed by ARAC.
- 1.2 The Framework has been reviewed by and is supported by the WMCA’s Strategic Leadership Team (SLT) who approved the framework at their weekly meeting on 28th April 2021. In order to aid the understanding of ARAC members a high level presentation of the 6 key focus areas of the SRMF was presented at its meeting on 28th June 2021 this is also included again as appendix 2.

2. Background

- 2.1 There is an established Corporate/ Strategic Risk Register in place that is regularly reviewed and updated by the Risk Manager and Risk Owners in addition to Directorate level risk registers and Project/Programme risk registers. Additional risk management arrangements were also put in place during the Covid-19 pandemic via a Covid Risk Register, elements of which have been escalated to the Strategic Risk Register.

However, within West Midlands Combined Authority there has been a need to develop an overarching risk management framework for the CA that standardises the definition of risk, the way in which we expect risk to be managed across the whole organisation and also defines those risks that are in scope for strategic oversight. The Strategic Risk Manager, with the support of a cross directorate working group has developed a framework in the new Strategic Risk Management Framework to do this (see appendix 1) and alongside it a plan to roll out and embed the framework across WMCA as shared with ARAC on 28th June 2021 and is included in appendix 2.

3. Risk Management Framework

- 3.1 The risk management framework sets out how risks should be managed across the organisation. It explains how risk exists at all levels of the CA and sets out the responsibilities of all employees for managing and where appropriate, escalating this risk. The new Framework is shown in its entirety in appendix 1. ARAC have a role in the oversight and management of risk. Thus, it is requested that members review and endorse the Framework prior to its implementation.

4. Implementation

- 4.1 In addition to the Strategic Risk Management Framework, a proposed implementation plan has been developed. This was presented to ARAC on 28th June 2021 and is shown on slide 13 in the enclosed presentation (appendix 2), the key stages of this are:
 - Baselining – Assess the maturity of risk management arrangements across WMCA currently through a facilitated Risk Maturity self-assessment (Commencing July 2021).
 - Organisational awareness and communications – launch the new risk framework through a variety of comms and training (Commencing July 2021).

- Embedding – through facilitated risk workshops, developing alignment of the “lower level” directorate, operational and project/programme risk registers. This is expected to commence July 2021 with an expected embedding period of approximately 6 months, by which time all areas of the organisation would be expected to comply. Full Organisational compliance is expected by 1st February 2022. With Operational Embedding following as the new Framework becomes BAU from 1st February 2022.
- In addition, implementation will be supported by the provision of newly developed supporting tools including a new Basic Risk Register template which is compliant with the SRMF and a new Risk Escalation model and accompanying Risk Escalation sheet for Risk Owners to use to facilitate escalation between Risk Registers.
- A review of the framework’s embedding including conformance with the framework will be undertaken following the embedding period to look at ownership and embedding of the framework along with organisational conformance to the Framework. This activity is anticipated to be completed by 31st July 2022. In addition, there will be an annual review cycle, this will ensure and provide assurance to ARAC that framework is and remains fit for purpose. Consideration will be given to whether this annual review cycle should include assurance to be undertaken independently of the WMCA, such as by another CA as part of a sharing of best practice and bench marking exercise.

5. Resourcing

- 5.1 The Strategic Risk Manager has worked in partnership with OD to deliver a training plan and will begin to deliver risk training across the organisation during July 2021 to enhance organisational awareness of the framework. The delivery of the training plan, to include risk owners and risk managers is due to be completed by the end of October 2021. With Further plans to deliver training to new and existing members of ARAC by the end of 2021 and the wider management group by end of January 2022.

6. Financial Implications

N/A

7. Legal Implications

N/A

8. Equalities Implications

N/A

9. Inclusive Growth Implications

N/A

10. Geographical Area of Report’s Implications

N/A

11. Other Implications

N/A

12. Schedule of Background Papers

N/A

13. Appendices

Strategic Risk Management Framework V1.0 Signed off by SLT on 28th April 2021.

Victoria Harman, Strategic Risk Manager – June 2021

Framework queries should be directed to: victoria.harman@wmca.org.uk

How has the Strategic Risk Management Framework (SRMF) been developed?

The SRMF has been developed through a working group with cross directorate participation to ensure that the framework is suitable for organisation/WMCA wide use. Members of the working group are detailed below:

Member	Business Area
James Magee	TfWM
Craig Wakeman	TfWM
Cynthia Beverley	TfWM
Louise Capener	Data & Digital
Craig Barnes	Data & Digital
Gurmit Sangha	Data Protection and Information Sharing Officer
Rob Lamond	Housing & Regeneration
Anthony Bowater	HR & OD
Lorraine Quibell	Governance
Aanisah Begg	Investment
Keiran Casey	Productivity & Skills
Louise Cowen	Finance
Paige Mcinerney	Insurance Officer – Finance
Joti Sharma	Strategic Hub (Assurance)
Sascha Landucci	Strategic Hub (Performance Team)
Victoria Harman	Strategic Hub (Risk)



Current V's Future Strategic Risk Framework – Key Review Areas

Review of strategic risks

Review of appetite/tolerance

Scoring matrix

Escalation matrix

Risk likelihood table

Risk impact table

Page 75

Value added by SRMF:

- 'In successful organisations, risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. If we are serious about meeting objectives successfully, improving service delivery and achieving value for money, risk management must be an essential and integral part of planning and decision-making' – HMT's Orange Book .
- The Strategic Risk Management Framework sets out a consistent approach for how Risks are identified, managed, mitigated and reported in a consistent and proportional way. Supports prevention or risks crystallising/materialising (becoming an Issue). It also facilitates informed decision making through visibility of risk exposures throughout the organisation by providing a shared view of risk exposure.
- Sets risk management guidelines for a consistent and cohesive approach to managing risk across the organisation. Allowing for aggregation across risk registers and escalation of from Operational/Project/Programme/Directorate Risk Register to Strategic Level Register.
- It is a powerful tool to support the organisation in delivering its objectives, increasing likelihood of delivery against objectives through enhanced operational effectiveness and efficiency.

Current v Future Strategic Risks

Risks	Commentary
Political	Retain
Governance	Retain
Operations Core Functions	Retain – Renamed Operations
Economic	Retain
Financial	Retain
Programme Development	Retain – Renamed Innovation & Development
Programme Delivery & Devolution Commitments	Retain – Renamed Programme Delivery
New - Information risks	New
New - Reputational	New
Operations Emerging	Remove – Not perceived to be a Strategic Risk.

Page 77

There has been a wholesale review of the risks that are considered to be strategic, and this slide shows the 2021 Strategic Risk updates- changes are in **red text**. You will see that all but 1 of the risks identified in the 2018 review have been retained although 3 have been renamed for ease of understanding. In addition the full framework provides a definition for each of the Strategic Risks to enable universal understanding.

Current v Future Risk Appetite Table

Risk Appetite	Description
Open	Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.
Cautious	Preference for safe options that have a low degree of risk and may only have limited potential for reward.
Averse	Avoidance of risk and uncertainty is a key organisation objective

The appetite level range/framework remains as was documented in the 2016 & 2017 versions of Corporate Risk Management Strategy.

Current v Future Appetite

Risk	Appetite Current	Recommended Appetite 2021
Political	Averse	Averse
Governance	Averse	Averse
Operations – Core Functions <i>renamed Operations for 2021</i>	Averse	Cautious
Programme Delivery & Devolution Commitments <i>renamed Programme Delivery for 2021</i>	Averse	Cautious
Economic	Cautious	Cautious
Financial	Open	Cautious
Programme Development (opportunity) <i>renamed Innovation & Development for 2021</i>	Open	Open

Current v Future Appetite

Risk	Appetite Current	Recommended Appetite 2021
New Strategic Risk - Information Risk	N/A New recommended Strategic Risk for 2021	Cautious - Personally Identifiable Information
		Open - All other Information
New Strategic Risk - Reputational	N/A New recommended Strategic Risk for 2021	Averse
Operations Emerging (Not deemed Strategic) - Recommend Removal for 2021	Cautious	N/A

Current Scoring v 2021 Scoring

The Risk & Issues Classification Matrix (RICM)

Current Scoring Matrix

Likelihood	5 – very high Very likely to occur	5	10	15	20	25
	4 – High More likely to occur than not	4	8	12	16	20
	3 – Medium Could occur at some point	3	6	9	12	15
	2 – Low More likely not to occur	2	4	6	8	10
	1 – Very low Very unlikely to occur	1	2	3	4	5
		1 Minimal	2 Minor	3 Significant	4 Major	5 Critical
	IMPACT					

Recommended new Scoring Matrix

Between Open & Cautious -

Likelihood	5 – very high Very likely to occur	5	10	15	20	25
	4 – High More likely to occur than not	4	8	12	16	20
	3 – Medium Could occur at some point	3	6	9	12	15
	2 – Low More likely not to occur	2	4	6	8	10
	1 – Very low Very unlikely to occur	1	2	3	4	5
		1 Minimal	2 Minor	3 Significant	4 Major	5 Critical
	IMPACT					

New Escalation Process for 2021

The table details the escalation points:

Escalation	Rating
Local /Business Head	Limited
Risk Accountable Officer/Director/ *SRR	Medium
SLT/ARAC/SRR/ **WMCA Board	Very High

1. Risks scored/assessed as being low/limited/minor using the scoring matrix are to be managed at local level through the Project/ Programme/ Portfolio/Directorate/Operational Risk Registers by accountable risk owners. These are to be escalated by exception only where deemed appropriate. Accountability for escalation of risks sits with the Risk Owner.
2. Risks scored major/considerable/medium using the scoring matrix are to be managed at local level under the oversight of the risk owner/ Director or business Head, but **must** be escalated to WMCA Strategic Leadership Team for consideration of impact on Strategic Objectives and consideration for inclusion on the Strategic Risk Register (public document) where deemed appropriate by WMCA SLT. Accountability for escalation sits with the Risk Owner. ***
3. Risks scored/assessed as critical/very high using the scoring matrix **must** be escalated to WMCA Strategic Leadership Team and the Strategic Risk Register (public document) and managed under the oversight of both WMCA SLT & ARAC. Accountability for escalation sits with the Risk Owner.

* Where deemed appropriate by WMCA SLT

** Where deemed appropriate by ARAC

SRR => Strategic Risk Register

***Note: Discretion regarding escalation does not sit with the risk owner, the risk owner must escalate all residual risks that are scored as amber (medium) to WMCA SLT, via either their responsible SLT Member or Via the Strategic Risk Manager (as part of the Strategic Risk Register review) the risk will then be reviewed and considered for inclusion on the SRR.

Likelihood table

How likely is it that the risk will manifest? See [appendix 1](#) for detailed likelihood table

Likelihood Score	Likelihood Rating	Description
1	Very Low	Very unlikely to occur. Very Low perceived chance of the risk manifesting.
2	Low	More likely not to occur. Known internal and external factors mean there is a possibility of the risk manifesting.
3	Medium	Could occur at some point. Known internal and external factors mean the possibility of the risk manifesting is more likely than not.
4	High	More likely to occur than not. Unknowns and instability means there is a high probability of the risk manifesting.
5	Very High	Very likely to occur/ Certain/ Has occurred. Failure is inevitable.

