

YORKSHIRE PURCHASING ORGANISATION

AUDIT & GOVERNANCE SUB-COMMITTEE

FRIDAY, 3RD NOVEMBER 2023

Present: Councillors: Speight (Wakefield), Atkin (Rotherham), Turner (Kirklees), Frost (Barnsley), Merrett (York), White (North Yorkshire).

1.	CHAIR'S INTRODUCTION & WELCOME
	<p>Introductions took place.</p> <p>Gillian Marshall requested nominations for a Chair of the Audit & Governance Sub Committee for the 2023/24 municipal year and shared that Councillor Speight has expressed an interest in the position.</p> <p>Resolved: (1) It was seconded and agreed by all for Councillor Speight (Wakefield) to be elected as Chair.</p>
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	<p>Apologies for absence were received on behalf of Councillor Walsh (Knowsley), Councillor Fielding (Bolton), Jo Marshall (YPO), and Helen Lisle (Non-Executive Director).</p>
3.	MEMBERS DECLARATION OF INTEREST
	<p>No declarations of interest were made.</p>
4.	URGENT ITEMS
	<p>No urgent items were raised.</p>
5.	PREVIOUS AUDIT & GOVERNANCE SUB COMMITTEE MINUTES
	<p>The minutes of the YPO Audit & Governance Sub-Committee held on 7th July 2023 were approved by all.</p> <p>Cllr Merrett asked about the status of the energy report that was discussed in the meeting on 7th July.</p> <p>Simon Hill explained we have received the raw report from the consultants; however, we now need to add in context and information relating to YPO's market.</p> <p>Resolved: (1) It was agreed to circulate this report when ready, along with the report that went to the July Audit & Governance sub-committee so both reports can be read together.</p>
6.	EXTERNAL AUDIT COMPLETION REPORT
	<p>Jordan Townend shared the final External Audit completion report and talked through the key headlines of the report.</p>

	<p>Jordan talked through the significant findings including the pensions element and explained why Mazars believe this the best option to take.</p> <p>Councillor Frost asked about the priority internal control recommendations. Matthew Hirst provided an explanation of what is being done on this to sign off the recommendations for next year.</p> <p>Resolved – (1) That the report be noted.</p>
7.	INTERNAL AUDIT PROGRESS UPDATE – VERBAL
	<p>The Service Manager for Internal Audit & Risk at Wakefield Council (Jason Brook) shared a verbal update on the progress of the 2023 internal audit.</p> <p>Jason noted that the plan was approved four months ago, and provided positive assurance that work will be completed in time for the annual assurance opinion in July.</p> <p>Jason explained the work that has taken place on the two key items selected. So far, there are no significant findings to report to committee at this stage.</p> <p>The audit is currently at draft report stage rather than any defined recommendations. Jason identified a number of areas that will be reviewed.</p> <p>Cllr Speight asked how the topics are chosen. Jason explained the process is similar to the council process. Internal audit consult with key stakeholders at YPO, management, Gillian & Caroline (Wakefield council). Publications on emerging risks and risk registers are also referred to. Members also have an input on the topics at committee stage.</p> <p>A discussion was held around the timescales of the audit.</p> <p>Simon Hill noted an emphasis on the role of members with putting the internal audit plans together. Members can also request reports or further information on certain topics to be brought to these committee meetings at any time.</p> <p>Resolved – (1) That the verbal update be noted.</p>
8.	DRAFT INTERNAL AUDIT PLAN 2024
	<p>Consideration was given to the report of the Service Manager for Internal Audit & Risk (Wakefield Council) which provided Members with a proposed Internal audit plan for 2024.</p> <p>Jason Brook talked through the key headlines of the report and the proposals. This has gone through the process to determine the audit topics brought here for approval.</p> <p>Committee should note that there are the following potential gaps in assurance coverage from the proposed Plan:</p>

