

YORKSHIRE PURCHASING ORGANISATION

AUDIT & SCRUTINY SUB-COMMITTEE

MONDAY, 5TH JULY 2021

Present: The Chair: Councillor Mackenzie (North Yorkshire)

Councillors: Barnard (Barnsley), Barnes (Calderdale), Cole (Doncaster)

1.	CHAIR'S INTRODUCTION & WELCOME
	Councillor Mackenzie welcomed all parties to the meeting.
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	No apologies for absence received, as the meeting was agreed to take place with quorate numbers only.
3.	MEMBERS DECLARATION OF INTEREST
	No declarations of interest were made.
4.	URGENT ITEMS
	No urgent items were raised.
5.	PREVIOUS MINUTES (AUDIT & SCRUTINY SUB COMMITTEE)
	The minutes of the YPO Audit & Scrutiny Sub-Committee held on 5 th March 2021 were approved by all.
6.	AUDIT & SCRUTINY SUB COMMITTEE TERMS OF REFERENCE & WORK PROGRAMME 2021-2022
	<p>Consideration was given to the report of the Managing Director which provided members with an overview of the work scheduled for the 2021/22 committee cycle.</p> <p>Simon Hill reiterated that if there are any other specific areas of concern, Members can request reports to come back to this committee.</p> <p>The report also proposed the Terms of Reference, Principal Agenda Items, 2021/22 Meeting Schedule and Training Plan.</p> <p>Resolved – (1) That the report be noted and submitted to the Management Committee on 23rd July for sign off by all Members.</p>
7.	EXTERNAL AUDIT REPORT
	Alastair Newall (Mazars) shared the draft External Audit completion report from Mazars.

	<p>Alastair shared the highlights of the report and noted that the audit is still in progress. Alastair shared the challenges around remote audits.</p> <p>A discussion was held around the stock balance discrepancies highlighted in the report. Last year the number found was lower, so it was not reported on in the audit report.</p> <p>Simon noted that the analysis is something the Board agree with. The new Directors have expertise in these areas (Operations and Finance) and have been recruited partly in response to this.</p> <p>Alastair noted that Mazars will follow up on the recommendations next year. A completion letter will also be submitted, and this will report on any outstanding issues.</p> <p>Alastair noted that Mazars have a good relationship with the YPO finance team. There are no issues with them responding to audit requests.</p> <p>A discussion was held around the layout of the accounts and whether the format could be changed. It was agreed a paper on this would come to a future Management Committee.</p> <p>Resolved – (1) That the report be noted.</p> <p>(2) A paper on the layout and format of the YPO accounts to be taken to a future Management Committee.</p>
8.	AUDITED STATEMENT OF ACCOUNTS
	<p>Consideration was given to the report of the Head of Finance which provided Members with the details of the Audited Statement of Accounts for 2020.</p> <p>Cllr Mackenzie noted his agreement with putting all the losses into the 2020 financial year.</p> <p>It was noted that if anything changes significantly on the accounts, they will be brought back to Chair before being submitted to Management Committee.</p> <p>Resolved – (1) That the Audited Statement of Accounts for 2020 are to be submitted to the Management Committee on 23rd July for approval.</p>
9.	POLICIES & PROCEDURES REVIEW
	<p>Consideration was given to a report of the Managing Director entitled Policies & Procedures Review.</p> <p>The report explained that YPO has various governance policies, and these are reviewed at least annually by the Board, any changes to these policies are brought to Committee for approval.</p> <p>The report detailed when each policy was last reviewed and any proposed action by the Board.</p>

	<p>Cllr Barnes raised a question relating to the number of declarations of interest completed.</p> <p>Resolved - (1) That Members note the contents of the table at appendix 1.</p> <p>(2) It was agreed for Declarations of interests to be followed up and the amount outstanding to be reported on again in the next meeting.</p>
10.	BRIBERY RISK ASSESSMENT
	<p>Simon Hill shared the Bribery Risk Assessment report. The updated risk assessment helps to strengthen our risk management arrangements and provides the Board and Members with an opportunity to review them.</p> <p>Jon Towler raised a question around the processes in place to ensure certain members of staff are not at risk of bribery in relation to contracts. Simon confirmed there are processes in place to mitigate this risk. It was agreed to bring further information to a future Board meeting so the Independent Directors can review.</p> <p>Resolved – (1) That the Bribery Risk Assessment be noted.</p> <p>(2) Agreed for a report on the processes in place around the bribery risk for contracts to come to a future Board meeting.</p> <p>(3) Agreed for a report on fraud to come to the next Audit & Scrutiny sub-committee.</p>
11.	CIPFA FINANCIAL CODE SELF-ASSESSMENT
	<p>Consideration was given to the report presented by the Head of Finance. YPO has carried out a self-assessment of financial management and this has been reviewed independently by Wakefield Council.</p> <p>Simon shared two recommendations arose from the self-assessment, and this paper updates Members on these. Both recommendations have been actioned and are being worked on.</p> <p>Resolved – (1) That the report be noted.</p>
12.	DRAFT ANNUAL INTERNAL AUDIT PLAN 2021
	<p>Consideration was given to the report of the Service Manager for Internal Audit & Risk (Wakefield Council) which provided Members with a draft Internal audit plan for 2021.</p> <p>Jason Brook explained the key areas of the audit.</p>