Page 83

High Level Impact Table

1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
<p>The nature of this failure may result minor adjustments but will not have any noticeable effect on outcomes.</p>	<p>The nature of this failure may result in minor annoyance or inconvenience, delivery will continue as planned.</p>	<p>Failure would cause some dissatisfaction which may include annoyance, and failure to deliver all anticipated outcomes.</p>	<p>The scale and nature of failure would result in a high level of dissatisfaction, localised reputational damage with possible reporting to the Regulatory body and severe impact on outcomes.</p>	<p>If the risk manifests it will; compromise safety; result in legal or constitutional noncompliance and project failure. Severe reputational damage and investigations will ensue.</p>

For detailed impact table please see [appendix 2](#)

Roll Out – Regular Progress Updates Will be Provided to ARAC

Framework Development Approval Steps - Regular Progress Reporting to be Provided to ARAC

- SLT Approval obtained (meeting date 28th April 2021)
- Develop risk tools training & Awareness materials May –June2021 – In progress & on track
- ARAC Review & Approval (meeting date 28th June 2021)

Baseline & Risk Maturity Review Raising organisational awareness

- Launch Communications – Commencing July 2021 to include:
 - Managers Briefings
 - Spotlight
 - Bitesize Sessions
- Launch of Framework & Roll out of Training From **July-August 2021**
 - Learning Pool training (Date TBC)
 - Base Lining / Gap analyses (Risk Maturity review) remediation plans to be in place by Jan 2022

Embedding

- Align Strategic Risk Register (SRR) with new risk management framework begins July 2021
 - Updated and aligned SRR to SLT for review August/September 2021 (Date TBC)
 - Updated & aligned SRR to ARAC – Date TBC
 - Training facilitates Organisation wide compliance with the SRMF - expected by 1st February 2022
 - Followed by embedding period completed by End of May 2022
- Provision of supporting tools, facilitating standardisation
 - Basic Risk Register Template available from 1st July 2021 ([appendix 4](#))
 - Risk Escalation Process & Template available from 1st July 2021 ([appendix 4](#))

Conformance Testing Following Embedding

- Organisation conformance testing to be completed by 31st July 2022 in line with Audit Issue 2.4

Appendix 1 -Detailed Likelihood table

Likelihood Score	Likelihood Rating	Description
1	Very Low / Very Unlikely to occur	<ul style="list-style-type: none"> • Very unlikely to occur. Very Low perceived chance of the risk manifesting. • The risk is not expected to occur in the next 25 years. • <10% probability of materialising. • There are no open audit or compliance issues related to this risk / issue. • There are no known Risk Events/Near Misses/Key Control failures within the last 10 years. • The risk has been assessed as within appetite/tolerance by the Risk Owner, indicating that there is no perceived threat to WMCA Strategy. • There have been no known significant External Risk Events relevant to the risk/issue.
2	Low / Unlikely to occur	<ul style="list-style-type: none"> • More likely not to occur. Known internal and external factors mean there is a possibility of the risk manifesting. • 10-29.9% probability of materialising. • The risk may occur in the next 5 years and is expected to occur in the next 25 years. • There have been no significant external events related to the risk/issue. • There are no open audit or compliance issues related to this risk/issue. • There are no known Risk Events/Near Misses/Key Control failures within the last 5 years. • The risk has been assessed as within appetite/tolerance by the Risk Owner, indicating that there is no perceived threat to WMCA Strategy.

Page 86

Detailed Likelihood Table - continued

3	Medium/ Moderate/ Possible	<ul style="list-style-type: none"> • Could occur at some point. Known internal and external factors mean the possibility of the risk manifesting is more likely than not. • 30-49.9% probability. • The risk may occur in the next 12 months and is expected to occur in the next 5 years. • Significant external risk events have been identified but not in the last 12 months. • There are no known Risk Events/Near Misses/Key Control failures within the last year /12 months, there relevant examples within the last 5 years. • The risk has been assessed as being at appetite/tolerance by the Risk Owner and is being assessed/monitored for its impact to WMCA Strategy.
4	High/ Likely	<ul style="list-style-type: none"> • More likely to occur than not. Unknowns and instability means there is a high probability of the risk manifesting. • 50-79.9% probability of materialising. • The risk is expected to occur in the next 12 months. • There are open Audit or Compliance Issues related to the risk/issue with significant remediation still ongoing/outstanding/required. • There have been significant, multiple or recurrent internal (operational) Risk Events /Near Misses or Key Control failures related/directly related to the risk/issue within the last year / 12 months. • The Organisational Unit has made provisions for the risk. • Significant external risk events relevant to the risk have been identified within the last 12 months.
5	Very High Very Likely/ Certain	<ul style="list-style-type: none"> • Very likely to occur • >80% probability of materialising • The risk impact has materialised, an issue has occurred or there has been a Near Miss (a Risk Event has occurred). • Failure is inevitable.

Appendix 2 -Impact Table

* Percentiles are subject to maximum financial values in line with Financial impact

Impact/Severity Rating Descriptions/Examples					
	1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
Financial Impact – Financial Loss	<£50,000	£50,000-£100,000	£100,001 - £500,000	£500,001-£1,000,000	>£1,000,000
Cost % Budget	<2.5% increase*	2.5% - 4.9% increase*	5% -7.49% increase*	7.5% -10% increase*	>10% increase *
Schedule Impact	Delivery impact of up to 3 months	Delivery impact of between 3 and 6 months	Delivery impact of between 6 and 9 months	Delivery impact of between 9 and 12 months	Delivery impact of greater than 12 months
Client /Customer /Partner	None	Jeopardises continuing good business relationship with Client/Customer/Partner.	Damages business relationship with Client/Customer/Partner.	Severely damages business relationship with Client/Customer/Partner.	Irretrievably destroys business relationship with Client/Customer/Partner.
Health & Safety	Known H&S threats effectively managed through appropriate control measures.	Potential for minor injury to occur that can be satisfactorily managed through Safety Management Systems.	Potential for moderate injury or dangerous occurrence to be sustained, possible reporting to the Regulatory body.	Potential for a breach in H&S rules resulting in likely intervention by the Regulatory body.	Severe injury or fatality likely to occur. Regulatory body intervention probable with threat of statutory enforcement or prosecution.

Page 88

Impact table

Impact/Severity Rating Descriptions/Examples

	1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
Service	Minor outages to non key services, business processes or locations.	Minor degradation to a key service, business process or locations.	Significant but not widespread degradation to 1 or more key services, business processes or locations.	Significant degradation or outage internal or third party, impacting a business area, key service or location.	Multiple business areas and or locations critically impacted as a result of widespread key service degradation.
Operations	Minimal threat to the running of daily operations which can be managed through management controls	Minor threat to the running of daily operations which have the potential to escalate but can be managed through management controls.	Significant threat to the running of daily operations which will escalate if not managed through management controls.	Major threat to the running of daily operations needs active management through management controls.	Severe threat to the running of daily operations needs immediate management through management controls.
Programme Delivery	Threat could have a minimal impact on the quality of, or delivery delays of up to 2 Weeks	Threat could have a minor impact on the quality of, or delivery delays of between 2 weeks and 1 month.	Threat could have a significant impact on the quality of, or delivery delays of between 1 and 2 months.	Threat could have a significant impact on the quality of, or delivery delays of between 2 and 3 months.	Threat could have a critical impact on the quality of, non-delivery, or delivery delays of greater than 3 months.
Reputational Impact	Adverse reputation impacts judged to be short term and manageable at a local/project level	Cause embarrassment and loss of credibility within the business community, general public, customers and markets.	Cause severe embarrassment and increased loss of credibility within the business community, general public, customers and markets.	Cause extreme embarrassment and increased loss of credibility within the business community, general public, customers and markets.	Cause extreme embarrassment and total loss of credibility within the business community, general public, customers and markets.
Regulatory/Legal/Governance	All constitutional and legislative requirements have been met and WMCA is acting within its statutory powers.	There is potential for legal action but measures to mitigate against any action can be demonstrated and no legislation has been breached.	Discretionary opinion on the interpretation of legislation or contractual terms is applied to confirm WMCA's ability to proceed with activities.	Discretionary opinion is not followed and action taken contrary to advice of legal colleagues	Failure to comply with legislation and contractual obligations leading to the possibility of a litigation, arbitration or adjudication claim being brought. WMCA exceeds its legislative powers (Ultra Vires)

Page 89

Impact Table - Continued

Impact/Severity Rating Descriptions/Examples

	1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
Colleague/Staff	Very Low levels of negative impact on colleagues engagement and morale isolated staff indicators being outside of tolerance.	Low levels of negative impact on colleagues engagement and morale isolated staff indicators being outside of tolerance.	Considerable negative impact on colleague/staff engagement and morale with multiple staff indicators being outside tolerance.	Pervasive negative impact on a significant number of colleagues engagement and morale with a high number of staff indicators outside tolerance.	Pervasive negative impact on a significant number of colleagues engagement and morale with majority of staff indicators outside tolerance
Benefits Realisation & Performance Management	The Benefits identified to be delivered will be the same, however there will be a minimal delay to realising the benefits (5%< duration of planned)	There is a minor impact to the benefits identified to be delivered effecting x 1 of the objectives or a monetary impact (BCR = 0.25 or less) and/or a minimal delay to the benefits being realised (6%-10% duration of planned)	There is a significant reduction in the benefits identified to be delivered effecting x 2 of the objectives or a monetary impact (BCR = 0.5-1) and/or a significant impact to the benefits being realised (11%-30% duration of planned)	There is a major reduction in the benefits identified to be delivered effecting x 3 of the objectives or a monetary impact (BCR = 1-2) and/or a major impact to the benefits being realised (31%-50% duration of planned)	There is a critical reduction in the benefits identified to be delivered effecting x 4 of the objectives or a monetary impact (BCR = 2+) and/or a critical impact to the benefits being realised (50%+ duration of planned)

Full SRMF Document – Appendix 3



Draft SRMF V1.0

[Back](#)

Tools- Appendix 4

Page 91



Basic Risk register
template



Risk Escalation
Template

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Strategic Risk Management Framework V1.0

Contents

1.0. Summary of Changes from Prior Version.....	4
2.0. Introduction and Overview	4
2.1. Framework Purpose.....	5
2.2. Scope.....	6
2.3. Responsibility for SRMF	6
3.0. Strategic Risks.....	6
4.0. Risk Appetite	8
4.1. Overview	8
4.2. Setting Risk Appetite.....	9
5.0. Risk Assessment.....	11
5.1. Likelihood	11
5.2. Impact	12
5.3. Calculating the Risk Score	12
5.4. The Risk & Issues Classification Matrix (RICM).....	13
5.5. Risk Escalation	14
6.0. Risk Management and Separation of Duties.....	15
7.0. Governance and Responsibilities.....	17
7.1. Roles with Additional Accountabilities/Responsibilities.....	17
8.0. Detailed Scope.....	17
8.1. In Scope.....	17
8.2. Out of Scope.....	17
8.3. Local Amendments	18
8.4. Overview Risk Management Structure & Committees.....	18
8.4.1 The WMCA Overview & Scrutiny Committee.....	19
8.4.2 The WMCA Audit, Risk & Assurance Committee (ARAC)	19
9.0. Appendices.....	21
9.1. Glossary.....	21
9.2. Definitions.....	22
9.3. Risk Appetite Table	23
9.4. Likelihood Table.....	23
9.5. Detailed Impact Table	24
9.6. Roles with Additional Risk Accountabilities/Responsibilities.....	25
9.7. Related Documentation	29

9.8. Document Governance	29
9.9. Approvals	29
9.10. Version Control.....	30

DRAFT

Following publication of this Framework, an embedding period of 6 months will follow to allow time for implementation, compliance and appropriate assurance to confirm compliance across the organisation. Organisation wide compliance with this framework is expected by 01/02/2022.

