GMCA Audit Committee
23 September 2016
Risk Register and Assurance map

| Report Of | Treasurer to the Greater Manchester Combined Authority
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<th>Head of Audit and Risk Management</th>
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PURPOSE OF REPORT
The GMCA governance and assurance framework includes regular review by Audit Committee of the risk register and assurance map. This report provides the latest update following a refresh of the assurance map format.

RECOMMENDATION
Members are requested to comment on the risk register and assurance map.

PRIORITY
This report is produced to support Audit Committee oversight of risk and assurance across GMCA and AGMA.
BACKGROUND DOCUMENTS
Greater Manchester Strategy and Greater Manchester Growth and Reform Plan
Reports to GMCA and AGMA (see website)
Previous assurance maps and risk registers (Audit Committee)

RISKS/IMPLICATIONS
Financial: Cost of Internal Audit and Risk Services within GMCA budget.
Staffing: No impact
Policy: No impact
Equal Opportunities – Has a Diversity Impact Assessment been conducted? No

TRACKING/PROCESS
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board? No

EXEMPTION FROM CALL IN
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency? No

AGMA Commission TIGMC Scrutiny Pool
N/A N/A N/A
1 **Introduction**

1.1 The Greater Manchester Combined Authority’s (the Authority) risk register supports the identification and management of key risks to achievement of organisational objectives and captures actions considered necessary to mitigate them. Review identifies and captures new strategic risks, removes risks which are no longer relevant or significant and allows scrutiny and escalation of progress with actions.

1.2 Under its terms of reference Audit Committee oversees the effectiveness of the Authority’s risk management arrangements and the Authority approves the risk register following consideration by Audit Committee.

2 **Risk Register**

2.1 The risk register has been reviewed by the Risk Management Group. Risk descriptions, existing controls, risk scores and response actions recorded on the risk register have been reviewed. There have been no revisions from the update completed and reported to Audit Committee in August 2016.

3 **Assurance Map**

3.1 The assurance map for the GMCA is currently being revised in terms of content and format. The map is being developed to specifically reference activity and assurances in respect of transition but this work is yet to complete and will be provided to Members at a subsequent meeting.

4 **Recommendations**

4.1 Members are requested to consider and comment on the risk register and to note that work is ongoing to update the assurance map in September/October 2016.
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| 1   | 14/08/16     | The outcome and impacts of the EU Referendum, including role changes within Government, result in financial uncertainty and economic instability that affect the trajectory of national policy in relation to devolution and regionalism with a consequent impact on the ability to progress the GM devolution strategy as originally planned.                                                                 | • Ongoing Mayoral, Leaders and Chief Officer engagement with Government departments  
• Continuation of the legislative and governance progress to deliver new functions in 2017. | 4X4=16 High     | No specific additional actions proposed at this stage other than ongoing engagement and remaining abreast of developments.                                                                               | Head of Paid Service |
| 2   | 14/08/16     | Post Brexit, the value of European funding streams is withdrawn, restricted or reduced; this impacts on the ability to sustain and grow reform, regeneration and major infrastructure projects across the City Region                                                                 | • Ongoing Mayoral, Leaders and Chief Officer engagement with Government departments  
• Continuation of the legislative and governance progress to deliver new functions in 2017. | 3X4=16 High     | MGC, TfGM and GMCA finance team assessments of impact of withdrawal / reduction of EU funding                                                                                                    | GMCA Treasurer       |
| 3   | 11/01/15     | The transition of powers and responsibilities and changes in roles, responsibilities and governance arising from devolution legislation across GM are not managed effectively resulting in a disjointed approach to GM working with avoidable costs,                                                                 | • Project Management support to support transition planning  
• Transition and Devolution Implementation Plan developed to ensure that the operational and strategic challenges of devolution are effectively managed and overseen by WLT and GMCA.  
• Transition Plan supported with | 4x4=16 High     | Communications plan in development to communicate change plans with the public, Members and senior managers.  
Internal Audit to provide assurance updates to                                                                                           | Head of Paid Service |
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| 4   | 25/08/16     | Working Well programme is not approved or delivered in accordance with the proposed GM financial and business plan; impacting financial resources and delivery of expected outcomes. Financial risks include reliance on ESF which was included as GM match funding as part of the programme. | • Positive working relationship with DWP’s policy and commercial teams  
• Reports to WLT and GMCA | 4x4=16 High | Further review of risk over next quarter. | Head of Paid Service |
| 5   | 25/08/16     | Effective approval and successful implementation of the Buses Bill is threatened by legal challenge, funding and financial risks and a challenging implementation programme. | • Continuation of the legislative and governance progress to deliver new functions in 2017.  
• Reports to TfGMC and GMCA  
• TfG financial reporting to TfGM Board and onward to WLT and GMCA. | 4x3=12 Medium | Further review of risk with TfGM over next quarter. | Head of Paid Service |
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| 6   | 01/06/16     | If capacity or resources of GMCA senior managers, Members / Officers and districts is insufficient, or conflicts with other priorities, this may impact on the ability to deliver the transition programme and to lead on and implement the GMCA strategy. | • CA statutory basis, constitution and the GM Strategy set out shared vision with Operating Agreement in place signed by all Districts.  
• Established governance structure alongside refreshed Leader Portfolios and Wider Leadership Team roles for key strategic priorities.  
• Key roles including Director of Reform established, supported by project teams, GMIST and key officers in districts.  
• Transition project resource in place for leads on finance, HR and ICT. | 4X3=12 Medium | Ongoing capacity and financial constraints on districts impact the likelihood of the risk occurring however existing controls and governance arrangements should provide early warning of possible pressures.  
Risk re-scored as medium 25 July 2016 | Head of Paid Service |
<p>| 7   | 25/08/16     | Smart Ticketing is not delivered in accordance with anticipated time, cost and quality expectations of the GMCA or the public. This leads to additional cost pressures or reputational damage. | • Engagement with TFN project for Smart Ticketing across the North. | 4x3=12 Medium | Further review of risk with TfGM over next quarter. | Head of Paid Service |
| 8   | 25/08/16     | Slippage in Local Growth Deal delivery programme places funding at risk, particularly if the GMCA is unable to apply grant to alternative, eligible capital schemes in year. This also presents a risk to future. | • Reports to WLT and GMCA | 4x3=12 Medium | Further review of risk over next quarter. | GMCA Treasurer |</p>
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| 9   | 05/01/15     | The devolution of new powers and budgets from government to the Authority under a reformed governance model will increase pressures on financial, operational and governance and scrutiny functions and this may impact adversely on the Authority, reducing its capacity to deliver its objectives.                                                                                                          | • The GM Agreement provides a devolution model and requires an extensive evaluation programme including evaluations of the earn-back scheme and the impact of devolution.  
• Implementation plan under the leadership of the Head of the Paid Service with support of GM WLT.  
• Ongoing oversight at GMCA, WLT and Scrutiny Committees.  
• Monitoring Officer and S151 consulted on all changes to governance arrangements.  

