



**West Midlands
Combined Authority**

Audit, Risk & Assurance Committee

Date	12 November 2019
Report title	WMCA Assurance Overview November 2019
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Tim Martin, Head of Governance, Clerk and Monitoring Officer Email: Tim.Martin@wmca.org.uk Tel (0121) 214 7435
Report has been considered by	None

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Note the assurance reviews and activities that have been undertaken since the last reporting period.
- (2) Confirm that ARAC are satisfied with the assurance activity November 18 – October 19.

1. Purpose of Report

The report provides members with the WMCA's Corporate Assurance Manager's opinion for this reporting period November 2018 - October 2019 on the Authority's systems for:

- a. Project & Programme Assurance
- b. Business Assurance (including Risk Management and Business Continuity & resilience)
- c. Performance Assurance

2. Background

2.1 The intention of the report is to summarise the assurance activity since the last reporting period and highlight any matters that are of concern that require further consideration or additional assurance activity.

2.2 Since the last update and as we move out of the transitional arrangements to WMCA, the Corporate Assurance team have continued to develop and refine appropriate assurance processes for the West Midlands Combined Authority. A brief summary of this activity is also provided in this report for note at this point in time.

Project & Programme Assurance

TfWM / Corporate Services Minor Project Assurance Summary

2.3 22 assurance reviews have taken place between November 2018 and October 2019 of minor projects. Each review is rated against criteria across 12 areas of focus (in line with industry standards of best practice) and given an overarching RAG rating.

2.4 Of the 22 reviews conducted 13 were rated as green, 6 were rated amber and 3 were rated red. These projects have followed the WMCA Gated Project Management Lifecycle and a PMO (Programme Management Office) led compliance check referred to as a Tier 1 assessment and independent and objective assessment led by Programme Assurance referred to as a Tier 2 assessment.

2.5 Following assessment by Programme Assurance, the team works with project stakeholders with the intention that recommendations are acted upon before the project seeks approval for progression at the relevant project governance forum. Whether recommendations are acted upon or not, the Independent Programme Assurance assessment accompanies the project output for visibility at decision making forums.

2.6 Of these projects, there have been examples (such as Dudley Interchange) where the overall value is in excess of £5 million (upper threshold for classification of 'minor' projects) but they are not Investment Programme

funded. This has presented challenges around the route to be taken for appraisal, assurance and approval activities. In these scenarios, key stakeholders including Programme Assurance have identified safe and appropriate routes forward to ensure the schemes continue to progress.

- 2.7 Common themes and areas of improvement arising from these reviews are as follows:
- a. Plans and schedules are not effectively defined
 - b. Objectives, project success / acceptance criteria and benefits are not adequately defined
 - c. Project costs escalate and/or budget forecasts are underestimated
 - d. As portfolios and respective programmes and projects mature, governance structures to manage and control change initiatives are evolving resulting at times in limited controls being place to effectively monitor and manage projects

WMCA Investment Programme Major Project Assurance Summary

- 2.8 16 reviews of change requests and business cases (SOCs, OBCs and FBCs) have taken place for projects within the Investment Programme during the period November 2018 to October 2019. These business cases have followed the Technical Appraisal Panel (TAP) process. Following review by TAP, recommendations are made to improve submitted business cases together with advice made to the Investment Advisory Group (IAG) whether to endorse the business cases or not.
- 2.9 Although most of the 16 projects reviewed as part of this process are funded via the Investment Programme, some are not. However, due to their estimated/confirmed budget and project stage, a decision was taken to put them through the TAP process to enable increased scrutiny and oversight and in doing so, reduce the risk of project failure. Examples of these projects include:
- a. Skills and Aspirations for All
 - b. Perry Barr Interchange Development; and
 - c. University Station.
- 2.10 Since the last reporting period, Programme Assurance have been successful in appointing a permanent Senior Assurance Specialist for Major Projects. The post holder commenced in role from June 19.
- 2.11 The newly appointed Investment and Commercial Activities Director has commissioned a piece of work relating to funding agreements for Investment Programme initiatives which is being fulfilled by a temporary resource that formerly occupied the Senior Assurance Specialist Major Projects post within Programme Assurance. This work aims to ensure formal funding agreements are in place for Investment proposals the WMCA have committed to before funding is drawn down. The scope of this work includes a total of 89 projects of which 52 are at Strategic Outline Case stage, 19 are at Outline Business Case stage and 18 are at Full Business Case stage. This work will ensure a greater