1.0. Summary of Changes from Prior Version

Prior version section name/number	Current version section name /number	Description of change / addition	Who does it impact	Significant changes for
V1.0	N/A	N/A First Publication	N/A	N/A

2.0. Introduction and Overview

Strategic Risks are defined within Her Majesty’s Treasury (HMT’s) Orange Book – (Management of Risk – Principles and Concepts) as, ‘Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change)’. This Strategic Risk Management Framework (SRMF) is designed to govern the way in which the West Midlands Combined Authority both identifies and manages its strategic risks and supports the requirements detailed in the Single Assurance Framework ([see Related Documentation](#)). This Framework is to be subject to a minimum of an annual review and challenge, and approval by the respective Accountable Officer and the relevant committee(s). This Framework is required to be uniformly understood and adhered to, and any cases of question of interpretation may be decided upon only by the Accountable Officer for the Framework. A definitions table has been included within the appendices to aid understanding of terminology used within the document [link](#).

The Strategic Leadership Team including Statutory Officer Group have the right to require and request the amendment to the SRMF.

Risk is inherent within all of the activities in which the West Midlands Combined Authority (WMCA) engages to deliver high quality services. It is acknowledged that the Combined Authority (CA) cannot be wholly risk averse and be successful. Effective and meaningful risk management is important in taking a balanced approach to managing opportunity and risk. It should be an embedded part of the planning and decision making process and not separate from it. Failure to correctly identify and manage those risk exposures appropriately and proportionately, to within reasonable appetite levels may lead to the failure of WMCA to achieve its objectives in terms of strategic priorities and to lead to reputational damage. This is not about adding new processes; rather it is about ensuring the integration of effective risk management in the way we lead, direct, manage and operate. Through the SRMF the organisation can identify and manage those risks to a reasonable residual (within appetite) level, whether at Corporate, Project/Programme, Directorate or Operational level, ensuring that all risks are subject to appropriate levels of ongoing monitoring. Risks that are at the strategic level (risks faced by the WMCA that may impact on its ability to accomplish its strategic objectives), are documented within the CA’s Strategic Risk Register, which is aligned to the strategic objectives of the CA.

Risk Culture and Employee Responsibilities

This includes the governance arrangements appropriate to the business, scale and culture of the CA, including the communication and embedding of the expected values and behaviours at all levels across the organisation by the appropriate accountable officer(s) within the Strategic Leadership Team, as stipulated in HM Government's Orange Book (Management of Risk – Principles and Concepts).

The West Midlands Combined Authority (WMCA) is committed to maintaining a robust risk culture in which:

- Leaders and Managers expect, model, recognise and reward the correct risk behaviours in terms of risk and control
- All employees identify, manage and escalate risk and controls matters and meet their responsibilities relating to risk management
- Informed investment decisions and approvals can be made

All employees across the CA must play their part in the effective management of the organisations risk. All employees should be familiar with risk management policies, know how to escalate actual or potential risk issues, and have a role appropriate level of awareness of the process for managing risk as defined in the SRMF.

2.1. Framework Purpose

The purpose of the SRMF is to:

- a. Set out clear standards of risk management to protect WMCA and stakeholders.
- b. Support the WMCA Board, Chief Executive Officer, Statutory Officers and Senior Leaders in the embedding of a strong risk culture within the organisation by setting out clear risk management practices and requirements.
- c. Identify and document the Strategic Risks faced by the organisation.
- d. Describe the way in which the organisation establishes its Risk Appetite, in aggregate and for each Strategic Risk (as appropriate) and operates within it. The Risk Appetite¹ is the level of risk with which the WMCA aim to operate in the pursuit of its strategic objectives and overall business strategy. This is in addition to the organisations [risk tolerance](#) position.
- e. Document the key responsibilities of different groups of employees (the Lines of Defence) in enabling the organisation to operate within its Risk Appetite.
- f. Specify risk management accountabilities and responsibilities for key roles.
- g. Detail the governance of risk within the organisation

¹ Risk Appetite is defined by the CA within Risk Appetite Statements, which detail the CA's attitude to risk and provide guidance to those responsible for management of risk of the level of risk that the WMCA has deemed to be tolerable. All risk must be managed, and Strategic Risk Appetite allows risks to be prioritised accordingly.

2.2. Scope

This document applies to the whole organisation whether at corporate level, directorate, or at project and programme level. Risk Management activity will be aligned to all corporate and business plan aims, objectives and priorities. The golden thread refers to the approach of aligning strategic organisational objectives through Directorate and Team plans down to individual performance, so all outputs meet the aims of the organisation. The golden thread will connect the organisational vision by a common understanding as to how the vision, goals and values of the organisation are intrinsically linked to everyday tasks.

The primary identification, assessment and management of risk is at Project and Directorate or Head of business area level consistent with the structure of the of the WMCA. Leaders are responsible for implementing this Framework policy within Directorates/business areas and for the escalation of risk to the Strategic Risk Register as appropriate.

2.3. Responsibility for SRMF

The Chief Executive Officer (as Accountable Executive) and Section 151 Officer (as Accountable Officer) are accountable for the creation, maintenance and implementation of the SRMF within the West Midlands Combined Authority. In addition, Statutory Officers² take risk under consideration as part of Corporate Governance and Strategic Leadership Team (SLT) have responsibility for its oversight. The SLT are responsible for signing off the SRMF including appetite statements, along with the Audit Risk & Assurance Committee (ARAC), both at inception and at annual refresh and where appropriate, following significant change. All material changes will also be subject to review at the Risk Committees of the organisation (Audit, Risk and Assurance Committee) as well as, at the Board of the organisation (WMCA Board), where deemed appropriate.

Strategic Leaders, including Statutory Officers will establish the criteria used to assess the implementation of this SRMF. This includes the initial and annual approval of the SRMF by the SLT, ARAC and where appropriate WMCA Board, Risk Appetite established for each Strategic Risk, creation of risk frameworks and policies and minimum of Biennial risk training for all managers. The progress on implementation will be reported to the Audit Risk & Assurance Committee (ARAC) at least annually.

3.0. Strategic Risks

The following risks, referred to as strategic risks, account for the most significant risks faced by the Combined Authority, they are those which have the potential to impact its ability to deliver its strategic objectives:

² The Statutory Officers of the WMCA are Monitoring Officer, Chief Exec in their capacity of Head of Paid Services & Finance Director in their capacity of Section 151 Officer

Risk Category	Risk Definition
1. Political	Risks faced by organisations that political decisions, events, conditions or regime change will significantly affect the organisations business objectives/conditions. Additionally, those Risks associated with a failure to deliver either local or central government policy, or to meet the local administrations manifestos commitments.
2. Governance	Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
3. Programme Delivery	Risks relating specifically to failure of the CA to deliver against commitments. Potential causes are: lack of alignment of Programmes projects / partnerships in which the CA is involved with strategic priorities or failure to adequately manage project/programme risks resulting in the failure or projects /programmes to successfully and safely deliver requirements and intended benefits to time, cost and quality (including VfM).
4. Economic	Economic risk centres on macroeconomic circumstances that may result in significant loss for an organisation. Also, Those Risks affecting the ability of the CA to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance to cover external macro-level economic changes, or the consequences of proposed investment decisions.
5. Financial	Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.
6. Information	Risks arising from the failure to reasonably and proportionately protect information assets (digital or hardcopy), systems and networks, against temporary or permanent loss and/or the compromise of its confidentiality, integrity or availability. Also, failure to exploit data/information to its full potential. Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.
7. Reputational	Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.
8. Operations	Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.
9. Innovation & Development	Risks relating specifically to uncertainty of opportunity in change/ innovation projects/programmes in which the CA is involved. That potential change programmes and projects are not aligned with and complementary to or conflict with strategic priorities and do provide opportunities to

	deliver or maximise the outcomes defined within the strategy or long term benefits for the West Midlands region.
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It should be noted that, individual events may relate to more than one risk. For example, failure to deliver devolution commitments may expose the CA to reputational risk as well local economic impacts. This is not an exhaustive list of the risks which the organisation is subject to. The Combined Authority is also subject to operational risks etc.³ and whilst these may be of great consequence and assessed on occasion in the planning and decision making of the organisation, they are not generally considered to be Strategic Risks. Risks such as Operational Risk must, however, be subject to consistent and appropriate levels of risk management and are, subject to this framework and oversight by Risk Management. Operational Risks may be escalated to the Strategic Risk Register if they are deemed to be sufficiently material or if the Strategic Leadership Team and Risk Owners deem it to be appropriate.

The SLT is accountable for the development and implementation of frameworks, policies and or standards/procedures (as appropriate) for each of the Strategic Risks. These are subject to limits, monitored, reported and escalated as appropriate. The exceptions to the above are, the Monitoring Officer is accountable for the Governance and Conduct Framework (**conduct risk means** any action of an organisation or an individual that has the potential to cause harm to consumers/stakeholders or market integrity) and Reputational Risk and Legal Risk. Whilst responsibility for creation and maintenance of Frameworks and Polies is as set out above, responsibility for compliance sits with all employees within the Combined Authority.

4.0. Risk Appetite

4.1. Overview

Risk Appetite is defined as the level of risk 'with which an organisation aims to operate' (HMT Orange Book, Oct 2020) and is a driver of strategic risk decisions.

The WMCA will endeavour to keep all hazard risks managed/mitigated in terms of residual risk levels to, as low a rate as is reasonably and practically possible (ALARP). In doing this we will demonstrate a focus on risk awareness and ensure Risk Appetite is in line with the CA's objectives.

Appropriate appetite levels will depend on the risk type and the CA will develop measures for different risk categories, the agreed appetite range of the CA is documented within appendix [9.3](#). In defining its risk appetite, WMCA can arrive at an appropriate balance between uncontrolled innovation and excessive caution. The Risk Appetite of the organisation must:

- a. Specify the level of risk the organisation is willing to accept and why
- b. Consider all Strategic Risks individually and in aggregate, where appropriate. Risks not specifically mentioned in section 2 may be subject to limits and/or tolerances which

³ Operational Risks may be considered for inclusion as Strategic Risks, where in aggregation they considered to be of sufficient materiality or where it is otherwise deemed to be appropriate to do so.

originate from the Strategic Risk appetite but will not have a separately specified Risk Appetite.

- c. Consistently communicate the acceptable risk level for different types of risk; this may be expressed in financial or non-financial terms. It should be measured as is applicable appropriate or proportionate, and effectively monitored.
- d. Be given adequate consideration in key / tactical decision-making processes including business planning, investment programme approval, new product/project approvals and business change initiatives.

Risk control and mitigation will be effective, appropriate, proportionate and affordable. Risk controls will not be implemented where cost and effort are disproportionate to the expected benefits. Where the CA deems it necessary to extend its risk appetite in order to achieve optimum delivery, such an extension will be undertaken following a review of the individual business case on the understanding that such an extension will not threaten the organisation's statutory and legal obligations. Where a decision is made by WMCA to proceed with the acceptance of risk, this is subject to ensuring that all potential benefits and risks relevant for informed decision taking are fully understood. Acceptance of risk will be carefully scrutinised, and the risk profile and appetite reviewed regularly, with a minimum of an annual frequency, to ensure it remains appropriate for the changing risk landscape.

