

Aberdeen Sports Village (ASV)

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| Sector | Sport and Leisure |
| Level of ACC Control | Joint Venture with the University of Aberdeen |
| ACC Funding 2018-19 | £919,200 |
| Function | Commissioning |

The Hub requested assurance in the following areas:-

1. Governance

1.1 Assurance on General Data Protection Regulation (GDPR) compliance –

Aberdeen Sports Village (ASV) provided an update on the steps they had taken to comply with GDPR:-

- ASV have worked closely with the University of Aberdeen’s Data Protection Officer (DPO) to ensure they were GDPR compliant. ASV have now appointed their own independent DPO who commenced their duties on the week commencing 25 June 2018;
- ASV intend to centrally collate any data protection issues and breaches where they can be shared with the DPO and senior management team. The DPO will be responsible for keeping the Board informed of data protection matters and is scheduled to brief the Board at its meeting in December 2018;
- Data audits have been conducted to map the data that ASV processes and holds. ASV advised of their intention to instruct its DPO to review these areas again;
- ASV’s electronic storage of data is governed by the University of Aberdeen’s IT policies and all information resides in the University’s servers. Paper storage within the Sports Centre is locked in cabinets, although the organisation aims to adopt a paper-light approach and move towards electronic formats wherever possible;
- Introductory training sessions have been held with the Performance Management Team and email communication sent to all staff regarding GDPR compliance and what it means for the organisation. ASV plan to work with the new DPO to set some further guidance and training for staff;

- GDPR has been identified as a key risk on ASV's risk register and assessed as medium risk;
- ASV's GDPR implementation action plan continues to be updated as a working document to ensure ongoing compliance; and
- ASV have updated its Privacy Policy which has now been uploaded onto its external website for information purposes.

1.2 GDPR Assessment - The Hub received legal advice on the steps ASV had taken to become GDPR compliant and was advised that ASV had made good progress since last reporting to the Hub in March, particularly in relation to the appointment and work of its Data Protection Officer; the completion of data audits; and the treatment of its GDPR implementation plan as a living document that would be monitored and updated on an ongoing basis. Over the course of the next scrutiny period, the Hub agreed to request additional assurance from ASV on (1) the sharing arrangements in place between ASV and the University of Aberdeen that enable ASV to store its electronic data on the University's IT servers; (2) the rollout of its training programme to non-senior staff; and (3) the development of processes to handle data breaches.

Overall, based on the assurance provided, ASV's GDPR arrangements were assessed as **Low-Medium Risk**. This is an improvement from the Medium risk rating reported to Committee in May 2018 to reflect its increased level of assurance that ASV had taken appropriate steps to be GDPR compliant. The Hub also recognised that GDPR compliance remains an ongoing issue and accordingly, the level of risk will be reviewed by the Hub on a regular basis.

2. Risk Management

2.1 Assurance on risk controls (mitigation) – ASV provided a copy of its risk register as at 15 June 2018. The highest risk to ASV following mitigation was a reduction in funding from its partners.

2.2 Assurance on Business Continuity Planning – ASV informed the Hub that a draft Business Continuity Plan had been prepared and was currently being developed in consultation with the Council's Emergency Planning Manager. ASV confirmed that the final Business Continuity Plan would be presented to the Hub's next meeting.

2.3 Risk Management Assessment - The Hub agreed that the formatting of the risk register was appropriate, and the Hub took reasonable assurance from ASV's identification of risk and the controls they had put in place to manage and mitigate risk.

In terms of business continuity planning, the Hub had expected to receive ASV's Business Continuity Plan during this cycle but was advised that the plan required further development and would be submitted ahead of the Hub's next meeting following consultation with the Council's Emergency Planning Manager. Although the Hub took comfort in the steps ASV were taking to develop a comprehensive Business Continuity Plan, it agreed to increase the level of risk for risk management from Low Risk reported to Committee in May 2018, to **Medium Risk** as it placed great importance on ALEOs having robust business continuity plans in place to manage and mitigate risk. The Hub noted that this risk rating would be reviewed following receipt of ASV's Business Continuity Plan.

3. Financial Management

3.1 Assurance on Management Trading Accounts – ASV provided copies of its management trading accounts and a financial report that was presented to the Board on 15 June 2018 which outlined the budget position as at 30 April 2018.

