

Aberdeen Sports Village

Sector	Sport and Leisure
Level of ACC Control/Influence	50% Joint Venture with the University of Aberdeen
ACC Funding 2017-18	£1.013m
Service Designate	Education and Children's Services

The Hub requested assurance in the following areas:-

1. Governance Assurance

- 1.1 Recent changes made to Constitutional Documents – Aberdeen Sports Village (ASV)** confirmed that no changes had been made to their constitutional documents in the last 12 months.
- 1.2 Methods used to review Board competencies and identify skills gaps –** ASV provided a copy of the Board Skills Matrix which was reviewed annually and a copy of a letter sent to the Council dated December 2016 which proposed to reduce the number of University and Council appointed Directors from four to two members in order to accommodate Directors with expertise in business development and professional sport.
- 1.3 Composition of the Board and gender representation–** ASV advised that Board composition was set out in the Joint Venture Agreement and consists of eight members: four appointments from both the Council and the University. ASV noted that the Board currently comprised four men, two women and two vacancies, with each Partner having three in place.
- 1.4 Council representation at Board meetings –** ASV advised that Council officers were not entitled to observe Board meetings as per the requirements of the Joint Venture Agreement. ASV highlighted that Council and University officers were entitled and encouraged to attend quarterly Joint Partnership meetings with senior officers from ASV.
- 1.5 Transparency of Board decision making –** ASV explained that Board meetings and papers were not accessible to the public and noted that the Board pack was shared with Council officers after each meeting.

Governance Assessment – The Hub noted with interest ASV’s proposal to reduce the number of Council directors from four to two in order to accommodate directors with desirable expertise; and were advised by the ASV’s Service Lead (Euan Couperwhite, Head of Policy, Performance and Resources) that they had intimated their intention to recruit more women to the Board which the Hub welcomed.

The Hub noted that ASV did not allow Council officers to attend ASV Board meetings and although they recognised that this was a provision with the Joint Venture Agreement, officers took the view that as a major shareholder in the company, the Council should be able to be represented at Board meetings where appropriate to ensure its interests were being considered. The Hub appreciated that City Councillors appointed to the Board served in the capacity as ASV Directors and not Councillors representing Aberdeen City Council. Based on the assurance provided, the Hub assessed ASV’s governance arrangements to be **low risk**.

2. Risk Management Assurance

2.1 Risk management strategy or policy – ASV provided a copy of their Risk Identification, Prompt List and Categories document.

2.2 Maintenance of risk register and identification of biggest risks - ASV provided a copy of their risk register and appended a presentation that was made to the Board in September 2017 which outlined a changing approach to risk by the company including revised categorisation and levels of responsibility for risk management. Amongst the highest risks to the company were possible reductions in core funding and unavailability of capital funding for further investment.

2.3 Mitigation of risk – ASV provided a copy of their risk register and risk identification document which outlined the controls and ownership in place to mitigate risk. ASV noted that audit and risk is a standing item at Board meetings and members are requested to input, challenge and scrutinise the risk register and control measures. ASV added that a revised approach to risk management was agreed at the September 2017 Board meeting to strengthen these arrangements.

2.4 Business continuity planning – ASV confirmed that they had developed a business continuity policy but did not present the policy to the Hub to provide additional assurance.

2.5 How the Board receives assurance on the organisation’s management of risk – ASV have taken steps recently to provide additional assurance to the Board on its management of risk. They highlighted that a new approach to risk

was outlined at the Board meeting in September 2017 and the risk register would now be presented to the Board for scrutiny on a quarterly rather than annual basis.

Risk Management Assessment – The Hub noted that ASV were introducing a revised risk management framework which would include quarterly reporting of the risk register to the Board which was welcomed as good practice. The Hub was assured that ASV had strong risk identification measures in place and items the Hub expected to see such as the implications of the Barclay Review; the economic downturn; and health and safety were listed prominently in the risk register.

The Hub agreed that they would request further detail on the development of controls to mitigate risk; the risk scoring process; and the business continuity planning at its next meeting but otherwise was satisfied that ASV were moving in the right direction and based on the assurance provided, assessed risk management to be **low risk**.

