

Sport Aberdeen (SA)

Sector	Sport and Leisure
Level of ACC Control	Council is the sole guarantor
ACC Funding 2018-19	£5,353,082
Function	Commissioning

The Hub requested assurance in the following areas:-

1. Governance

1.1 Assurance on General Data Protection Regulation (GDPR) compliance –
Sport Aberdeen (SA) appended a copy of its revised Data Protection Policy and provided an update on the steps it had taken to comply with GDPR.

- The revised Data Protection Policy was approved by the SA Board on 27 June 2018 to take account of GDPR requirements. The policy will be reviewed by the Board at least annually or as and when required;
- A Data Protection Breach procedure is currently being developed;
- SA have appointed their Director of Business Development as its Data Protection Officer (DPO). To provide additional assurance to the SA Board, six monthly external audits of GDPR policies and procedures have been built into the 2018-19 base budget;
- As the DPO is a member of the senior management team, they will be responsible for keeping the Managing Director and Board informed of any data protection issues and risks that arise. SA noted that GDPR is also a regular item for discussion at senior management team meetings;
- SA have prepared a data map following an audit of the data it processes and holds in line with the Information Commissioner Office's template. They explained that the data map had been used to underpin the development of new privacy notices covering staff, customers and Board Directors;
- SA have reviewed policies and procedures relating to data protection including:-

- (1) Updated ICT policy;
 - (2) Updated privacy notices;
 - (3) Updated retention schedules, in accordance with the Scottish Archives Schedules for Public Authorities;
 - (4) New marketing consent procedure;
 - (5) New subject access request procedure;
 - (6) New right to be forgotten procedure; and
 - (7) New data protection breach procedure in development.
- SA have continued to rollout training for staff including (1) the use of a company-wide GDPR training module which will be incorporated into the induction programme; (2) the provision of refresher training for extended leadership team; and (3) the delivery of three workshop sessions for staff during June 2018 focussing on GDPR; and
 - SA confirmed that GDPR was listed on its strategic risk register and assessed as a risk that required urgent action to remove or mitigate.

1.2 GDPR Assessment - The Hub received legal advice on the steps SA had taken to become GDPR compliant and was advised that SA had made good progress since last reporting to the Hub in March 2018 in terms of :-

- data mapping;
- reviewing its policies and procedures;
- rolling out an extensive staff training programme, including the provision of external training for key data protection staff; and
- treatment of the GDPR action 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 SA on the development of procedures to handle personal data breaches.

Overall, based on the assurance provided, SA'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 the Hub's increased level of assurance on the steps SA had taken 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.

1.3 Assurance on Adventure Aberdeen's transfer to Sport Aberdeen – SA provided an update on the transfer of Adventure Aberdeen (AA) into SA and advised:-

- All AA staff had received corporate inductions over the course of two days which had been facilitated by Human Resources and service managers;
- The TUPE process was now complete;
- Budgets had been transferred from the Council to SA and specific cost centres had been incorporated into the wider company budget;
- Asset transfer of leases and licenses from the Council to SA were still outstanding and building condition assessments were being reviewed by the Council; and
- The condition of the Cromdale Outdoor Centre had been identified as a risk due to the significant investment needed to ensure it remains fit for purpose for users and staff.

1.4 Assurance on Garthdee Alpine Sports' merger with Sport Aberdeen - SA provided an update on the incorporation of Garthdee Alpine Sports (GAS) into SA and advised:-

- The TUPE process is anticipated to be completed by the end of September 2018 thereafter GAS staff will become employees of SA;
- GAS budgets and reserves will transfer to SA following OCSR approval of GAS being wound up as a charity. This is projected to take place by mid-September 2018 following submission of the application to OSCR on 4 July 2018;
- No significant Barclay Review implications are anticipated by SA as GAS are currently in receipt of non-domestic rates relief;
- The provision of a Snowsports and Adventurous Activity Sub-Committee of the main Sport Aberdeen Board has been considered by both SA and GAS as potentially useful. Draft terms of reference have been prepared and once the transfer process is complete the SA Board will determine whether it should be formed. The success and speed of the integration of Adventure Aberdeen into all aspects of SA business, including its

governance structure, has given cause to review whether this additional committee is necessary; and

- SA have recognised the complexity and scale of the merger process and have jointly commissioned external consultancy with GAS to support the process of due diligence, including; (1) to formally dissolve GAS as a registered charity; (2) to undertake a comprehensive business review accessing financial, staffing and operational structures and performance data, and (3) to support the TUPE process and service integration of GAS towards SA.

1.5 Assessment on the integration of Adventure Aberdeen and Garthdee Alpine Sports into Sport Aberdeen - The Hub received legal advice that the Council would need to approve a change request to SA's Commissioning Framework Agreement to take account of SA's incorporation of GAS and AA. The Hub noted that the AA merger was complete, whilst most of the significant milestones for GAS had been achieved, though there were still outstanding issues to be resolved between SA and the Council on the transfer of leases, licenses and budgets to SA.