3.2 Assurance on Financial Regulations Review – ASV advised that a review of its financial procedures would now take place following the Year-End audit to enable the two-person Finance team to focus on urgent priorities such as GDPR compliance. They added that no significant issues with their existing financial regulations had been identified to date. In terms of the development of a Scheme of Delegation, this would be considered as part of the financial regulations review which would be presented to the Board before the end of the calendar year. ASV added that each of its four senior managers had the same financial authority level which ensured purchase orders could be approved timeously regardless of periods of absence by any one member of senior staff. ASV added that any expenditure in excess of £50,000 required the preparation of a business case for Board approval.

3.3.1 Assurance on Financial Reporting to the Board – In response to the Hub's recommendation to insert a financial implications section into their Board report template, ASV noted that reports which require business cases or justifications that financial considerations are now routinely included. ASV quoted two examples of such reports.

- 3.3.2 Assurance on Management Financial Reporting** – ASV explained that individual budget holders receive management accounts which compare their monthly performance against budget. Budget holders will then meet with senior managers to discuss and agree any actions that are required to be taken. The Senior Management Team (SMT) also review consolidated management accounts on a monthly basis, with requests and actions reported back to individual budget holders. To provide additional assurance, ASV appended its consolidated management accounts from April 2018 which had been reviewed by SMT.
- 3.4 Assurance on Financial Planning** – In response to the Hub’s inquiry into whether ASV had developed financial projections for the next five years, ASV advised that in light of ongoing funding reductions from shareholders which account for 30% of total funding, ASV requested a longer-term projection from its partners on funding to enable them to develop a longer-term financial plan. ASV explained that due to the current financial climate, neither partner could provide assurances on future funding levels beyond the upcoming financial year and as a result, the Board determined that producing financial projections for the next two-five years would be very challenging due to the lack of information and uncertainty around future funding levels.
- 3.5 Assurance on Internal Audit** – ASV appended a report on its three-year internal audit programme which had been presented to the Board on 23 March 2018. The report proposed a number of business areas that would be audited during 2018-19 and noted that 12 in-house staff would carry out these audits as they had been accredited through the Quest (Continuous improvement organisation for leisure providers) qualification process. ASV also provided a minute extract for the aforementioned item which demonstrated that the Board had thoroughly discussed the internal audit programme and thereafter instructed the senior management team to narrow the range of areas internal audit would cover during 2018-19, and instead focus on compliance with quality or operational standards levied by various external bodies who provide certification to ASV and ensure that internal auditors were independent of the service area being audited.
- 3.6 Assurance on External Audit** – ASV advised that its financial Year-End fell on 31 July 2018 to align with the University of Aberdeen’s academic year. KPMG (External Audit) were due to begin their interim audit on the week commencing 2 July 2018 with the final audit due to begin on the week commencing 3 September 2018. Following completion of the audit, External Audit will present reports to management and the Board and thereafter ASV will aim to submit signed financial statements to Companies House and the Office of the Scottish Charity Regulator (OSCR) following the Board meeting in December 2018.

3.7 Financial Management Assessment – The Hub welcomed that ASV had been managing its accounts within budget and accepted ASV’s rationale for delaying the review of its financial regulations and Scheme of Delegation until after External Audit had audited its annual accounts. The Hub noted ASV’s response towards medium-term financial planning and acknowledged that this exercise would be challenging without multi-year financial commitments from its two shareholders. However, the Hub also recognised that this was a position a number of organisations found themselves in, including the Council. As such, the Hub recommended that ASV explore the possibility of developing a medium-term financial strategy that was based on realistic budget assumptions and took account of risk.

Overall, based on the assurance provided, ASV’s financial management was assessed as **Low Risk** as they had provided good quality documentation in terms of its accounts, financial reports and internal audit programme. The level of risk remains unchanged from when the Hub last reported to Committee in May 2018.

4 Overall Assessment – The Hub welcomed the steps ASV had taken in relation to GDPR compliance and assessed its financial reporting and governance to be robust, notwithstanding the Hub’s recommendation to consider the development of a medium-term financial plan which would provide additional assurance. The Hub looks forward to receiving ASV’s business continuity plan at its next meeting as this would provide reasonable assurance on ASV’s approach towards risk management. The Hub also noted that following the decision of the Council’s Urgent Business Committee on 6 July 2018 the ASV Board now has a full complement of Members and that ASV’s annual Business Plan would be presented to the next meeting of the Strategic Commissioning Committee on 13 September 2018.

Taking ASV’s full submission into account, the Hub assessed ASV’s governance arrangements to be **Low-Medium Risk** to the Council. The risk rating remains unchanged since the Hub last reported to Committee on 8 May 2018.

| Assurance Standard - September 2018 | Risk Rating |
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| 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 |