

Aberdeen Performing Arts (APA)

Sector	Arts, Theatre and Culture
Level of ACC Control	The Council is one of 13 subscriber guarantors of the company
ACC Funding 2018-19	£975,000
Function	Commissioning

The Hub requested assurance in the following areas:-

1. Governance

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

Aberdeen Performing Arts (APA) provided an update on the steps they had taken to comply with GDPR;-

- APA has updated its Data Protection Policy in line with the requirements of GDPR which they presented to the Hub to provide further assurance. They added that the revised Data Protection Policy had been approved by the Board on 21 May 2018 and it was their intention to review the policy every two years, or as and when required;
- GDPR compliance has been added to the Strategic Risk Register and assessed as low risk following mitigation;
- APA appointed its Head of Business Transformation as its Data Protection Officer (DPO). The DPO is responsible for keeping the senior management team and the Board informed of any issues and risks relating to data protection;
- APA carried out an audit of the data it processed and held in early 2017 and established a working group, led by the Head of Business Transformation to support this process;
- All relevant data protection and information security policies, procedures and processes were reviewed prior to GDPR coming into effect on 25 May 2018. New processes were also developed to manage subject access requests and data breaches;

- APA has completed, or is in the process of implementing a number of technical solutions to improve the processing and security of data in line with GDPR requirements;
- APA has placed GDPR as a core consideration of any procurement process, to include a Data Protection Impact Assessment where necessary;
- APA continue to work with cultural partners to understand the impact of GDPR on an ongoing basis. They are also exploring the possibility of commissioning an external agency later in 2018 to conduct a comprehensive assessment of the steps they had taken to become GDPR compliant; and
- Senior Managers have attended a number of developmental workshops on GDPR, including sessions delivered by Aberdeen City Council and the Information Commissioners Office. APA staff continue to receive training from the Data Protection Officer and the Board have been briefed on GDPR. APA also highlighted that two of its Board members specialise in data protection and lead on GDPR compliance for Robert Gordon University and the University of Aberdeen respectfully.

1.2 GDPR Assessment - The Hub received legal advice on the steps APA had taken to become GDPR compliant and was advised that APA had made good progress since last reporting to the Hub in March 2018 in terms of (1) reviewing policies and procedures and creating new data protection processes; (2) the rollout of staff training, with key data protection staff receiving specialist, external support; and (3) the Hub particularly welcomed the degree of planning, stretching back to the beginning of 2017 that APA had done to enable them to be ready for the introduction of GDPR. Over the course of the next scrutiny period, the Hub agreed to request an update from APA on how many staff had received GDPR training and how the new policies and procedures were working in practice.

Overall, based on the assurance provided, APA'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 APA 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)** – APA provided copies of its Strategic Risk Register and Music Hall Risk Register as at April 2018. The highest risk to APA on its Strategic Risk Register following mitigation was the cost of making loan repayments to the Council for the Music Hall project which was assessed as high risk. The highest risks on the Music Hall Risk Register were (1) Failure to reach funding targets; (2) Delay to project delivery; and (3) Project completed over budget.
- 2.2 Assurance on Business Continuity Planning** – APA provided a copy of its Business Continuity Plan as at May 2018 which was owned by its Head of Business Transformation.
- 2.3 Risk Management Assessment** - The Hub agreed that the formatting of both the Strategic and Music Hall Risk Registers were appropriate, and the Hub took reasonable assurance from APA's identification of risk and the controls they had put in place to manage and mitigate risk. The Hub also noted that APA had added GDPR compliance to its Strategic Risk Register following the Hub's recommendation to do so in May 2018. The Hub welcomed APA's provision of its Business Continuity Plan and noted that it had been prepared in consultation with external support and had been approved by the Board in May 2018. The Hub assessed APA's Business Continuity Plan to be comprehensive and therefore reduced the level of risk to **Low Risk** from the Medium Risk reported to Committee in May 2018.

3. Financial Management

- 3.1 Assurance on Management Trading Accounts** – APA provided copies of its management trading accounts which outlined the budget position as at 31 May 2018.
- 3.2 Assurance on Financial Regulations Review** – APA confirmed their intention to present a review of its financial regulations to the Board's next meeting in August 2018 alongside a proposal to adopt a formal Scheme of Delegated Powers.
- 3.3 Assurance on Financial Reporting to the Board** – The Hub asked APA to consider the adoption of a revised Board report template which would include a Financial Implications section to inform Board decision making. In response, APA advised that the Board was satisfied with its current report template and explained that all decisions and implications, including financial ones were

discussed in full and recorded in Board minutes. APA appended a copy of a recent financial report to the Board which detailed the assumptions made; identification of risk; and provided a narrative of key issues, alongside proposals and recommendations. To provide further comfort to the Hub, APA offered to add a statement to every Board minute that *“Financial implications of all decisions made at this meeting were discussed and understood”*.

- 3.4 Assurance on Internal Audit** – APA advised that the next internal audit will focus on Payroll and HR systems which is scheduled for October 2018. APA provided an overview of the internal audit reporting process, in which the Finance, Audit and Property Sub-committee would approve the internal audit programme and thereafter receive audit reports, as well as confirmation that agreed recommendations had been implemented.
- 3.5 Assurance on External Audit** – APA explained that Management had met with External Audit on 5 July 2018 regarding its annual accounts and were advised that no recommendations had been made and there were no outstanding improvement actions. APA confirmed that they had been issued with a clean audit. APA provided a copy of a report prepared by its external auditor for the year ending 31 March 2018 to provide further assurance to the Hub. They added that this report would be submitted to its Finance, Audit and Property Sub-Committee on 30 July 2018 and thereafter to its Annual General Meeting on 20 August 2018.
- 3.6 Financial Management Assessment** - The Hub welcomed that APA had been managing its accounts within budget and took great assurance that External Audit had issued a clean audit on its annual accounts. The Hub also welcomed the Board’s intention to review APA’s financial regulations in August 2018 alongside a proposal to adopt a formal Scheme of Delegation.

The Hub noted that the APA Board was satisfied with its existing Board report template which did not include a financial implications section to inform decision making. The Hub recognised that decision making in this area rested with the APA Board but would continue to make the case that implementation would adhere to best practice and provide additional assurance to the Council on financial governance. Whilst the Hub appreciated APA’s offer to provide a statement of comfort within Board minutes on its consideration of financial implications, the Hub requested that if a dedicated Financial Implication sections would not be added to the Board report template then a statement of comfort within Board minutes should read *“Financial implications of all decisions made at this meeting were included in the reports and were discussed and understood by the Board”*.

Overall however, APA provided good quality financial documentation and the Hub assessed APA's financial management to be **Low Risk**. The rating remains unchanged since the Hub's last report to Committee in May 2018.

- 4 Overall Assessment** – The Hub welcomed a number of positive developments in the level of assurance provided by APA during this review period. The Hub received reasonable assurance on (1) the steps APA had taken to be GDPR compliant, including the addition of GDPR compliance on to its Strategic Risk Register; (2) the provision of a comprehensive Business Continuity Plan; and (3) the issue of a clean audit on its annual accounts by External Audit. Over the course of the next scrutiny period, the Hub will continue to follow up on a number of areas where additional assurance could be provided and best practice adhered to. The Hub also noted that APA'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 the Hub assessed APA's governance arrangements to be **Low Risk** to the Council. This rating is an improvement from the Low-Medium Risk rating reported to Committee on 8 May 2018.

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