4.2. Setting Risk Appetite

Senior Leaders are responsible for setting, reviewing and approving both the Risk Appetite of the organisation and all Strategic Risks.

The Combined Authority's CEO is accountable for:

- a. Leading in the development of the Combined Authority's strategy that aligns to our Strategic Goals, Purpose and Values within the approved Risk Appetite.
- b. Leading and organising Senior Leadership to execute the Combined Authority's strategy and programmes/business plans within the Risk Appetite as approved by the WMCA Board.
- c. Managing the Combined Authority's financial and operational performance within the approved Risk Appetite.

The Combined Authority's Strategic Leadership Team (SLT) are accountable for:

- a. Managing the Risk Appetite setting process, including the recommendation of Risk Appetite to the appropriate WMCA Board Risk Committee(s), currently ARAC.
- b. Developing, operating and maintenance of a robust and comprehensive risk management framework for WMCA to manage and monitor the Risk Profile/landscape of the organisation against the Board approved Risk Appetite.
- c. Providing accurate, clear and timely reporting to the ARAC and where appropriate WMCA Board that compares the actual Risk Profile of the Combined Authority against the Risk Appetite set for the Organisation. This should be by risk type and, where deemed appropriate, be in aggregate.

Risk appetite is approved and communicated across Directorates, departments/business areas, to support the management of activities across the organisation (see appendix [9.3 Risk Appetite Table](#)). It is a guide for Risk Owners/Managers on permitted risk levels, encouraging consistency in approach in the treatment/ management of risk. These limits help reduce the likelihood and/or impact of one-off losses or risks materialising. The Risk Appetite must be formally reviewed on at least an annual frequency in line with the SRMF and approved by the Senior Leaders, ARAC and where deemed

appropriate, by WMCA Board. Organisational Units must establish if the risks or issues within their remit are within the relevant approved Business Risk Appetite or tolerance limits. Management may only risk accept exposures that are within their risk tolerance. Risks outside of tolerance must either be treated directly or escalated for treatment or risk acceptance. The individual specific risk appetite levels of the WMCA is illustrated within the below table.

Strategic Risk	Appetite	What this means
Political	Averse	The CA have a very low tolerance to any risk to Political relations. This is due to the need for WMCA to demonstrate to Central Government that WMCA is able to work as a collective to deliver the Strategic Economic Plan, Industrial Strategy & Annual Plan.
Governance	Averse	The CA have a very low tolerance in this area as funding devolved to the CA must be spent in accordance with agreed terms and conditions and abide by public sector procurement requirements and devolved funding assurance frameworks as approved by Central Government.
Reputational	Averse	The WMCA has zero appetite for any decisions with high chance of repercussion for organisations' reputation due to the potential of it leading to destruction of trust and relations.
Operations	Cautious	The WMCA is cautious in taking risks that may lead to the disruption to delivery of its key business functions that support wider business operations.
Programme Delivery	Cautious	The WMCA is cautious regarding taking risks that may have an impact on delivery as the CA and the Mayor will be judged on performance against delivery commitments in this area.
Economic	Cautious	The WMCA is currently cautious to taking risks in this area because of the uncertainty with external factors.
Financial – (Loss)	Cautious	The WMCA is cautious regarding taking risk that may have a Financial Loss impact for the organisation. Seeking safe delivery options with little residual financial loss only if it could yield upside opportunities.
Information - Personally Identifiable Information (PII)	Cautious	The WMCA is cautious to taking any risks that may impact any Personally Identifiable or Personally Sensitive Information for which it has legislated (UK Data Protection Act/EU GDPR) Data Controller or Data Processor responsibility.
Information - All other non (PII) Information	Open	The WMCA is willing to accept a moderate level of risk when managing information assets and systems if there is likely to be a clear benefit to the achievement of WMCA's objectives but only for those categories of risk that do not impact on the safety and security or privacy of our employees and the data subjects for which we have a legislative (Data Privacy) responsibility to protect.
Innovation & Development	Open	WMCA is open to programme development / innovation opportunities where additional benefits can be delivered which are aligned with strategic objectives and are complementary to existing workstreams if finances and resources permit additions.

5.0. Risk Assessment

The SRMF ensures that risks are assessed and effectively managed across the organisation at all levels and are escalated as appropriate ([see 5.5.](#)).

Strategic Risks: These are the risks that are most significant within the organisation, they are those that would have a significant impact on the organisations ability to achieve its strategic objectives, statutory obligations and commitments if they were to materialise. The responsibility for the oversight of this group of risks lies with SLT (collectively). Additionally, this group are risks are reported to, monitored by and managed under the oversight of ARAC.

Directorate Risks: These risks are those that are particular to the directorates within the WMCA. They are the risks that would have an impact on the achievement of objectives within the various directorates and may include both operational and project risks relevant to the directorate. The responsibility for oversight and where appropriate, escalation of these risks lies with the appropriate SLT members responsible for each directorate.

Project & Programme Risks: These risks are those arising from change initiatives within the organisation they are identified and managed at project or programme level.

Project Risks: Are those specifically impacting each project and are specifically managed within the project and are captured within project risk registers. The most significant project risks where appropriate may be escalated to the Programme and or Strategic level subject to materiality.

Programme Risks: Are those risks impacting programmes and are managed at the programme level, any significant programme level risks are reviewed at and managed under the oversight the appropriate Programme Board. Subject to materiality Programme level risks may be escalated to where appropriate to the Directorate or Strategic Level.

Once identified Risks must be documented on the appropriate risk register. The Strategic Risk Register (SRR) provides a lens for the CA to clearly determine its overall strategic risk profile/landscape and facilitates identification of key risks which require immediate attention. WMCA will assess all risk and issues including those classified as strategic risks with the use of a Risk & Issues Classification Matrix (RICM), otherwise known as a risk scoring matrix. The RICM ([see 5.4](#)) determines the escalation and reporting requirements commensurate with the overall risk exposure. The RICM is applied across all Directorates, Functions, Programmes, Projects & Services (which will for the purpose of this document from here on in be referred to as Organisational Units/Business areas.

The Risk Score is calculated by multiplying the Likelihood score by the Impact score following assessment of the Likelihood and Impact of the risk should it materialise (see below 5.1 & 5.2). This Risk Score facilitates a proportionate and consistent approach to risk management by risk owners.

5.1. Likelihood

The likelihood refers to the probability of the risk occurring or the predicted frequency with which the risk may be realised/occur. The agreed range is as follows: Very Low/Very Unlikely, Low/Unlikely, Medium/Moderate/ Possible, High/ Likely or Very High/ Very likely/Certain (see below table for descriptions). Likelihood is assessed using a score of between 1-5 as per the below table ([See appendix for detailed likelihood table](#))

Likelihood Score	Likelihood Rating	Description
1	Very Low / Very Unlikely to occur	<ul style="list-style-type: none"> Very unlikely to occur. Very Low perceived chance of the risk manifesting.
2	Low / Unlikely to occur	<ul style="list-style-type: none"> More likely not to occur. Known internal and external factors mean there is a possibility of the risk manifesting.
3	Medium/ Moderate/ Possible	<ul style="list-style-type: none"> Could occur at some point. Known internal and external factors mean the possibility of the risk manifesting is more likely than not.
4	High/ Likely	<ul style="list-style-type: none"> More likely to occur than not. Unknowns and instability mean there is a high probability of the risk manifesting.
5	Very High Very Likely/ Certain	<ul style="list-style-type: none"> Very likely to occur/ has occurred

5.2. Impact

Impact refers to the consequences if the risk is realised or the risk manifests. Consideration should be given to both Financial and Non-Financial impacts, impacts include, but are not limited to, Programme Delivery, Benefits Realisation, Performance Management, Governance, Service, Schedule Impact and Reputational. A risk that manifests may have multiple impacts or consequences ranging from financial to reputational and where this is the case the most material impact is used to calculate the risk score. The impact categories are as follows: Minimal -Very Low, Minor-Low, Significant-Moderate, High-Major/, Exceptional-Critical. Impact is also assessed using a score of 1-5 as per the following table ([See appendix for detailed impact table](#)).

1.Minimal - Very Low	2. Minor - low	3. Significant - Moderate	4. High - Major	5. Exceptional - Critical
The nature of this failure may result minor adjustments but will not have any noticeable effect on outcomes.	The nature of this failure may result in minor annoyance or inconvenience, delivery will continue as planned.	Failure would cause some dissatisfaction which may include annoyance, and failure to deliver all anticipated outcomes.	The scale and nature of failure would result in a high level of dissatisfaction, localised reputational damage with possible reporting to the Regulatory body and severe impact on outcomes.	If the risk manifests it will; compromise safety; result in legal or constitutional noncompliance and project failure. Severe reputational damage and investigations will ensue.

5.3. Calculating the Risk Score

As stated above the risk score is calculated by multiplying the Likelihood and Impact scores, with the use of a 5x5 scoring matrix, the RICM ([see 5.4](#)). Strategic Risks will initially be graded red, amber or green depending on the magnitude of the risk (likelihood x impact) in line with the risk appetite⁴ of the organisation, as per the RICM. The initial calculation is based on the risk position in the absence of any controls or mitigation being applied (the Inherent position). Once the Inherent Risk score has been established a response to the risk must be formulated in order that the risk is managed

⁴ Risk Appetite - 'The level of risk that an organisation is willing to accept, tolerate or be exposed to at any point in time' – Orange Book

appropriately and proportionately within the appetite of the CA. The Various risk management strategies/ responses are as follows:

- **Treat** – Risk response for risks that can be further treated by the introduction of cost effective corrective controls or mitigations to reduce the risk to an acceptable level following employing mitigations.
- **Tolerate** – Risk response that is appropriate when the level of risk is within appetite. Accepting the risk, taking no further mitigating action.
- **Transfer** – Risk response for risks that are outside of risk appetite that the organisation wishes to transfer all or some of the risk to a third party by means of insurance, contract or in some cases by joint venture or alliance.
- **Terminate** – Risk response is appropriate when the level of risk is not acceptable to the organisation or outside of appetite and no further cost effective mitigation is possible. It means ceasing the activity generating the risk.

Strategic risks will also be re-graded based on the position with application of controls and or mitigation plans to give a residual risk score. In the case of residual risk, it must take into account any mitigating controls and the effectiveness of the control environment and any history of Risk Events or Issues. In addition, the assessment should also take into consideration whether the potential risk exposure is within or exceeds the appropriate organisational risk appetite/tolerance. WMCA requires that all risks are reviewed regularly. Red risks on the strategic risk register are required to develop risk profiles with detailed risk mitigation plans. These plans will require testing at appropriate timeframes to ensure that the controls remain effective.

5.4. The Risk & Issues Classification Matrix (RICM)

The Risk & Issues Classification Matrix (RICM) used for scoring all risks is captured below.