4X3 =12 Medium  
Risk reduced to medium on review                                                                                                                          | Head of Paid Service                                                                                                                                     |
| 10  | 05/01/15     | If it is not supported by appropriate agreements with government or is not managed effectively the 10 year £300m recyclable Housing Investment Fund created under the Devolution Agreement may not provide required numbers of homes or generate return on investment at the expected 80% recovery rate, with a risk of capital shortfall of >20% which would fall to CA and districts, and to central government repayments. | • The fund will be controlled by the elected Mayor through the new governance arrangements.  
• Assurance Statement with DCLG and HMT setting out how investments and repayments will be managed.  
• Management within the GMCA Core Investment Team and oversight by GM Investment Board  

4X3=12 Medium  
Internal Audits of HIF including positive certification of S151 assurance                                                                                                 | GMCA Treasurer                                                                                 |
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| 11  | 27/02/12     | Lack of understanding of the extent of and limitations to the Authority’s legal and constitutional powers following devolution may mean expectations are not managed, statutory duties are not discharged and their exercise may be legally challenged or scarce time and resources spent on objectives which the Authority is not empowered to deliver. | • Functions set out in GMCA Orders and Operating Agreement details arrangements for discharge of statutory functions.  
• New website in place  
• Communications Strategy in place and being further developed – particularly clear for H&SC Devolution with high level of proactive stakeholder and public communications                                                                                                 | 3X4=12 Medium | Risk reduced to medium on review  
Whilst greater clarity over future programme for next 18 months communicated across stakeholders this risk to kept under review given ongoing changes in advance of and following appointment of Elected Mayor                                                                                                    | Head of Paid Service |
| 12  | 01/06/16     | HR issues arising from transition are not fully understood or managed effectively, with impact on cost and the effectiveness and affordability of future staffing structures                                                                                                                                                                                                                                                  | • HR Workstream in place as part of Transition Plan  
• HR project resource in place reporting to Project Board                                                                                          | 3X4=12 Medium | Engagement with HR specialists, Trades Unions and staff groups as part of transition  
Finance Workstream to include consideration of costs and liabilities arising from HR proposals.                                                                                                                                  | Head of Paid Service |
| 9   | 01/06/16     | Inability to develop draft orders and obtain approval from districts and GMCA means legislation is not in place by the required 1 April 2017 deadline.                                                                                                                                                                                                                             | • Updates and reports to WLT, Leaders and GMCA.  
• Oversight by Monitoring officer Transition Project Board                                                                                      | 5X3=15 Medium |                                                                                                                                                                                                                                                                         | GMCA Monitoring Officer |
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| 11  | 27/02/12     | If there is decline or lack of unity in Districts’ shared vision, collective ownership and cohesiveness this may have an adverse impact on setting and delivering the Authority’s strategy. | • The Statutory basis, CA constitution and the GM Strategy set out shared vision and there is an Operating Agreement in place signed by all Districts.  
• Authority governance arrangements ensure debate and agreement on key issues.  
• Cohesion promoted through CEX group, WLT and Member Scrutiny. | 3X4=12          | Medium           | Head of Paid Service |
| 12  | 4/6/2014     | Potential for tension between strategic agreement over Public Service Reform (PSR) taken at GM level and District capacity to undertake delivery. If this is realised it may give rise to reputational risk and may impact on service delivery. | • Agreement of overall objectives by GMCA and Districts  
