PURPOSE OF THE REPORT
This report provides Members with an update on proposals to develop the GMCA risk register and assurance map

RECOMMENDATION
Members are requested to consider and comment on the proposals for the development of the risk and assurance framework

PRIORITY
This report is produced for Members to comment on proposals to develop the effectiveness of the risk and assurance framework in operation within the Authority.

BACKGROUND DOCUMENTS
Report presented to Audit Committee: Risk Register and Assurance Map Reports

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E-mail t.powell@manchester.gov.uk
### RISKS/IMPLICATIONS

**Financial:** Cost of Internal Audit 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 |

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<tr>
<th>AGMA Commission</th>
<th>TfGMC</th>
<th>Scrutiny Pool</th>
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1 **Background**

1.1 This report provides a short summary of proposals to develop the GMCA risk and assurance framework in 2017/18.

2 **Current Risk and Assurance Arrangements**

2.1 GMCA risk management arrangements are led by a Risk Management Group including the Treasurer and key senior officers. This group is responsible for reviewing and refreshing the Corporate Risk Register (“CRR”).

2.2 GMCA Audit Committee have received updates of the CRR at all meetings and have previously been provided with updates on the development of an assurance mapping approach. These arrangements have developed over time but it is the opinion of the GMCA Treasurer and Head of Audit and Risk Management that given the transition to new powers, functions, roles and responsibilities from 8 May 2017, a more fundamental review and refresh is required.

2.3 The GMCA, GM Fire and Rescue Service, Transport for Greater Manchester, GM Police and Crime Commissioner and GMP Chief Constable have risk and assurance arrangements in place that meet the needs of each organisation. As part of the transition to broader powers and responsibilities, work is underway to ensure that these risk management and assurance arrangements are clearly understood and are developed to ensure they are aligned to key roles, responsibilities and accountabilities from 8 May 2017.

3 **Approach to Review of Risk Management and Assurance Mapping**

3.1 The aim of the review is to establish an efficient, clear, consistent framework that provides appropriate assurance over the risk management arrangements in place for activities for which the GMCA and GM Mayor are responsible.

3.2 The review will be led by the Head of Audit and Risk Management with support from the GMCA Audit and Risk Team, external advisors and risk subject matter experts in GMFRS, GMP and TfGM. The review will also engage key officers and appropriate Members, including the Audit Committee. A meeting of the GMCA Risk Management Group is planned for the end of April at which the current CRR (appendix 1) will be updated and support for the review will be secured.

3.3 The review will be undertaken between April and June 2017 and key findings and proposals presented to Audit Committee at a future meeting. This will include proposals for future reporting of key risk management activity to Audit Committee and the provision of assurances over the management of key risks.

4 **Recommendations**

4.1 Audit Committee are asked to endorse the outline approach for a review of risk management and assurance arrangements.
## Appendix 1: GMCA Corporate Risk Register (For Update April 2017)