	<ul style="list-style-type: none"> • The digitisation agenda – this is a specialist area and may benefit from a more discreet piece of work by a suitably competent professional. • ESG (Environmental, Social, and Governance) – this is becoming an increasingly more topical area for organisations. Committee may wish to seek assurances from senior management or the non-independent director on the effectiveness of such arrangements at YPO. <p>It was agreed for YPO management to bring a report on these two specific issues to the July Audit & Governance sub-committee, to highlight if there are any gaps that need to be addressed.</p> <p>Resolved – (1) That the report be noted.</p> <p>(2) Members reviewed and provided comments on the proposed Internal Audit Plan for 2024, as set out in Table Three (Appendix A provides further detail).</p> <p>(3) Members note the potential gaps in assurance regarding digitisation and the ESG (Environmental, Social, and Governance). It was agreed to bring a report on these two specific issues to the July Audit & Governance sub-committee.</p>
9.	EXCLUSION OF THE PUBLIC AND PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 10 - 14 on the grounds that they are 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>
10.	RISK REGISTER, BRIBERY & FRAUD UPDATE
	<p>Consideration was given to the report presented by the Head of Finance (Matthew Hirst).</p> <p>Matthew explained that the anti-bribery policy statement has been reviewed in full this year.</p> <p>There are no significant fraud updates. In line with government updates, we are looking at our full counter-fraud arrangements. A full update on this will come to the July Audit & Governance sub-committee.</p> <p>Cllr Merrett about a question relating to YPO’s overseas activities and our liabilities. It was agreed to circulate any agreements we have in place to confirm our liabilities.</p> <p>A discussion was held around adding ECG into a future audit plan due to the possible risks on this.</p> <p>Resolved – (1) Audit & Governance Sub-Committee review and note Appendix 1 and Appendix 2, the latter based on the recommendation to the YPO Board outlined in Para 1.4 of the report.</p>

	(2) It was agreed to add ESG into a future audit plan.
11.	RISK MANAGEMENT SYSTEM UPDATE
	<p>Matt Hirst (Head of Finance) shared the report, which provides an update on the progress of implementing a risk management system.</p> <p>Kim Grimshaw (Business Reform Limited) and Andrea Hirst-Gee (Assistant Financial Controller, YPO) joined the meeting for this item and provided a demo of the system. Kim explained this is a real time system.</p> <p>Kim talked through the various metrics and how the system works. There is now just one form to complete to add in a risk, which ensures a more consistent approach.</p> <p>A discussion was held around timescales. The aim is to have the live data inputted into the system by earl next year.</p> <p>It was noted that training will be rolled out for all users of the system.</p> <p>Jason Brook asked how this will work with capturing project risks. Andrea explained we have taken the decision that how the programme/ project teams currently capture their risks is working fine as it is, therefore, we have not requested they input them into this system, at this stage.</p> <p>A discussion was held around how the risks will link in with performance and KPI management. Matthew explained they will be discussed all together at the SLT meetings.</p> <p>Resolved – (1) The Audit & Governance Sub-Committee note the progress made on the design and development of a risk management system. The committee reviewed the contents of Appendices 1 – 5.</p>
12.	CYBER SECURITY REPORT
	<p>Jacque Lightfoot (Executive Director Operations) talked through the Cyber security report, which provides an update on current activities undertaken to protect YPO, its customers, and its employees from the risks and issues pertaining to Cyber and Information Security.</p> <p>The report also provides the Audit & Governance sub-committee with a clear plan of action that YPO will be undertaking to mitigate future risks and issues pertaining to Cyber and Information Security.</p> <p>Councillors asked a number of questions relating to the report which the Executive Director provided responses to.</p> <p>A discussion was held around backup systems. It was noted that there is a rolling programme of work and plans are in place.</p> <p>Jason Brook asked if, following this comprehensive report, it would be useful to remove cyber security from the 2024 internal audit plan and replace it with an ethics review (focussing on how YPO ensures that it is trading with / using</p>

	<p>ethical suppliers). A discussion was held, and the Committee agreed to this recommendation.</p> <p>Resolved – (1) That the committee note the contents of the report.</p> <p>(2) It was agreed for cyber security to be removed from the internal audit plan for 2024 and replaced with an ethics review. Jason Brook to amend the internal audit plan to reflect this change.</p>
13.	YEAREND CLOSEDOWN TIMETABLE
	<p>Matthew Hirst (Head of Finance) shared the report which informed Members of the contents of the provisional 2023 Closedown Timetable.</p> <p>The primary objective of the closedown and audit will be ensuring that the final audited accounts are submitted to the July 2024 Audit and Governance Committee for approval.</p> <p>Resolved – (1) That the provisional timetable shown in Appendix 1 is approved.</p>
14.	TREASURY MANAGEMENT PROGRESS REPORT
	<p>Caroline Carter (S151 Officer) talked through the Treasury Management Progress report covering the period January 23 – September 23.</p> <p>Caroline explained some information around inflation and interest rates.</p> <p>Resolved – (1) That Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2023 to 30th September 2023 in accordance with the agreed strategy.</p> <p>(2) Members consider and approve the proposed investment strategy for 2024 (as detailed at appendix 2).</p> <p>(3) Members note that the outturn report will be presented to this Committee in July 2024.</p>
15.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Governance Sub Committee is proposed to be held on 5th July 2024, 10.30am.</p>