level of accountability for delivery organisations on investment proposals the WMCA has committed to pursuing.

- 2.12 Recognising the points in sections 2.3 - 2.11, ARAC should note that Programme Assurance are tied directly into work being progressed to have in place a uniform oversight and governance process for progressing all WMCA project, programme or investment initiatives. This work will ensure proportionate and appropriate assurance activity to the CA level of risk exposure from investment proposals and any reputational risks.

On-going development for Programme Assurance

- 2.13 In summarising assurance activity and specific projects, this report should recognise two key elements of work that will to a large extent be responsive to the challenges identified through Programme Assurance activity. These two pieces of work are reported on separately to ARAC members and are summarised below:
- a. Corporate Services Review – formation of a Strategic Hub (for which Corporate Assurance are in scope)
 - b. Governance of approvals process – a redesigned and improved uniformly applicable process for progressing for all WMCA project, programme or investment initiatives
- 2.14 The Programme Assurance Team are in the process of developing their assurance offering to ensure a consistent and risk-based approach is applied to 2nd line of defence assurance activity across the organisation.
- a. A Working Group has been established at the end of September 2019 to implement an Integrated Assurance & Approvals Plan (IAAP) which will incorporate assurance activity across three lines of defence and key approvals for all WMCA Projects. The Working Group is aiming to have an IAAP and associated procedures developed by the end December 19.
 - b. A more comprehensive and robust Programme Assurance Toolkit will be developed and implemented to incorporate:
 - a Business Case Assessment Tool (BCAT) ~ *applied at concept, definition, Initiation & Planning phases*
 - a Self-Assessment Tool; } ~ *To be applied across all projects in the*
 - a Health Check Tool } ~ *Delivery phase of respective life-cycles*
 - c. A recent pilot involving 13 Gearing Up to Deliver (GUTD) TfWM projects has helped to inform the development of the Health Check Tool and provide a summary of findings across 10 best practice (and industry recognised) factors for assessing project performance (reference Association for Project Management - Measures for Assuring Projects).

- d. It is intended that from November 19, Programme Assurance activity be reported into the Corporate Management Team. The intention is to raise awareness of findings, make recommendations and share areas of best practice. This approach and output is being tested for suitability with the Head of Governance and Monitoring Officer.
- e. The team has been involved in the review and development of recommendations around governance and approvals processes and the Programme Assurance Toolkit is being developed to align with proposed changes.

Business Assurance

WMCA Business Continuity & Resilience:

- 2.15 Since launch in September 18, Corporate On-Call arrangements continue to be effective. It is anticipated that a greater level of resilience will be in place for TfWM following launch of the Regional Transport Coordination Centre (the project to deliver this is on-going).
- 2.16 A Hyper Converged Infrastructure (HCI) solution has been procured and implemented by ICT to respond to the problems of ageing technology and expiring maintenance and support agreements with suppliers. The HCI solution enables a much improved back-up and recovery capability for systems across the WMCA however discussions are on-going with ICT around potential for improvement for systems accessibility in the event of a Disaster Recovery scenario (16 Summer Lane being inaccessible).
- 2.17 A follow up to an Internal Audit on Business Continuity arrangements is on-going and planned to be reported into ARAC in January 19.
- 2.18 No significant business continuity issues have arisen during this reporting period that resulted in a full incident management team being established.

