



**West Midlands  
Combined Authority**

## **Audit, Risk & Assurance Committee**

<b>Date</b>	8 September 2020
<b>Report title</b>	WMCA Assurance Overview September 2020
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### **Audit, Risk & Assurance Committee is recommended to:**

- (1) Note the progress made by the Programme Assurance team in developing and testing the updated Assurance Toolkit in parallel with ongoing assurance processes and transition to the Single Assurance Framework (SAF).

## **1. Purpose of Report**

This report follows information previously reported to ARAC in January 2020 and is intended to give members an update on progress made by the Programme Assurance Team.

## **2. Background**

2.1 A report tabled at ARAC in January 2020 summarised Programme Assurance activity and gave an update regarding the development of an Assurance Toolkit. This report responds to the query raised at that time regarding whether there is a risk to reliability of trend analysis information as a result of implementing an enhanced assurance toolkit and therefore usability of historically held information.

2.2 Due to disruption by the COVID-19 pandemic to scheduled meetings of this Committee, a Programme Assurance update was not presented in April 2020.

2.3 In March 2020, the Programme Assurance team moved under the direction of the Director of Strategy and became part of the newly formed Strategic Hub. The Strategic Hub is made up of the following teams which will provide ongoing support to delivery organisations as we transition to the SAF:

- a. Programme Support & Assurance
- b. Risk & Appraisal
- c. Performance

## **3. Programme Assurance Toolkit**

3.1 The Programme Assurance Toolkit enables objective 2<sup>nd</sup> line of defence assessment of project performance throughout key stages of the lifecycle of a project, defined by the Single Assurance Framework (SAF) as the following stages:

- a. Initiation
- b. Development
- c. Delivery
- d. Closure / Hand-over

3.2 Sub-section D, above, Closure / Hand-over will be designed as part of the Single Assurance Framework for delivery in Tranche 3. This element will include a mechanism for Post Implementation review of projects to assess the overall performance of project delivery and whether lessons have been learnt. The intention being that intelligence from this exercise be recycled and applied for consideration in delivering similar future projects.

3.3 Elements of the toolkit have been subject to live testing and reporting since October 2019 and have been applied to projects in development and delivery. This live testing has informed the development of SAF processes, guidance and templates and has been applied in parallel with assurance activity traditionally delivered by the Programme Assurance team and PMO.

- 3.4 The following tools have been applied to WMCA projects in recent months:
- a. BCAT  
The Business Case Assessment Tool (BCAT), and associated assurance and reporting process, has been applied and tested in recent months on Investment Portfolio funded Business Cases presented to the Technical Appraisal Panel (TAP), in addition to existing TAP appraisal processes. In the future, the BCAT tool will be applied, following SAF implementation, to all projects in development, regardless of their funding source.
  - b. Health Check  
Project 'Health Checks' have been applied and tested in addition to ongoing 'Tier 2' reviews undertaken in conjunction with PMO colleagues.
- 3.5 The tables in sections 5 and 6 provide a summary of findings to date from this activity. These findings will be considered with historical data and intelligence from previous assurance activity; however, the updated Assurance Toolkit provides the organisation with more detail and assurance analysis capability than has been available to date.
- 3.6 The assurance toolkit has been developed using HM Treasury's 'Guide to Developing the Project Business Case' and has been aligned with the Infrastructure and Project Authority's Review guidance for OGC Gateway Reviews 1-3 and existing Association for Project Management (APM) best practice.
- 3.7 In addition, a Self-Assessment tool has been developed and tested by Project Managers in recent months and has been refined and updated as an outcome of this testing. Proposals are being developed for the implementation of a self-assessment tool that will complement transition plans for the SAF. The intention is to ensure all WMCA Projects complete a '1<sup>st</sup> line of defence' self-assessment in order to identify areas for improvement and subsequently drive improvements across all change projects. Results of any self-assessment process will also help to inform future 2<sup>nd</sup> and 3<sup>rd</sup> line of defence assurance activity.
- 3.8 The Programme Assurance team have been concentrating on testing the updated Assurance Toolkit in preparation for its launch to align with the implementation of the SAF, which was approved by the WMCA Board on 24 July 2020. The team are active members of, and embedded within, the SAF Working Group which are currently refining standards, processes and guidance together with a detailed Transition Plan to ensure effective implementation of this Framework.
- 3.9 Findings and key themes from historical assurance, BCAT and Health Check activity have helped shape updated Business Case templates, supporting guidance and ongoing communication and engagement with delivery organisations associated with the implementation and transition to the SAF.

- 3.10 As previously reported, the Assurance team has developed an IAAP which includes a list of Capital and Revenue Projects, including key financial and project information. A process has been embedded with the Finance reporting function for updating and maintaining this Plan with any project/programme changes.
- 3.11 The IAAP will be used to shape future 2<sup>nd</sup> line of defence assurance/health check activity and plans are being developed for engaging with Portfolios to understand and map existing quality assurance (1<sup>st</sup> line of defence) and external audit (3<sup>rd</sup> line of defence) activity planned. This engagement is being timed to ensure minimum disruption as we transition to the SAF and to ensure alongside the WMCA Activity register that we hold a comprehensive record for all projects and programmes.
- 3.12 It is envisaged that analysis of assurance activity results, key learning and trends, together with other appropriate historical data, will be summarised for this Committee's purposes on a quarterly basis