The Hub assessed the integration of AA and GAS into SA to be **Low Risk** to the Council. The level of risk has slightly reduced from the Low-Medium Risk reported to Committee in May 2018. This was based on the receipt of reasonable assurance that due process on the mergers was being followed; professional consultancy support had been commissioned; and the integration process was nearing completion.

2. Risk Management

2.1 Assurance on risk controls (mitigation) – SA provided a copy of its risk register as at 22 February 2018. The possible implications of the Barclay Review in terms of recommendations on receipt of business rate relief remained SA's biggest risk.

2.2 Assurance on Business Continuity Planning – SA provided a copy of an assurance review of its Business Continuity Plan conducted by its Internal Auditor. The review was carried out during the week commencing 11 December 2017 and concluded that *reasonable assurance* could be provided on SA's business continuity planning and controls were well designed and operating effectively to mitigate risk. *Reasonable assurance* was the second highest level of assurance that could be provided following the auditor's

assessment framework. The review recommended that SA should strengthen the testing and review of its Business Continuity Plan and expand the rollout of training to staff.

- 2.3 Risk Management Assessment** - The Hub agreed that the formatting of the risk register was appropriate, and the Hub took reasonable assurance from SA'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 endorsed SA's approach to direct its Internal Auditor to review its approach towards business continuity planning, and the Hub was satisfied that Internal Audit had made no Priority 1 recommendations, and that Priority 2 recommendations relating to staff training and Business Continuity Plan testing would be addressed through a dedicated Action Plan to ensure continuous improvement.

Therefore, the Hub assessed SA's management of risk to be **Low Risk**. The level of risk has slightly increased from the Very Low Risk reported to Committee on 23 November 2017 as the decision to approve the integration of AA and GAS into SA was subsequently taken by the Finance, Policy and Resources Committee on 6 December 2017 and the ongoing integration process is the primary driver behind the increase in the level of risk to the Council.

3. Financial Management

- 3.1 Assurance on Management Trading Accounts** – SA provided copies of its management trading accounts and a financial report that was presented to the Board on 27 June 2018 which outlined the budget position as at 31 May 2018.
- 3.2 Assurance on Financial Planning** – SA provided a copy of its three-year Business Plan 2018-19 – 2020-21. They advised that a reduction in core grant funding from the Council had been identified within the Business Plan as a future challenge and highlighted that a new target had been set to secure 10,000 Get Active memberships to provide a key source of income and safeguard the delivery of services during future years.
- 3.3 Assurance on Internal Audit** – SA confirmed that a number of reports had been presented to the Board during 2017-18 by its internal auditor as part of a rolling three-year audit assessment programme. They outlined that audits had been conducted in the following business areas:-

- Assurance review of Programme Management and Partnerships;

- Assurance of Staff Performance Reviews and Training and Development;
- Assurance Review of Cash Handling and Banking; and
- Assurance Review of Business Continuity.

3.4 Assurance on External Audit – SA advised that External Audit had just completed the audit of its annual accounts for 2017-18 and the statutory management letter was currently being prepared.

3.5 Financial Management Assessment - The Hub welcomed that SA had been managing its accounts within budget and found its Internal Audit reports to be robust. The Hub accepted SA's rationale for delaying the review of its Business Plan until after the mergers with AA and GAS had been finalised and agreed to request GAS' 2016-17 annual accounts and 2017-18 accounts, if available ahead of its next meeting to enable the Hub to gain a greater understanding of the financial implications for SA moving forward.

Overall, based on the assurance provided, SA's financial management was assessed as **Very Low Risk**. This is an improvement from the Low Risk rating last reported to Committee in November 2017. This rating is based on the Hub's level of assurance that SA are (1) operating within budget; (2) have developed reasonable assumptions to inform future financial planning; and (3) have prepared key financial documents and procedures to mitigate risk to the Council. The Hub is further assured through the provision of independent sources of assurance from Internal and External Audit on SA's financial management.

4. Overall Assessment – The Hub welcomed the steps SA had taken to become GDPR compliant and the progress made towards completing the integration of AA and GAS into SA. The Hub also assessed SA's management of risk and financial management to be no higher than low risk to the Council at the present time. The Hub noted that a report on the *Best Way Forward for Sport in Aberdeen* and SA's annual Business Plan would be presented to the next meeting of the Strategic Commissioning Committee on 13 September 2018.

Overall, based on the assurance provided, SA's governance arrangements were assessed as **Low Risk** to the Council. This is a slight improvement from the Low-Medium Risk reported to Committee on 8 May 2018 and is reflective of the Hub's increased level of assurance on SA's management of the integration process and the steps it had taken to become GDPR compliant. The Hub also placed significant weight on the receipt of independent sources of assurance from Internal and External Auditors which provided additional

comfort on SA's approach towards business continuity planning and GDPR compliance.

Assurance Standard - September 2018	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