Risk Management:

- 2.19 Directorate and Strategic Risk review meetings continue to take place to enable full visibility and escalation of key risks that have the potential to adversely impact on the organisation. The Strategic Risk Register is reviewed periodically at Senior Leadership team and the Chair of ARAC attended a meeting of SLT to discuss the approach to this.
- 2.20 Key Directorate level risks are reviewed monthly as part of the CMT dashboard to increase visibility and awareness stimulating discussion on adequacy of controls, progress and whether there is a need for escalation.
- 2.21 Corporate Assurance continue to liaise with PMO on Investment Programme Risk that has already been escalated to Strategic Risk register ensuring validation of progress and mitigation controls

Arm's Length Companies

- 2.22 Corporate Assurance will be commencing work with Arm's Length companies from November 19 to ensure compliance with pre-agreed checklists with a view that this is reported back into ARAC in January 20.

Performance Assurance

Corporate Management Team Dashboard reporting

- 2.23 Following establishment of the Corporate Management Team from November 18, an operational performance dashboard has been developed and plays an important role in stimulating discussion and action in relation to organisational performance. Since first being introduced in January 19, the dashboard has evolved in what it reports as the CMT has matured.
- 2.24 The dashboard features at CMT on an on-going monthly basis. The standing items included in the dashboard are as detailed below:
- a. Organisational Development data: FTE, Head count and vacancy information across all directorates offering a holistic view and opportunity for validation
 - b. Internal Audit: activity information and deadlines for follow-up to recommendations has enabled strengthening of the overall process and increased responsiveness of the organisation to audit findings
 - c. Risk: transparency of strategic risk and the associated directorate level risk has enabled strengthening of risk management process and control across the organisation
 - d. Freedom of Information: on-going reporting of this information has increased transparency and resulted in opportunities for strengthening processes such as the way in which FOI requests are recorded in turn enabling a greater level of analytical capability
 - e. Health and Safety: Information being presented in a consistent manner allowing a holistic view and greater awareness of assessments
 - f. Environmental data: based on organisational priorities around carbon reduction and single use plastics (not limited to), on-going information relating to progress against action plans is reported into CMT
 - g. Procurement: Exemptions data has been a source of discussion and has led to improvement and changes to existing reporting across the organisation. It is intended that trend analysis will be an on-going feature in reviewing procurement related information with a view that the WMCA becomes more efficient and effective in managing contracts and the associated spend

- h. Finance: financial information across all directorates is intended to be reported enabling a holistic view for heads of service driving greater organisational awareness of performance and progress in consistency of reporting
- i. Communications: internal and external facing communications summaries are intended to be reported into CMT with a view of assessing performance against other Combined Authorities through benchmarking. Communication and effectiveness is also planned to be shared across directorates as opportunity to drive effectiveness where best practice is limited to specific directorates / service areas

3. Summary

- 3.1 Programme Assurance activity and findings confirm consistent themes across portfolios where performance of change initiatives can be optimised. It is intended that a risk-based proportionality approach to assurance sought will enable Programme Assurance to focus more on the initiatives that present the greatest level of risk exposure to the WMCA.
- 3.2 In addition, it is anticipated that the role of Programme Assurance be solidified through the work to develop a consistent and uniformly applicable process for progressing for all WMCA project, programme or investment initiatives.
- 3.3 The organisation has a greater awareness of risk management practices at Strategic and Directorate risk levels and through further work around enterprise risk management, it is anticipated that this will be strengthened further.
- 3.4 Further reporting from Corporate Assurance to ARAC is planned in the coming months with the intention that further detail be provided as more is understood in light of the function of Corporate Assurance (on the back of the Corporate Services review) and the work Corporate Assurance services are embedded into that is being progressed to have in place a uniformly applicable process for progressing for all WMCA project, programme or investment initiatives

4. Financial Implications

N/A

5. Legal Implications

N/A

6. Equalities Implications

N/A

7. Inclusive Growth Implications

N/A

8. Geographical Area of Report's Implications

N/A

9. Other Implications

N/A

10. Schedule of Background Papers

None