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<tr>
<th>Ref</th>
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<th>Risk Description</th>
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<tbody>
<tr>
<td>1</td>
<td>14/08/16</td>
<td>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.</td>
<td>• Ongoing Mayoral, Leaders and Chief Officer engagement with Government departments  • Continuation of the legislative and governance progress to deliver new functions in 2017.</td>
<td>4X4=16 High</td>
<td>No specific additional actions proposed at this stage other than ongoing engagement and remaining abreast of developments.</td>
<td>Head of Paid Service  Eamonn Boylan</td>
</tr>
<tr>
<td>2</td>
<td>14/08/16</td>
<td>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</td>
<td>• Ongoing Mayoral, Leaders and Chief Officer engagement with Government departments  • Continuation of the legislative and governance progress to deliver new functions in 2017.</td>
<td>3X4=16 High</td>
<td>MGC, TfGM and GMCA finance team ongoing assessments of impact of withdrawal / reduction of EU funding</td>
<td>GMCA Treasurer  Richard Paver</td>
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<tr>
<td>3</td>
<td>11/01/15</td>
<td>The transition of powers and responsibilities and changes in roles, responsibilities and governance arising from devolution legislation across</td>
<td>• Project Management support to support transition planning  • Transition and Devolution Implementation Plan developed to ensure that the operational and</td>
<td>4x4=16 High</td>
<td>Detailed risk and issues log for transition programme developed and maintained by Project Board.</td>
<td>Head of Paid Service  Eamonn</td>
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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 | • Positive working relationship with DWP’s policy and commercial teams  
• Reports to WLT and GMCA  
• Grant letter in principle from DWP signed in December 2016  
• Memorandum of Understanding between GMCA and DWP to be signed in January 2017 | 4x4=16 High | Further review of risk over next quarter.                                                                                                                            |
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<td>5</td>
<td>25/08/16</td>
<td>Effective approval and successful implementation of the Buses Bill is threatened by legal challenge, funding and financial risks and a challenging implementation programme.</td>
<td>• Continuation of the legislative and governance progress to deliver new functions in 2017.</td>
<td>4x3=12 Medium</td>
<td>Further review of risk with TfGM over next quarter.</td>
<td>Head of Paid Service Eamonn Boylan</td>
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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 Eamonn Boylan |
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<td>7</td>
<td>25/08/16</td>
<td>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.</td>
<td>• Engagement with TFN project for Smart Ticketing across the North</td>
<td>4x3=12 Medium</td>
<td>Further review of risk with TfGM over next quarter.</td>
<td>Head of Paid Service Eamonn Boylan</td>
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| 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 funding approvals. | • Reports to WLT and GMCA  
• Monthly updates with Business, Innovation and Skills team to confirm progress  
• Regular review of both expenditure and forecasts to ensure actions can be taken to mitigate risks | 4x3=12 Medium | Further review of risk over next quarter. | GMCA Treasurer Richard Paver |
| 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 | • 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 | 4X3 =12 Medium | Risk reduced to medium on review | Head of Paid Service Eamonn Boylan |
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|     | 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  
Richard Paver |
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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 | $3 \times 4 = 12$ 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  
Eamonn Boylan |
| 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 | $3 \times 4 = 12$ 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  
Eamonn Boylan |
| 13  | 01/06/16     | Inability to develop draft orders and obtain approval from districts and GMCA means legislation is not in | • Updates and reports to WLT, Leaders and GMCA.  
• Oversight by Monitoring officer Transition Board | $5 \times 3 = 15$ Medium |  | GMCA Monitoring Officer |
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| 14  | 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. | $3 \times 4 = 12$ Medium |  | Liz Treacy |
| 15  | 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. | $3 \times 4 = 12$ Medium | Risk maintained at medium as financial challenges in districts and required pace of change has ongoing potential for tension with GM level activity. | Head of Paid Service Eamonn Boylan |
| 16  | 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) | • 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 | $3 \times 3 = 9$ Medium | Risk score reviewed and maintained as Medium, although volatility increased there is a continued trend towards lower interest rates. | GMCA Treasurer Richard Paver |
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| 17  | 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  
Richard Paver |
<p>| 18  | 27/02/12     | If the GM Strategy (GMS) performance management framework is ineffective, or | • TfGM report performance to TfGMC under established arrangements. | 3X3=9 Medium | Arrangements have improved and PMF shows strong | Head of GMIST |</p>
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|     |              | 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.                                                                                                                                                                                                                                                      | • Performance Management Framework in place and agreed by WLT linked to the Greater Manchester Strategy  
• GMS 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 GMS.  
• Moderate assurance over PMF from Internal Audit                                                                                                                                                                                                                     | 3X3=9 Medium | performance in a number of areas. Risk to be maintained at medium until PMF is shown to be embedded / assured.                                                                                                                                               | Julie Connor         |
| 19  | 06/03/13     | The Authority’s accountable body status for grant funding gives rise to a risk of claw-back 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.                                                                                                                                                                                                                     | 3X2=6 Low | Action: Area of risk for focus in 2016/17 Internal Audit planning                                                                                                                                   | GMCA Treasurer  Richard Paver  |
| 20  | 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                                                                                                                                                                                                                       | • 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                                                                                                                                                                                                                                            | 3X2=6 Low | Risk reviewed and maintained as low.                                                                                                                                                               | Head of Paid Service  Eamonn Boylan  |
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|     |              | Region’s residents. | LEP on external bodies, eg GM Investment Board.  
• LEP Assurance Framework drafted to meet Government Growth Deal requirements | | | |