	<p>Jon Towler asked for clarity on the reference to a new WMS system. Simon Hill noted that due to the implementation of the Nav system, there were also changes to the front screens of the WMS.</p> <p>It was agreed for Jason to work with Julie Hawley and Matthew Hirst on a robust map of walk throughs, which will support with the internal audit plan.</p> <p>Resolved – (1) That the report be noted.</p>
13.	EXCLUSION OF THE PUBLIC AND PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 14 - 17 on the grounds that it is likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended.</p>
14.	ANNUAL INTERNAL AUDIT OPINION 2020
	<p>Consideration was given to the report of the Service Manager for Internal Audit & Risk (Wakefield Council) which provided Members with details of the Internal audit work completed from January – December 2020.</p> <p>Jason Brook talked through the key headlines of the report and noted that the findings of the Hatmill report have been linked into this.</p> <p>It was noted that senior management have accepted the audit recommendations. Simon noted we just need to work out the way forward for the business continuity audit.</p> <p>Rob McWilliam suggested that the Independent Directors be used to support. Time can be used at the monthly board meetings, and Independent Directors can feed back to Internal audit where required.</p> <p>Resolved – (1) That the Internal Audit Opinion Report be noted.</p> <p>(2) It was agreed that the nominated Committee to track a formal action plan following the production of the Annual Governance Statement would be the Audit & Scrutiny Sub Committee.</p> <p>(3) That the Executive Sub Committee would receive increased strategic performance reporting, particularly for non-financial matters.</p> <p>(4) It was agreed that the Audit & Scrutiny Sub Committee will review the full Strategic Risk Register at least one per annum.</p> <p>(5) It was agreed that deep dives would take place on any areas identified as a major risk.</p> <p>(6) It was agreed that the YPO Directors will review the template documents offline with support from Internal Audit.</p>

	<p>(7) It was agreed that Internal Audit would support YPO offline to investigate how we can better utilise the skills and expertise of officers working in member authorities.</p> <p>(8) Members note the outcome of the latest periodic self-assessment on conformance to the Public Sector Internal Audit Standards.</p> <p>(9) YPO Directors to encourage the completion of client satisfaction questionnaires by officers at the YPO following the completion of internal audit work.</p>
15.	THIRD PARTY LOGISTICS UPDATE
	<p>Consideration was given to a report of the Head of Logistics which provides members with an update on the action taken to mitigate the risks created by the imposed revision to YPO's 3rd Party Logistics (3PL) contracts.</p> <p>Simon Hill shared the key headlines of the report and shared what is now in place.</p> <p>Councillors welcomed having multiple third-party logistics suppliers going forward.</p> <p>Jon Towler noted that the priority now is that we need to understand our needs and requirements going forward.</p> <p>Resolved – (1) That the Third-Party Logistics Update Report be noted.</p> <p>(2) It was agreed that an analysis on actual costs would be brought back to the next meeting.</p>
16.	REVIEW OF YPO'S CONTRACTUAL ARRANGEMENTS
	<p>Simon Hill (Managing Director) shared the Contractual arrangements review paper, which updates members on the contract review recently carried out, and the potential risks identified during that process.</p> <p>In conducting the review, 171 supplier relationships (across 351 frameworks or contracts) have been reviewed.</p> <p>Resolved – (1) That the recommendations detailed in the report were agreed by Members.</p> <p>(2) It was agreed that an update on this will come back to this committee on an annual basis.</p>
17.	LINK UPDATE REPORT (EXEMPT – PARAGRAPH 3)
	<p>Consideration was given to the report of the Managing Director (Simon Hill), which provided Members with an update on the Link system. The full findings report is also attached.</p>

	<p>Simon noted that 20 out of the 27 recommendations have been closed. The 7 remaining will be closed by Quarter 3, and they are low level issues.</p> <p>Resolved – (1) That the update be noted.</p>
18.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Scrutiny Sub Committee is proposed to be held on 5th November 2021, 10.30am.</p>