3. Financial Management Assurance

3.1 Quarterly management trading accounts – ASV provided a copy of their latest quarterly management trading accounts which had been presented to the Board in September 2017.

3.2 Annual audited accounts - ASV provided a copy of their 2015-16 audited accounts as their 2016-17 annual accounts were in the process of being audited and no issues had been identified thus far. The Hub noted that ASV's financial year mirrored the University's academic year and this accounted for the 2016-17 audited accounts not being available.

3.3 Financial procedures and scheme of delegation – ASV provided a copy of their Financial Regulations which had been revised in October 2016.

3.4 Discussion of financial management and performance at Board level – ASV advised that depending on the relevancy of the Board report, the Board would be made aware of financial implications and associated risks; and provided options appraisals and business cases for consideration. ASV confirmed that financial performance of the company was a standing item at Board meetings.

3.5 Business Planning – ASV provided an update on business planning for 2017-18 which had been presented to the Board on 9 June 2017. The report set out financial performance and challenges; as well as forecasting and

assumptions. ASV explained that a re-forecast would be prepared in January 2018 to gauge the out-turn to 31 July 2018.

3.6 Internal Audit – ASV advised that a three year internal audit programme had been agreed at the ASV Board meeting in September 2017 and Management would update the Board on progress and timelines at each meeting.

3.7 External Audit - ASV explained that annual accounts for 2015-16 had been prepared by KPMG and a clean audit certificate had been provided. The 2016-17 accounts were currently being audited by KPMG and would be presented to the Board in December 2017. ASV highlighted that no issues had been reported on 2016-17 accounts to date. Subsequent to the meeting, ASV confirmed that the audit clearance meeting had been held with KPMG and no issues had been noted.

Financial Management Assessment – The Hub agreed that ASV’s management trading accounts were presented appropriately with performance on forecast and actual position included. Subsequent to the meeting, ASV has also stated that the regular Board reports would also compare performance against the budget. The Hub appreciated that the 2016-17 accounts were still being audited due to ASV’s alignment with the University’s academic year and welcomed the assurance provided that no issues with regards to current accounts had been identified thus far.

The Hub agreed that ASV’s set of financial regulations were robust having been reviewed in October 2016 but would like further assurance on how financial implications were reported to the Board and additional detail on business planning. The Hub noted that a three year internal audit programme had been agreed and would like to review a sample of internal audit reports to provide assurance in this area. The Hub further noted that ASV had received a clean audit certificate for 2015-16 accounts from KPMG and agreed to request audit recommendations and management responses for 2016-17 accounts after they had been presented to the Board.

Overall the Hub agreed that there were additional documents which ASV should be in a position to present to the Hub to provide the necessary assurance at a future meeting. Taking the assurance provided as a whole into account, the Hub assessed ASV’s financial management to be **low risk** as they had provided evidence that robust processes were in place and had submitted documentation of good quality. Subsequent to the meeting, some of the documentation referred to above was submitted by ASV.

4. Future Oversight Arrangements- The Hub agreed that ASV had presented assurance which provided evidence of good understanding and compliance

although further detail on finance and risk management would be requested at future meetings to provide additional assurance to the Committee. The Hub also considered the level of annual funding ASV received from Aberdeen City Council; the Council's 50% share in the company with the University of Aberdeen; and ASV's position within Group Accounts and agreed that ASV was **low risk** to the Council. The Hub will request that ASV report to the Hub's next meeting in February 2018.

Assurance Standard	Risk Rating
Unambiguous responses demonstrating clear understanding and comprehensive ability to fulfil ACC requirements, giving full detail as how these are achieved.	Very Low
Responses provide evidence of good understanding and compliance although limited detail provided for some areas.	Low
Responses provide some indication of understanding and compliance.	Medium
Minimal or poor responses providing little evidence of understanding or compliance.	High
Nil or inadequate responses with little or no understanding of requirement or evidence of compliance.	Very High