Likelihood	5 - Very high	5	10	15	20	25
	4 - High	4	8	12	16	20
	3 - Medium	3	6	9	12	15
	2 - Low	2	4	6	8	10
	1 - Very low	1	2	3	4	5
		1 Minimal	2 Minor	3 Significant	4 Major	5 Critical
		Impact				

See section 4.1 and 4.2 for scoring detail

5.5. Risk Escalation

It may be necessary to escalate risks within the risk hierarchy of organisation, raising the management of the risk to a level above that which it has previously been managed. A risk may be escalated for a variety of reasons including the following: It exceeds an agreed threshold (particularly where the risk score increases over time), it impacts multiple areas of the organisation or has a high residual impact even after mitigations have been adopted.

The RICM must be used to assess Risk and Issue materiality on the basis of impacts to the WMCA at entity level. Organisational units (directorates, projects, programmes, business areas) may use a localised version of the scoring matrix when local materiality levels are deemed to be more appropriate to assess risks and issues identified. Where localised versions are used this **must** be approved by the Risk Accountable Owner within the organisational unit. However, where an alternative scoring matrix is authorised risks **must** be escalated based on residual risk in line with the mandatory minimum escalation thresholds requirements as set out in the below escalation matrix.

	Escalation	Rating	
	Local /Business Head	Limited	
	Risk Owner/Director/ *SRR	Medium	*Where deemed appropriate by WMCA SLT SRR = Strategic Risk Register
	SLT/ARAC/SRR/ **WMCA Board	Very High	** Where deemed appropriate by ARAC

Organisational Units/Business Areas must report all risk and issues to all appropriate Business Area Forums, Risk Forums and Risk Committees in accordance with local procedures and the Organisations RICM escalation as follows:

1. Risks assessed as being low/limited/Minor using the RICM are to be managed at local level through the Project/Programme/Portfolio/Directorate/Operational Risk Registers by accountable risk owners. These are to be escalated by exception only where deemed appropriate. Accountability for escalation of risks sits with the Risk Owner.
2. Risks scored Major/Considerable/Medium using the RICM are to be managed at local level under the oversight of the Risk Owner/ Director or business head, but **must** be escalated to WMCA Strategic Leadership Team for **consideration** of impact on Strategic Objectives and **consideration** for inclusion on the Strategic Risk Register (Public document) where deemed appropriate by WMCA SLT. Accountability for escalation of risks sits with the Risk Owner.
3. Risks scored/assessed as Critical/Very High using the RICM **must** be escalated to WMCA Strategic Leadership Team (SLT) and the Strategic Risk Register (Public document) and managed under the oversight of both WMCA SLT & ARAC. Accountability for escalation of risks sits with the Risk Owner.

Organisational Unit discretion may be applied, where deemed appropriate, to increase the escalation level e.g. if there is an issue which is under particular focus across the organisation, or where remediation within an urgent timescale is considered necessary.

6.0. Risk Management and Separation of Duties

All colleagues, regardless of position within the organisation have a responsibility for facilitating the organisation to operate within its Risk Appetite. Such responsibilities are defined in terms of the role of the employee within the Three Lines of Defence (3LoD). The lines of defence have a common objective: to help the organisation achieve its objectives with effective management of risks. They often deal with the same risk and control issues. The accountable officer and the board should clearly communicate their expectation that information be shared and activities co-ordinated across each of the 'lines' where this does not diminish the effectiveness or objectivity of any of those involved.



First Line of Defence (1LoD):

The first line comprises all employees in the operational, customer facing, project and programme management and all associated support functions. This includes but is not limited to: Finance, Human Resources, Technology, Information Risk etc. Employees in the first line have primary responsibility for the risks, this responsibility includes:

- Identifying and managing all of the Risks in the activities in which they are engaged and developing where appropriate policies (and standards/minimum standards) and controls to govern the activities in which they are engaged.
- Operating with in any and all limits which the Risk and Corporate Governance functions establish in connection with the Risk Appetit of the organisation.
- Escalating risk events to senior management and to Risk and Governance as is appropriate.

The 1LoD must establish their own policies and controls (subject to the appropriate Framework(s) of the WMCA), particularly in relation to strategic and operational activities and require employees to manage all controls/mitigations to specified tolerances as dictated by Risk Appetite. Such control

related activities are also considered first line and are permitted so long as they remain in line with applicable limits established by Risk and where appropriate Governance. All activities within the first line are subject to oversight from the relevant areas of the second and third lines of defence.

Second Line of Defence (2LoD):

The second line is comprised of Risk, Assurance & Governance. The role of 2LoD is to establish the limits, rules and constraints under which the first line activities shall be undertaken, this will be consistent with the Risk Appetite of the Organisation. The 2LoD will monitor the performance of the 1LoD against the limits, rules and constraints set out, a risk based approach to assurance activities will be adopted by 2LoD. In the event of a breach of limits or a contravention of the rules or constraints by the first line, the second line may, as it sees appropriate, direct the activities of the first line to ensure a return to compliance. This must be under the oversight of the appropriate Risk Committee. It is within the authority and the responsibility of the second line to perform independent challenge of all risks within the first line at any time deemed appropriate. Such assurance activity will help to inform the risk management process in terms of the effectiveness of the control environment.

It should be noted that the second line will not as a custom usually establish limits for all first line activities, particularly those which relate to Operational Risk. Controls in these areas generally are to be established by Controls specialists/ Subject Matter Experts who are expected to operate within the Controls/ appropriate Frameworks of the Combined Authority. Both the inherent and residual operational risks of the Combined Authority will be self-assessed as part of Risk and Control Self-Assessment (RCSA) /Risk Assessment Programme and will be subject to the oversight of the second line.

The second line is responsible for defining policies which detail its own responsibilities and the activities which govern them. This includes establishing controls to both manage its performance and assess conformance to the policies and controls. The Senior Leaders will assign ownership of the policies within the Risk department. The Monitoring Officer will assign ownership for Conduct and Reputational Risk Policies. The Monitoring Officer will assign ownership for policies within the Legal department.

The second line can/will undertake certain additional activity if, the Monitoring Officer judges that this will reduce the overall exposure of the Combined Authority to risk.

Third Line of Defence (3LoD):

The third line of defence is comprised of Internal Audit, who are responsible for providing independent assurance to the WMCA Board, ARAC and the Executive Management of the effectiveness of governance, risk management and control over current, systemic and evolving risks. In addition, the Senior Leaders including Statutory Officers produce an Annual Audit Plan that will include any audit activity for assessing wider WMCA systems of control as well as activity relating to projects and programmes which requires approval from the Audit, Risk and Assurance Committee (ARAC).

The legal department does not sit in any of the three lines, but it does support them all in relation to the legal powers and duties of the organisation and compliance with governance process. The Legal department is, however, subject to oversight from Risk and Governance, in respect to Operational and Conduct Risks.

Regardless of function all teams who manage processes within the organisation, are responsible for designing, implementing, monitoring, remediating and testing of the controls for those processes.

7.0. Governance and Responsibilities

All staff are responsible for understanding and managing risks within the context of their own roles and responsibilities, in line with the West Midlands Combined Authority Values and Risk Appetite. Staff are required to familiarise themselves with the Strategic Risk Management Framework. The Governance Protocols for the WMCA are outlined in the WMCA Constitution, these include details relating to the proceedings of the Annual Meeting and Ordinary Meetings, and the circumstances in which extraordinary meetings are required or can be called. The Constitution also details procedure rules as well as details on public access.

Of particular relevance to the Risk Management Framework, the Constitution outlines the protocols under which the governance of the WMCA can evolve and change through the creation of Committees, Sub-Committees and Working Groups of the WMCA.

7.1. Roles with Additional Accountabilities/Responsibilities

Certain roles within the Combined Authority carry additional responsibilities and accountabilities with respect to the management of risk and the SRMF, most notably the roles of the three Statutory Officers as defined in the WMCA Constitution, these are: Head of Paid Service, Section 151 Officer and Monitoring Officer.

- **Head of Paid Service** – The WMCA Chief Executive fulfils the role of the Head of Paid Service, discharging the functions in relation to the WMCA as set out in section 5 of the Local Government and Housing Act 1989.
- **Section 151 Officer** – The WMCA Director of Finance fulfils the role of Section 151 Officer in accordance with section 151 of the Local Government Act 1972.
- **Monitoring Officer** – The WMCA Monitoring Officer discharges the functions in relation to the WMCA as set out in section 5 of the Local Government and Housing Act 1989.

In addition, WMCA's Strategic Leadership Team (SLT) is accountable for developing, operating and maintenance of a robust and comprehensive risk management framework for WMCA to manage and monitor the Risk Profile/landscape of the organisation against the Board approved Risk Appetite. In order to embed a strong risk culture within the Combined Authority, particularly regarding identification, management and escalation of risk matters, in accordance with this framework. For full details of roles with additional accountabilities and or responsibilities see appendix [9.6](#).

8.0. Detailed Scope

8.1. In Scope

This framework applies to:

- a. West Midlands Combined Authority:
- b. All employees and contractors of any business area, directorate, project programme detailed within (a) above.

8.2. Out of Scope

This framework does not apply to:

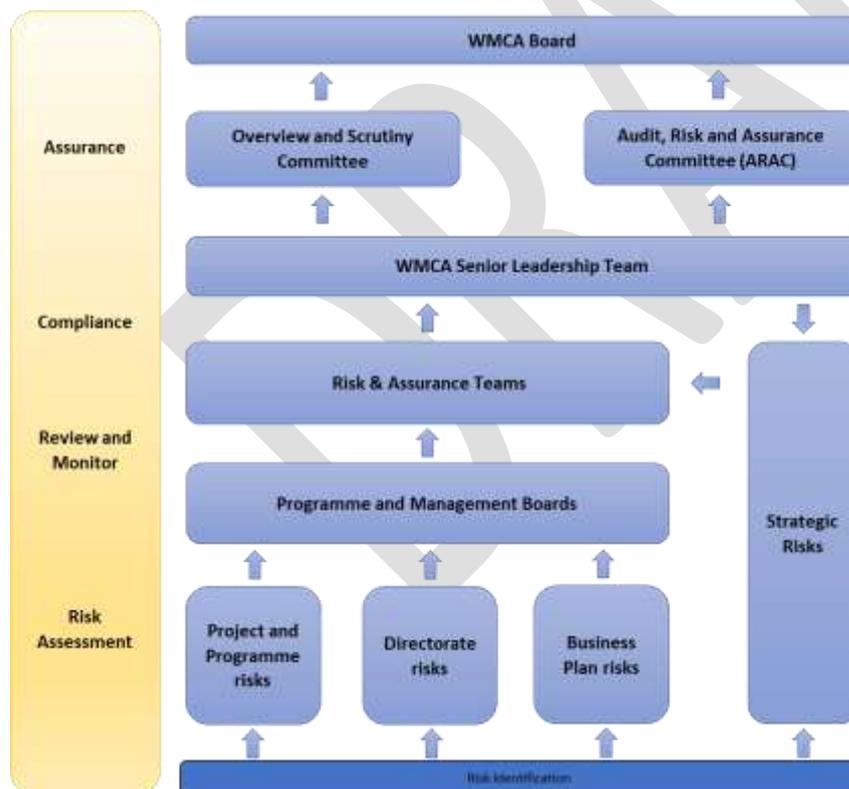
- a. Any entity in which WMCA has an interest and which is a non-consolidated entity or to any employee of any such entity

8.3. Local Amendments

Local amendments to this SRMF, supporting frameworks or policies are acceptable only in the following circumstances:

- Within the designated review cycle.
- There is a conflict with an applicable legal or regulatory provision (typically where a higher standard is required locally than that which is applied across WMCA).
- Amendment to the SRMF, supporting frameworks or policies, must be captured via an addendum to the original, rather than modifying the original framework.
- In such cases approval must be sought from the SRMF owner or appropriate delegate and arrangement for such local amendments to be incorporated must be made with the owner of the relevant framework or policy.