#### **4. Key Findings, Themes and Outcomes**

- 4.1 Since January 2020, six business cases have been progressed through the TAP process and were also reviewed using the BCAT Tool.
- 4.2 The quality of business cases submitted has been variable and where recommendations for improvement have been made these have focused around:
- a. strengthening the Economic case to include improvements to how benefits are defined to justify the investment
  - b. improving the Commercial case, specifically around procurement strategies and detailed procurement plans to align with other project dependencies
  - c. Improving Management cases and the quality of supporting documentation provided (including risk management and reporting arrangements and stakeholder engagement)
  - d. Improving Financial cases and forecasted expenditure profiles
- 4.3 Evidence suggests that not all delivery organisations act upon the findings and recommendations raised by the Assurance team, prior to progression of Business Cases for final approval.
- 4.4 To help counter 4.3 above, the BCAT process, embedded within the SAF, has been designed to be implemented approximately three months prior to a project submitting a Business Case for approval. This will allow the delivery organisation enough time to work with the Assurance Lead to implement any improvements required prior to its submission for approval. With this approach, it is intended that Business Cases reach the Treasury suggested levels of maturity before being submitted to approval and decision-making forums.

An observation report will be created following a BCAT assessment and will contain prioritised recommendations for action as well as findings that are

translated into likely impact on delivery of the project. The SAF is designed such that this Observation report accompanies the Business Case to help inform challenge and decision making at relevant forums (relative to delegations of authority and funding sought).

The Project Appraisal activity (as part of SAF operation) will take into consideration the extent to which Assurance recommendations have been acted upon and will develop a separate Risk and Investment Appraisal output that will also accompany the Business Case into challenge and decision-making forums.

Challenge forums (Investment and Advisory panels) that support Investment Board and WMCA Board, will take into consideration findings and recommendations from the Observation report and Risk and Appraisal output before making a further recommendation for approval, or not. There could be scenarios where challenge forums recommend re-work or that further work be undertaken before a project be approved.

In addition, the Assurance team are investigating methods and tools to track and report progress with any findings and recommendations raised. Progress against this will be reported into ARAC quarterly.

- 4.5 Five Non-Investment Programme Projects (all from TfWM) have been subject to additional 'Health Check' assurance reviews since January 2020. The overall costs of these projects ranged from £250k to £7m.
- 4.6 Generally, results from these reviews have been encouraging with three projects at overall 'Green' status and two rated as 'Amber'.
- 4.7 Some key themes arising from this assurance activity relate to financial management, particularly in the early stages of their development, not having a full picture of costs overall.
- 4.8 Assurance reports have been produced and fed back to project leads, capturing any findings and recommendations from Health Checks conducted.

## 5 BCAT Reviews Conducted



### ASSURANCE TEAM SUMMARY OF BCAT SCORING

#### INSTRUCTIONS FOR ADDING NEW PROJECT SCORES

1. Ensure you have saved the completed Assurance Toolkit in "BCAT" folder in Assurance\_Reports folder in team Sharepoint site.
2. Open the BCAT report you would like to add and Select 'Open in Excel' option from Top Left of sheet.
3. In this document Click button to 'Add Project Line' for reporting additional Project scores.
4. In the table below Copy the Project Title from the top of the scoring sheet on the Toolkit.
5. Add Project Type, WMCA Dept, Project Stage and Funding Source as appropriate using the drop down selections.
6. Type out the scores from the BCAT into the below
7. Ensure Overall Project Score - Initial and Date of Initial Project Score are recorded as appropriate.
8. Where the Project is being scored multiple times add the details in the shaded columns.
9. Complete the final Recommendation column and click Save.
10. Corporate Assurance to update this after any BCAT has been completed to ensure timely reporting.

Add Project Line

View Report Page

Save

Note: Category scores under 30% are highlighted in red and scores above 60% are highlighted in green

Project	Project Type	WMCA Dept	Project Stage	Funding Source	Strategic	Economic	Commercial	Financial	Management	Baseline Project Current Score	Date of Baseline Project Score
	Construction	Housing & Land	OBC	Cash flow Funding	60%	50%	75%	75%	18%	56%	17/02/20
	Rail	TfWM	FBC	No funding required	72%	25%	20%	60%	38%	43%	30/10/19
	Other	Economy & Innovation	OBC	Cash flow Funding	58%	60%	48%	84%	62%	62%	17/03/20
	Transport	Economy & Innovation	OBC	Underwriting	84%	22%	38%	33%	16%	38%	27/05/20
	Transport	Economy & Innovation	FBC	Underwriting	25%	7%	0%	14%	16%	12%	27/05/20
	Transport	TfWM - Metro	FBC	Underwriting	70%	59%	74%	71%	68%	68%	26/06/20
<b>Average Category Scoring</b>					<b>68%</b>	<b>38%</b>	<b>48%</b>	<b>54%</b>	<b>39%</b>		

## 6 Health Check Assurance Reviews Conducted

Project	Review date	Objectives	Scope	Benefits	Risk Identification	Risk management	Schedule definition	Schedule position	Stakeholders	Resource Team	Resource Cost	Dependencies	Reporting
	31/01/2020	G	G	G	G	G	G	A	G	G	A	G	G
	04/02/2020	G	G	A	A	G	A	G	G	G	TBC	TBC	G
	02/04/2020	G	G	G	G	G	A	A	G	G	G	G	G
	30/04/2020	G	G	G	G	G	R	N/A	G	G	A	G	G
	06/07/2020	G	G	A	G	G	G	G	G	G	R	G	A

**7 Financial Implications**

N/A

**8 Legal Implications**

N/A

**9 Equalities Implications**

N/A

**10 Inclusive Growth Implications**

N/A

**11 Geographical Area of Report's Implications**

N/A

**12 Other Implications**

N/A

**13 Schedule of Background Papers**

None