• Establishment of PSR Board, Key Portfolio holders and CX Leads  
• Regular reports at GMCA/AGMA meetings  
• Director of Reform oversees GM and supports Districts in delivery.  
• Communication protocols agreed between CA and Districts. | 3X4=12          | Medium           | Head of Paid Service |
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| 13  | 27/02/12     | Potential for volatility in financial markets impacting on ability of GM to raise long-term funds at appropriate interest rates (key to success of GM funding strategy, including the Transport Fund) and present risks in relation to GMCA deposits and investments. Generally, the CA has substantial cash funds available for short-term investments. Budgeted interest receipts are minimal but security of the capital is paramount. | - The agreed Treasury Management Strategy for investments adopts a low risk approach prioritising security and liquidity.  
- Utilising surplus cash from CA’s various projects in lieu of external borrowing thereby reducing treasury risk and achieving interest savings  
- An established decision making and approval process for investments.  
- Regular reports to CA Audit Committee | 3X3=9 Medium | Risk score reviewed and maintained as Medium, although volatility increased there is a continued trend towards lower interest rates. | GMCA Treasurer |
| 14  | 27/02/12     | Financial or operational under-performance by TfGM could impact adversely on the Authority’s reputation, its ability to produce a balanced budget and to deliver strategic priorities on schedule. | - Robust controls through TfGM Executive Board, which includes GMCA Treasurer  
- Regular budget and performance reporting to TfGMC.  
- Review and refresh of TfGM KPIs.  
- TfGMC sub-committees oversee capital projects and operation of bus and rail networks. TfGMC agreed approach to reductions in supported bus budget. | 3X3=9 Medium | Risk score reviewed and maintained as Medium. | GMCA Treasurer |
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| 15  | 27/02/12     | If the GM Strategy performance management framework is ineffective, or does not take account of information from TfGM, partners and stakeholders, it may not adequately support the Authority’s ability to make effective, timely decisions. | - TfGM report performance to TfGMC under established arrangements.  
- Performance Management Framework in place and agreed by WLT linked to the Greater Manchester Strategy  
- GM Strategy performance report reviewed by GM’s Joint Scrutiny and informs their work programme for the following year.  
- Annual report on performance of GMCA linked to the Greater Manchester Strategy.  
- Moderate assurance over PMF from Internal Audit 2015/16 | 3X3=9 Medium | Arrangements have improved and PMF shows strong performance in a number of areas. Risk to be maintained at medium until PMF is shown to be embedded / assured.                                                                                                                                                                                                 | Head of GMIST |
| 16  | 06/03/13     | The Authority’s accountable body status for grant funding gives rise to a risk of clawback or reduced future grant payments if funded project outputs are not delivered or there are significant defaults on repayments of recyclable funding. | - A financial monitoring procedure has been agreed for RGF and GPF payments and repayments to be delivered by the Core Investment Team.  
- Ongoing audit work and positive audit grant certifications for CA as accountable body. | 3X3=9 Medium | Action: Area of risk for focus in 2016/17 Internal Audit planning                                                                                                                                                                                                                                                                                                                                                     | GMCA Treasurer  |
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| 18  | 27/02/12     | Any divergence between the Authority’s aims and priorities and those of the Local Enterprise Partnership may impact adversely on continued Government support and funding and send a contradictory or inconsistent message to the Region’s residents. | - Chair / vice-chairs of the Authority sit on the LEP Board. Local authority members are decided by the GMCA.  
- LEP minutes reported to Authority meetings.  
- Joint signatories of GM Strategy, GM Growth and Reform Plan  
- Dual representation by GMCA and LEP on external bodies, eg GM Investment Board.  
- LEP Assurance Framework drafted to meet Government Growth Deal requirements | **3X2=6**  
Low | Risk reviewed and maintained as low.                                                                                                                          | Head of Paid Service                                                                                                                                  |