8.4. Overview Risk Management Structure & Committees



The WMCA Board and Risk Committees are illustrated above.

8.4.1 The WMCA Overview & Scrutiny Committee

The Overview & Scrutiny Committee comprises members appointed by the WMCA's constituent and non-constituent member authorities and has the power and responsibility to:

- Undertake pre-decision scrutiny of a matter yet to be determined when it has been invited to by the decision-maker, or where it considers that such pre-decision scrutiny would provide for a more considered and informed decision to be made than would otherwise be the case.
- Make a report and recommendations on any issue affecting the WMCA's area or inhabitants and which falls significantly within the powers of the Mayor, the WMCA Board or one of its committees.
- Contribute to the delivery of the WMCA's policies and strategies by undertaking work that is tailored to help support the WMCA Board in its own work programme. It might do this by undertaking research or scrutiny into a policy area, the outcomes of which will help in the delivery of a particular corporate workstream.
- Review and scrutinise any decision taken by the Mayor, the Portfolio Lead Members/WMCA Board or its committees and to make recommendations back to the decision-maker when it considers that there has been a significant flaw in the manner in which the decision was taken (Call-in)

Overview & Scrutiny Committee performs a key role within the governance arrangements of the WMCA and is publicly accountable for the effective exercise of these responsibilities. Members appointed to sit on the committee undertake this role principally to ensure that the decisions of the Mayor, Portfolio Lead Members/WMCA Board and its committees effectively and efficiently deliver the strategic objectives of the WMCA set out in its Annual Plan and other corporate strategy documents. The Terms of Reference for the Overview and Scrutiny Committee are detailed in the WMCA Constitution ([see Related Documentation for link](#)).

8.4.2 The WMCA Audit, Risk & Assurance Committee (ARAC)

The WMCA has an Audit, Risk and Assurance Committee (ARAC) which is responsible for approving the statement of Accounts and reviewing the Authority's Risk Register and Annual Governance Statement. ARAC also debates and agrees Audit Actions that require implementation by the WMCA. In addition to the above the functions of ARAC are:

- Approving the Annual Accounts
- Reviewing and scrutinising the WMCA's financial affairs
- Reviewing and assessing the WMCA's risk management, internal system of controls and corporate governance arrangements
- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the WMCA's functions
- Making reports and recommendations to the WMCA in relation to the above points.

The WMCA Constitution details the membership of ARAC, the process for selection of a Chair and the Committees functions and procedures. The Terms of Reference for the Audit, Risk & Assurance Committee are detailed in the WMCA Constitution ([see Related Documentation](#)).

The management of risk is captured within all areas of business activity, as represented above/below. An overarching risk register covering strategic and key risks, as identified within all risk activities, are incorporated into the Strategic Risk Register.

The role of the Assurance and Risk teams provides oversight across all risk activities within the organisation and ensures there is a consistent approach to risk management reporting and escalation that fully meets the organisations' needs and demonstrates best practice. This includes the development of an Assurance Map to demonstrate active risk management is in place for all strategic risks.

The management of risk is captured within all areas of business activity, as represented below.

Role	Responsibility
Audit, Risk and Assurance Committee	<ul style="list-style-type: none"> • Reviews and scrutinizes the WMCA's financial affairs. • Review and assess the WMCA's risk management, internal control and corporate governance arrangements. • Approves design of SRMF along with SLT & the WMCA Board (where appropriate). Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the WMCA's function. • Provide overall oversight of WMCA risks and opportunities. • Oversees internal and external audit to ensure efficient and effective assurance arrangements are in place.
WMCA Board	<ul style="list-style-type: none"> • Accountability for the business plan and risks affecting its delivery. • Approves design and completeness of SRMF and monitors its implementation.
Operational Management and Programme Delivery Boards	Owns departmental business plans and associated risk registers, escalating risk to the Strategic Risk register as appropriate and reporting on the risk environment to Transport Delivery Committee
Assurance	<ul style="list-style-type: none"> • Develops and maintains the Single Assurance Framework. • Provides the organisation with independent assurance on the adequacy and effectiveness of Programme delivery.
Risk	<ul style="list-style-type: none"> • Develops and maintains SRMF • Develops and maintains the Strategic Risk Register, reports on risk activity to senior officers, Boards and the Audit Risk and Assurance Committee (ARAC).

Governance	<ul style="list-style-type: none"> Prepares and delivers a risk based audit plan to satisfy Audit and Standards committee satisfactory internal control arrangements are in place. Investigates and reports on cases of whistleblowing and suspected fraud.
Finance	Arranges and maintains comprehensive insurance for CA assets, personnel and all insurable liabilities.
Senior Leaders, Managers & Statutory Officers	<ul style="list-style-type: none"> Manage departmental risks, reporting through the Annual Business Plan with escalation of risk to Management and Programme Boards. Set and approve Strategic Risk Appetite. Approve design of SRMF along with ARAC & the WMCA Board. Define and manage Strategic Risks
All Employees	<ul style="list-style-type: none"> Compliance of all policies and procedures. Identify and manage risks within their own roles, reporting risk to managers and through the Annual Business Plan as appropriate.

9.0. Appendices

9.1. Glossary

1LoD	1 st Line of Defense
2LoD	2 nd Line of Defense
3LoD	3 rd Line of Defense
ALARP	As Low As is Reasonably Practical
ARAC	Audit Risk & Assurance Committee
CA	Combined Authority
HMT	Her Majesty's Treasury
PII	Personally Identifiable Information
RICM	Risk & Issues Classification Matrix
SLT	Strategic Leadership Team (also referred to as WMCA SLT)
SRMF	Strategic Risk Management Framework
SRR	Strategic Risk Register
ToR	Terms of Reference
WMCA	West Midlands Combined Authority
WMCA SLT	West Midlands Combined Authority Strategic Leadership Team (also referred to as SLT)

9.2. Definitions

Risk	'Risk is the combination of the probability of and event and its consequence. Consequences can range from positive to negative' – IRM, Fundamentals of Risk management.
Issue	An Issue is a risk that has already been realised. Having either a positive (Opportunity) or adverse (Threat) impact on the achievement of the WMCA's objectives.
Risk Appetite	Risk Appetite is defined as the level of risk with which an organisation aims to operate. This is informed by organisational mission and strategic objectives. – HMT's Orange Book
Risk Tolerance	Risk Tolerance is defined as the level of risk with which an organisation is willing to operate, given current constraints. This balances the funding position with the position outlined in organisational mission and objectives. – HMT's Orange Book
Inherent Risk	The inherent risk refers to the threat posed by a given risk (exposure) before any mitigating activities or controls have been introduced to reduce either the likelihood or the impact of the risk.
Residual Risk	The residual risk refers to the threat posed by a given risk (exposure) after any mitigating activities or controls have been introduced to reduce either the likelihood or the impact of the risk.
Risk Treatment	Risk treatment is the response that an organisation takes to mitigate or address the risks it identifies. Typical treatment options include 4T's, Tolerate, Treat, Transfer Terminating the risk.
Tolerate	Also sometimes referred to as accepting or retaining the risk. The risk exposure may be tolerable without any/any further action being taken. Even if the risk is not tolerable, the ability to address some risks may be limited, or in some cases the cost of taking any action may be disproportionate to the benefit gained and there for prohibitive.
Treat	Also sometimes referred to as controlling or reducing the risk. The majority of risks will usually be addressed in this way. Treated by way of introduction of cost effective corrective controls or mitigations to reduce the risk (likelihood and or impact) to an acceptable level following employing mitigations.
Transfer	For some risks the best response may be to transfer them. This may be done with conventional insurance or it might be done by paying a 3 rd party to take the risk in another way (via contractual arrangements). This option is particularly good for mitigating financial risks or risks to assets.
Terminate	In some cases, the risk will only be treatable or containable to acceptable levels, by terminating the activity generating the risk. It is noted that the option to terminate activities in local government may be more restricted than in the private sector.
Risk Owner	A risk owner is a person or entity that has been given the authority to manage a risk and is accountable for doing so.
Likelihood	Likelihood refers to possibility or probability with which the risk is expected to materialise. It is also sometimes known as the risk frequency
Impact	The Risk Impact refers to the impact to the WMCA if the risk should materialise. A risk may have a single or several impacts including: Financial, Governance, Operational, Reputational & Service.
Risk Score /Risk Materiality	Is a calculation of the cumulative effect of the impact and likelihood of the risk occurring when assessed using the RICM or Scoring Matrix.

[Back](#)

9.3. Risk Appetite Table

Risk Appetite	Description
Open	Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.
Cautious	Preference for safe options that have a low degree of residual risk and may only have limited potential for reward.
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.

[Back](#)

9.4. Likelihood Table

Likelihood Score	Likelihood Rating	Description
1	Very Low / Very Unlikely to occur	<ul style="list-style-type: none"> Very unlikely to occur. Very Low perceived chance of the risk manifesting. The risk is not expected to occur in the next 25 years. <10% probability of materialising. There are no open audit or compliance issues related to this risk / issue. There are no known Risk Events/Near Misses/Key Control failures within the last 10 years. The risk has been assessed as within appetite/tolerance by the Risk Owner, indicating that there is no perceived threat to WMCA Strategy. There have been no known significant External Risk Events relevant to the risk/issue.
2	Low / Unlikely to occur	<ul style="list-style-type: none"> More likely not to occur. Known internal and external factors mean there is a possibility of the risk manifesting. 10-29.9% probability of materialising. The risk may occur in the next 5 years and is expected to occur in the next 25 years. There have been no significant external events related to the risk/issue. There are no open audit or compliance issues related to this risk/issue. There are no known Risk Events/Near Misses/Key Control failures within the last 5 years. The risk has been assessed as within appetite/tolerance by the Risk Owner, indicating that there is no perceived threat to WMCA Strategy.
3	Medium/ Moderate/ Possible	<ul style="list-style-type: none"> Could occur at some point. Known internal and external factors mean the possibility of the risk manifesting is more likely than not. 30-49.9% probability. The risk may occur in the next 12 months and is expected to occur in the next 5 years. Significant external risk events have been identified but not in the last 12 months. There are no known Risk Events/Near Misses/Key Control failures within the last year /12 months, there relevant examples within the last 5 years. The risk has been assessed as being at appetite/tolerance by the Risk Owner and is being assessed/monitored for its impact to WMCA Strategy.
4	High/ Likely	<ul style="list-style-type: none"> More likely to occur than not. Unknowns and instability mean there is a high probability of the risk manifesting. 50-79.9% probability of materialising. The risk is expected to occur in the next 12 months. There are open Audit or Compliance Issues related to the risk/issue with significant remediation still ongoing/outstanding/required.

		<ul style="list-style-type: none"> There have been significant, multiple or recurrent internal (operational) Risk Events /Near Misses or Key Control failures related/directly related to the risk/issue within the last year / 12 months. The Organisational Unit has made provisions for the risk. Significant external risk events relevant to the risk have been identified within the last 12 months.
5	Very High Very Likely/ Certain	<ul style="list-style-type: none"> Very likely to occur >80% probability of materialising The risk impact has materialised, an issue has occurred or there has been a Near Miss (a Risk Event has occurred). Failure is inevitable.

