

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION
COMMITTEE SUMMARY

Item 5 (a)

17th August 2011

Title of the Audit: 2014 Commonwealth Games – Review of Governance Arrangements for the Athletes' Village

1. Introduction and Background

As part of the bid for the 2014 Commonwealth Games the Council detailed the infrastructure and facilities that would be used during the event. One of the key projects included in the bid document was the Commonwealth Games Athletes' Village. This project comprises 2 phases: the first being the development of 700 accommodation units and a 120 bed care home, for use by approximately 7,000 athletes and Games officials. Following the Games, the second phase of the project will see the existing units and care home retrofitted for dwelling use along with the construction of an additional 765 homes for private sale.

The Athletes' Village will be located in the Dalmarnock area in the east end of Glasgow and the target date for completion of Phase 1 is January 2014. The Development is being carried out by City Legacy, a private sector consortium, which won the competitive tender for the project in June 2009. The project is being funded jointly between the public and private sector.

Once Glasgow had been named the host city, a host city contract was drawn up between the Council and its partners; the Scottish Government, the Organising Committee (Glasgow 2014 Ltd) and the Commonwealth Games Association. This host city contract established the Council's obligations in respect of the infrastructure and facilities which they had included in the bid for the Games.

2. Audit Remit

The purpose of the audit was to gain assurance that the governance and control arrangements established for managing and monitoring the progress of the project are adequate. This included verifying that the various elements of the project are being authorised, procured and managed appropriately and in line with the Commonwealth Games and Council Infrastructure Programme Governance.

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3. Audit Opinion

Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. Three further opportunities for improvement which management should address were identified.

4. Conclusions

The main conclusions reached during the audit were as follows:

- Suitable arrangements are in place in relation to many of the key governance areas, including the following:
 - the appointment of qualified and experienced officers to the roles of Project Sponsor and Project Manager;
 - risk management;
 - the identification of project milestones, and
 - the specification of variation procedures and contractor claim dispute resolution procedures in the Development Agreement.
- The lack of a documented terms of reference defining the individual and collective responsibilities of the Games Village Working Group and the roles of the Project Sponsor and Project Manager increases the risk of actions not being undertaken and key information not being reported to the appropriate officers or the Programme Board. This is especially important given the likelihood that the individuals in these roles may change during the duration of the project.
- The existing practice of omitting Care Home financial information from the Highlight Reports may make it more difficult for the Programme Board to effectively monitor the progress of the project.

5. Recommendations

Resulting from the conclusions, 3 recommendations for improvement, 1 rated high priority and 2 rated medium priority were identified. These recommendations and the organisation's responses are shown below.

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6. Implications

Legal	None
Financial	None
Personnel	None
Service Plan	None
Environmental	None

7. Recommendation for Committee

It is recommended that the Head of Audit and Inspection submit a further report to Committee, with an update on the implementation of the recommendations in due course.

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Risk Ratings for Recommendations						
High Key controls absent, not being operated as designed or could be improved. Urgent attention required.		Medium Less critically important controls absent, not being operated as designed or could be improved.		Low Lower level controls absent, not being operated as designed or could be improved.		
No.	Audit Recommendations	Priority	Accepted	Service's Comments (if appropriate)	Officer Responsible for Implementation	Timescale for Implementation
1	The Project Team should consider including in the Highlight Reports sufficient information on the funding and expenditure of the Care Home element of the Project to allow effective financial monitoring to be undertaken	High	Yes	This will be discussed at the next Programme Finance meeting (12 July 2011). If considered appropriate by the Executive Director of Financial Services it will be incorporated into the Highlight report. It should be noted however that this information is already reported through the Investment Monitoring report.	Chief Accountant, Financial Services	End of August 2011

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No.	Audit Recommendations	Priority	Accepted	Service’s Comments (if appropriate)	Officer Responsible for Implementation	Timescale for Implementation
2	The roles and responsibilities of the Project Sponsor and Project manager must be formally documented and communicated to all relevant parties.	Medium	Yes	<p>The roles and responsibilities for the Project Sponsor were approved by the Programme Board on 01 December 2008.</p> <p>The roles and responsibilities of the Project manager will be agreed with the Project Sponsor and tabled at the Village working group at the earliest opportunity.</p>	<p>No action required</p> <p>Group Manager, DRS / Village Project Administrator, DRS</p>	End of July 2011
3	A documented terms of reference should be devised for the Games Village Working Group, ensuring all individual and collective responsibilities are clearly defined and detailing the inputs and expected outputs required from the Group.	Medium	Yes	This will be agreed with the Project Sponsor and tabled at the Village working group at the earliest opportunity.	Group Manager, DRS / Village Project Administrator, DRS	End of July 2011