[Back](#)

9.5. Detailed Impact Table

* Percentiles are subject to maximum financial values in line with Financial impact

Impact Category	1 Minimal -Very Low	2. Minor - low	3. Significant - Moderate	4. High - Major	5. Exceptional - Critical
Financial Impact – Financial Loss	<£50,000	£50,000 -£100,000	£100,001 - £500,00	£500,001-£1,000,000	>£1,000,000
Cost % Budget	<2.5% increase*	2.5% - 4.9% increase*	5% -7.49% increase*	7.5% -10% increase*	>10% increase *
Schedule Impact⁵	Delivery impact of up to 3 months	Delivery impact of between 3 and 6 months	Delivery impact of between 6 and 9 months	Delivery impact of between 9 and 12 months	Delivery impact of greater than 12 months
Client /Customer /Partner	None	Jeopardises continuing good business relationship with Client/Customer/Partner	Damages business partnership with Client/Customer/Partner	Severely damages business partnership with Client/Customer/Partner	Irretrievably destroys business partnership with Client/Customer/Partner
Health & Safety	Known H&S threats effectively managed through appropriate control measures.	Potential for minor injury to occur that can be satisfactorily managed through Safety Management Systems.	Potential for moderate injury or dangerous occurrence to be sustained, possible reporting to the Regulatory body.	Potential for a breach in H&S rules resulting in likely intervention by the Regulatory body.	Severe injury or fatality likely to occur. Regulatory body intervention probable with threat of statutory enforcement or prosecution.
Service	-Minor outages to non-key services or, business processes or locations -Outages limited to a single non key service for a short period of time <1 hour	-Minor degradation to a key service, business process or locations. -Outage limited to a single service for a short period of time up to 3 hours.	-Significant but not widespread degradation to 1 or more key services, business processes or locations. - Short term localised disruption to noncritical business operation3-12 hours	-Significant degradation or outage internal or third party, impacting a business area, key service or location. -Short term and localised disruption to critical business operations. -Outage impacting a single service/product for a period of 12-24 hours.	- Multiple business areas and or locations critically impacted as a result of widespread key service degradation - Repeated planned industrial action, epidemics/ pandemics, terrorist threats, natural disasters or civil unrest that causes material disruption to the organisation impacting our ability to carry out normal business activities. -Sustained outage internal or third party impacting 1 or more services/products for a period of 24 hours or >.
Operations	Minimal threat to the running of daily operations which can be managed through management control	Minor threat to the running of daily operations which have the potential to escalate but can be managed through management controls.	Significant threat to the running of daily operations which will escalate if not managed through management controls.	Major threat to the running of daily operations needs active management through management controls.	Severe threat to the running of daily operations needs immediate management through management controls.
Programme Delivery	Threat could have a minimal impact on the quality of, or delivery delays of up to 2 weeks	Threat could have a minor impact on the quality of, or delivery delays of between 2 weeks and 1 month.	Threat could have a significant impact on the quality of, or delivery delays of between 1 and 2 months.	Threat could have a major impact on the quality of, or delivery delays of between 2 and 3 months.	Threat could have a critical impact on the quality of, non-delivery, or delivery delays of greater than 3 months.
Reputational	-Minor poor media coverage or negative stakeholder relations contained locally over a short period of	Poor media coverage or negative stakeholder relations contained locally, extending to TV	-Inability to maintain effective relations with stakeholders. -Poor local media	-Inability to maintain relations with stakeholders. -Potential for national	-Inability to deliver political policies. -Serious negative media coverage over a sustained period of

⁵ Schedule Impact relates to scheduling impacts other than those impacting Programme delivery level.

	time including social media. -Adverse reputation impacts judged to be short term and manageable at a local/project level	coverage over short period of time. -Cause embarrassment and loss of credibility within the business community, general public, customers and markets.	coverage over a prolonged period. -Causes severe embarrassment and increased loss of credibility within the business community, general public, customers and markets.	media coverage impacting on stakeholder confidence of WMCA -Cause extreme embarrassment and increased loss of credibility within the business community, general public, customers and markets.	time leading to political and/or public loss of confidence in WMCA. -Breakdown in relations with key stakeholders. -Cause extreme embarrassment and total loss of credibility within the business community, general public, customers and markets.
Regulatory/ legal/ Governance	All constitutional and legislative requirements have been met and WMCA is acting within its statutory powers.	There is potential for legal action but measures to mitigate against any action can be demonstrated and no legislation has been breached.	Discretionary opinion on the interpretation of legislation or contractual terms is applied to confirm WMCS's ability to proceed with activities.	Discretionary Opinion is not followed, and action taken contrary to advice of legal colleagues.	Failure to comply with legislation and contractual obligations leading to the possibility of litigation, arbitration or adjudication claim being brought. WMCA exceeds its legislative powers (Ultra Vires)
Colleague / Staff	-Very Low levels of negative impact on colleague/staff engagement and morale isolated staff indicators being outside of tolerance. -Rare incidents of colleagues/staff being impacted by occupational stress. -Loss of colleague personal sensitive data impacting isolated colleague numbers.	-Low levels of negative impact on colleagues/ staff engagement and morale isolated staff indicators being outside of tolerance. -Infrequent incidents of colleagues/staff being impacted by occupational stress. -Loss of colleague personal sensitive data impacting isolated colleague numbers.	-Considerable negative impact on colleague/staff engagement and morale with multiple staff indicators being outside tolerance. -Multiple incidents of colleagues/staff suffering illness or being impacted by occupational stress. -Loss of colleague personal and sensitive data impacting multiple colleagues.	-Pervasive negative impact on significant numbers of colleagues' engagement and morale with a high number of staff indicators being outside tolerance. -High numbers of colleagues/staff suffering illness or being impacted by occupational stress. -Loss of colleague personal and sensitive data impacting a high concentration of colleagues.	-Pervasive negative impact on significant numbers of colleagues' engagement and morale with the majority of staff indicators being outside tolerance. -A significant number of colleagues/staff suffering illness or being impacted by occupational stress. -Loss of colleague personal and sensitive data impacting a significant concentration of colleagues.
Benefits Realisation & Performance Management	The Benefits identified to be delivered will be the same, however there will be a minimal delay to realising the benefits (5%< duration of planned)	There is a minor impact to the benefits identified to be delivered effecting x 1 of the objectives or a monetary impact (BCR = 0.25 or less) and/or a minimal delay to the benefits being realised (6%-10% duration of planned)	There is a significant reduction in the benefits identified to be delivered effecting x 2 of the objectives or a monetary impact (BCR = 0.5-1) and/or a significant impact to the benefits being realised (11%-30% duration of planned)	There is a major reduction in the benefits identified to be delivered effecting x 3 of the objectives or a monetary impact (BCR = 1-2) and/or a major impact to the benefits being realised (31%-50% duration of planned)	There is a critical reduction in the benefits identified to be delivered effecting x 4 of the objectives or a monetary impact (BCR = 2+) and/or a critical impact to the benefits being realised (50%+ duration of planned)

[Back](#)

9.6. Roles with Additional Risk Accountabilities/Responsibilities

Role	Responsibility
Chief Executive – Head of Paid Services	<ul style="list-style-type: none"> • Identification of Accountable Officer(s) for Strategic Risk and delegation to them the authority to manage the Strategic Risk Profile/Landscape of the Combined Authority, subject to the documented Risk Appetite. • In conjunction with WMCA Board appoint Strategic/Senior Leadership Team, which is accountable for the overall design and implementation of the Combined Authority's programme of internal controls. In order to embed a strong risk culture within the Combined Authority, particularly regarding identification, management and escalation of risk matters, in accordance with this framework. • Provide the strategic leadership that endorses WMCA's risk management framework. • Ensure that risk management is closely integrated with the business plan, audit plan and financial and operational strategies. • Drive forward the identification and review of key risks. • Model the principles and behaviours of good risk management.

	<p>In addition the Head of Paid Services has additional responsibilities delegated in Statute, these are set out in the WMCA's Constitution (see Related Documentation section).</p>
<p>Section 151 Officer – Accountable Risk Officer</p>	<ul style="list-style-type: none"> • Develop and Maintain the SRMF and secure annual Board Approval of the same. • Ensures implementation of the SRMF across the WMCA. • Lead and manage the Strategic Risk Function across the Combined Authority. • Managing the Risk Appetite setting process, including the recommendation of Risk Appetite for the CA to the appropriate WMCA Board Risk Committee(s). Input (where appropriate) into objectives and performance management of employees/colleagues who are in a position/able to expose the Combined Authority to significant risks. • ensure that expected values and behaviours are communicated and embedded at all levels to support the appropriate risk culture. • Report to Combined Authority's Risk Committee(s) regulators and other stakeholders on the Strategic Risk position in relation to Risk Appetite of the Combined Authority, in addition to enterprise wide risk and control. • To identify and assign actions which are required to be undertaken by the Combined Authority in order to comply with the Framework. • To access any part of the organisation and any information deemed necessary to perform their role. • To in conjunction with Statutory Officers escalate, suspend whilst investigating and where appropriate stop any decision or activity where, in their opinion the risks to the Combined Authority are not being adequately addressed. • Oversee and review Strategic Risks, enterprise wide and recommend new Strategic Risks to the Senior Leaders. • Ensure the allocation of appropriate resources for risk management, which can include, but is not limited to people, skills, experience and competence • Ensure Value for Money (VfM) is achieved for all proposals and that this is in line with HMTs VfM principles. <p>In addition the Section 151 Officer has additional responsibilities delegated in Statute, as set out in accordance of the Local Government Act 1972 & Section 73 of the Local Government Act 1985, these are set out in the WMCA's SAF & WMCA's Constitution (see Related Documentation section)</p>
<p>Monitoring Officer</p>	<ul style="list-style-type: none"> • Be accountable to the Senior Leaders, ARAC & WMCA Board for the oversight of regulated activities undertaken by the Combined Authority. • Oversee the effective management and escalation to the WMCA Board, as appropriate of the organisations Conduct and Reputational Risks. • Input (where appropriate), in conjunction with Senior Leaders, into objectives and performance management of employees/colleagues who are in a position/able to expose the Combined Authority to significant risks. • Use their mandate to access any part of the organisation and any information, to bring to the attention of line and senior management, ARAC or the WMCA Board (where appropriate) any situation that is of concern from a Conduct or Reputational Risk management perspective that could materially violate Risk Appetite guidelines. • Ensure there is a robust whistleblowing process in place on an enterprise wide basis and ensuring that it is effectively managed. • Contribute to the promotion and maintenance of high standards of conduct through provision of support to ARAC. • Oversee investigations into complaints made under the Members Code of Conduct and, where appropriate, make reports or recommendations in respect of them to the Standards Committee. • Advise whether decisions are within the budget and policy framework and whether any particular decision or proposed decision constitutes a key decision.

	<ul style="list-style-type: none"> • Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to the Mayor, Members and Officer, and generally support and advise Members and officers in their respective roles. • A mandate in consultation with the Combined Authority CEO, to escalate any unresolved Conduct and Reputational Risk concerns directly to the Chairperson of the appropriate Board Committee(s) ARAC. <p>In addition the Monitoring Officer has additional responsibilities, for legal and governance affairs of the WMCA including acting , these are set out in the WMCA’s Constitution & SAF & Constitution (see Related Documentation section).</p>
<p>Strategic Leadership Team</p>	<p>Collective Responsibility:</p> <ul style="list-style-type: none"> • Developing, operating and maintenance of a robust and comprehensive risk management framework for WMCA to manage and monitor the Risk Profile/landscape of the organisation against the Board approved Risk Appetite. In order to embed a strong risk culture within the Combined Authority, particularly regarding identification, management and escalation of risk matters, in accordance with this framework. • Managing the Risk Appetite setting process, including the recommendation of Risk Appetite to the appropriate WMCA Board Risk Committee(s). • Overall ownership and management of Strategic Risk and Cross-organisational /overarching/thematic organisational risks. • Ensuring appropriate risk mitigating actions are defined and implemented across the organisation. • Collective responsibility for regular review of the Strategic Risk Register. • Collective responsibility for satisfying themselves and ARAC that risks are being escalated (where appropriate) to the Strategic Risk Register based on their breadth and or severity (as per RICM escalation model). • Ensure risks are appropriately considered within the decision making process. • Providing accurate, clear and timely reporting to the ARAC and where appropriate WMCA Board that compares the actual Risk Profile of the Combined Authority (possibly in both normal and stressed conditions) against the Risk Appetite set for the Organisation. This should be by risk type and, where deemed appropriate, be in aggregate. • Model the principles and behaviours of good risk management. <p>Individually:</p> <ul style="list-style-type: none"> • Ownership and management of the risks faced by their directorate. • Advocating and role modelling appropriate risk management culture and appropriate behaviours within their directorates. • Escalation of any directorate risks that require oversight at a strategic or corporate level (as per RICM escalation model).
<p>Audit Risk & Assurance Committee (ARAC)</p>	<p>In line with ARAC Terms of Reference:</p> <ul style="list-style-type: none"> • To provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment • To review the Authority’s corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. • To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control. • To consider the Authority’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

	<ul style="list-style-type: none"> To monitor the effective development and operation of risk management in the Authority. To monitor progress in addressing risk-related issues reported to the committee. To consider the Authority's framework of assurance and ensure that it adequately addresses the risks and priorities of the Authority. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. To review the assessment of fraud risks and potential harm to the Authority from fraud and corruption. To monitor the counter-fraud strategy, actions and resources. To receive additional assurance reports from the Corporate Assurance team. <p>For full ARAC ToR see Related Documentation section</p>
Heads of Functions /managers	<ul style="list-style-type: none"> Identification, management and ownership of the operational risks faced by their function/team Demonstrating appropriate risk management behaviours and proactive identification and management of risks Where appropriate, reflecting appropriate risk management responsibilities in the performance objectives of their team. Allocation of resources to undertake the actions identified to mitigate risks. Continually monitor and assess the risk profile/landscape within the team as well as the adequacy and effectiveness of the mitigating actions/controls. Escalate to their respective SLT member any risks that are increasing to such an extent they may need to be escalated to a directorate, strategic risk register level (as per RICM escalation model).
Project Managers	<ul style="list-style-type: none"> Ensure every project within their remit has an appropriate (and proportionate) consideration of risk, including a project risk register Act as a custodian of the risk register, ensuring that it is kept as a live and up to date document. Ensure that project risks are regularly monitored, reassessed and reported. Escalate as necessary any risks that meet the criteria that would require them to be monitored at a different level within the risk management framework (as per RICM escalation model).
Programme Accountable Risk Owners	<ul style="list-style-type: none"> Review the risk management arrangements for programmes within their remit, ensuring accuracy and completeness of risk information Maintain programme risk oversight Ensure risk is given appropriate consideration at all phases of Programme(s) with their remit Escalate programme risks to the appropriate level (directorate, strategic etc) depending on the severity and trend of the risk (as per RICM escalation model)
Internal Audit 3LoD	<ul style="list-style-type: none"> Providing independent assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control arrangements in place within the CA Development of an annual Internal Audit Plan which is a risk-based plan prepared in conjunction with management that will take into consideration: corporate, strategic and key operational risks.

[Back](#)

9.7. Related Documentation

Document Name	Document Location/ Pathway / Link
Anti-Fraud & Corruption Policy & Procedures	https://www.wmca.org.uk/policies/
ARAC Terms of Reference (ToR)	 Audit%20Risk%20and%20Assurance%20C
Single Assurance Framework	https://www.wmca.org.uk/media/4238/strategic-hub-single-assurance-framework.pdf
Whistleblowing Policy	https://www.wmca.org.uk/policies/
WMCA Constitution	https://wmca.assetbank-server.com/assetbank-wmca/assetfile/196.pdf

9.8. Document Governance

Document Governance	
Framework Owner(s)	Chief Executive Officer as Accountable Executive (Deborah Cadman, OBE) & Director of Finance Accountable Officer (Linda Horne)
Framework Approver(s)	Strategic Leadership Team & ARAC
Version	1.0 Draft
Review and Approval Date	1st Published (1st July 2021 TBC)
Next Review Date	12 months from published date
Framework Contact	Fiona Bebbington/ Victoria Harman – Finance & Business Hub

9.9. Approvals

Approver	Approver Role	Approval Date	Evidence
Linda Horne	Director of Finance & Business (Accountable Officer for Risk)	13 th May 2021	 13.05.21 LH Sign Off SRMFmsg
Strategic Leadership Team	WMCA Strategic Leadership Team	28 th April 2021	 28.04.21 SLT Minutes Sign Off
Audit, Risk & Assurance Committee (ARAC)	WMCA Audit Risk & Assurance Committee (Endorsement)	June 2021	
WMCA Board	For noting via ARAC Meeting Minutes	TBC	

9.10. Version Control

Version	Date	Author	Change/Comments
1.0		Victoria Harman	N/A 1 st Draft for WMCA SLT & ARAC

DRAFT



Audit, Risk & Assurance Committee

Date	29 September 2021
Report title	Terms of Reference - Whistleblowing Panel
Accountable Chief Executive	Laura Shoaf, Interim Chief Executive Email: Laura.Shoaf@wmca.org.uk Tel: (0121) 214 7444
Accountable Employee	Satish Mistry, Director of Law and Governance Email: Satish.Mistry@WMCA.org.uk Tel: (0121) 214 7435
Report has been considered by	Not Applicable

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

Consider and approve the draft Terms of Reference for the recently created Whistleblowing and Fraud Panel that has been developed to assess all whistleblowing and fraud cases presented to WMCA.

1. Purpose

- 1.1 The purpose of the panel is to provide strategic guidance in the management and resource provision of whistleblowing and fraud allegations presented to WMCA, to assess the basis of any evidence, and determine the appropriate level and prioritisation of action and resources required for each case. The panel will also consider whether diverting or supplementing Internal Audit resources from the annual plan is justified and appropriate, and by the inclusion of the Chair of ARAC, avoid any accusation of there being a conflict of interest in any decision made.

2. Background

- 2.1 The panel has been established to undertake a preliminary triage of cases being presented to WMCA as a Whistleblowing claim and Fraud allegation for onward management, investigation and resolution and to consider the strength of each case, in order to determine the most appropriate next steps for progression of a case.
- 2.2 A high level review of all claims will be undertaken by officers who will assess the case being presented through the completion of a risk based assessment and will present their findings to the panel to assist in them determining the appropriate response and management arrangements for each case. This will include confirmation of the most relevant department responsible for the handling each case, or where insufficient evidence is available, where a case should be closed with no further action being taken.
- 2.3 Membership of the panel has been identified as the following, with the Chair of ARAC undertaking the role of Chair of the panel to provide an independent view.
- Independent Chair of Audit Risk and Assurance Committee (ARAC)
 - Finance Director
 - Monitoring Officer
 - Head of Human Resources
 - Head of Audit Services (Wolverhampton)
- 2.3 Reporting of all whistleblowing cases will continue to be reported to this committee upon conclusion of all cases within the private agenda.

3. Financial Implications

Not applicable

4. Legal Implications

Not applicable

5. Equalities Implications

Not applicable.

6. Inclusive Growth Implications

Not applicable.

7. Geographical Area of Report's Implications

Not applicable.

8. Other Implications

Not applicable.

9. Schedule of Background Papers

Appendix 1: Whistleblowing Panel Terms of Reference

Whistleblowing and Fraud Panel

Terms of Reference

Purpose

Provide strategic direction in the management of whistleblowing and fraud allegation cases presented to WMCA, to assess the basis of any evidence, and determine the appropriate level and prioritisation of action and resources required for each case.

To enable the panel to consider whether diverting or supplementing Internal Audit resources from the annual plan are justified and by the inclusion of the Chair of ARAC avoid any accusation of there being a conflict of interest in any decision made.

Responsibilities

To undertake a preliminary triage of cases presented to WMCA as a Whistleblowing claim and Fraud allegation for onward management, investigation and resolution.

To consider the likely strength or weakness of any allegations and the findings of any initial enquiries made by WMCA staff and/or Internal Audit against each whistleblowing case and determine the appropriate next steps to be progressed.

Where there is evidence the concern raised is vexatious, is an inappropriate use of the whistleblowing facility, or where there are aggravating circumstances that warrant the claim being an abuse of the process, consideration be given to the purpose and validity of such a claim, prior to detailed investigations being agreed.

The triage will determine the type of complaint and whether it is a legitimate whistleblowing situation in line with policy and legislation. If deemed that the complaint is an employment related complaint by a current employee, this will be managed through the employee grievance procedure.

To instruct the most appropriate investigatory team to progress with a detailed review where the findings of the initial review demonstrates further investigations are warranted, judged against criteria to include the credibility of any allegations, any mitigating or aggravating circumstances, the potential seriousness of allegations and the potential for serious misconduct if proven.

To instruct the Investigator to close a case where insufficient evidence is available and/or reasonable enquiries have failed to substantiate a case.

Where it has been agreed to appoint Internal Audit to undertake further investigations, to authorise the appointment of additional resource and the associated costs for completion of detailed investigations.

To ensure the management of all whistleblowing claims are treated sensitively and follow the procedural arrangements as set out within the organisation's Whistleblowing policy.

Summarise decisions made by this panel to Audit, Risk and Assurance committee members and senior managers as required.

Membership

- Independent Chair of Audit Risk and Assurance Committee (ARAC)
- Finance Director / Section 151 Officer
- Monitoring Officer / Chief Audit Executive
- Head of Human Resources
- Head of Audit Services (Wolverhampton)

*The Chair of ARAC will be the Chair for this Panel.

Frequency

This committee will meet on an as required basis.

Notification of meeting requirements will be provided to all members upon receipt of a whistleblowing claim.

Quorum

Chair of ARAC and a minimum of 2 other members including the Head of Audit Services (or their nominee) and at least one of the Director of Finance or Monitoring Officer from the WMCA.

Reporting

A record of each meeting will be maintained and filed in line with WMCA's Whistleblowing policy in meeting the needs of a secure record of all cases being maintained.

Reporting of all whistleblowing cases shall be reported to ARAC upon conclusion of any case within the private agenda of this committee.

Review

These Terms of Reference are to be reviewed annually and be approved by Audit, Risk and Assurance Committee.

Note: these meetings are informal Member/Officer meetings that are not open to the public and do not exercise any formal delegated decision-making powers.

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