

YORKSHIRE PURCHASING ORGANISATION
AUDIT & GOVERNANCE SUB-COMMITTEE
FRIDAY, 4TH JULY 2025

Present: Councillors: Frost (Barnsley), White (North Yorkshire), Rose (York).

1.	CHAIR'S INTRODUCTION & WELCOME & ELECTION OF A TEMPORARY CHAIR
	<p>Nominations were requested for a temporary Chair of the Audit & Governance Sub Committee.</p> <p>Resolved: (1) It was seconded and agreed by all for Councillor Frost (Barnsley) to be elected as the meeting Chair.</p> <p>Introductions took place.</p>
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	<p>Apologies for absence were received on behalf of Councillors Baker-Rogers (Rotherham), Lonergan (Knowsley), Khurram (Bolton), and Turner (Kirklees).</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>Resolved – (1) The minutes of the YPO Audit & Governance Sub-Committee held on 8th November 2024 were approved by all.</p>
6.	AUDIT & GOVERNANCE SUB COMMITTEE TERMS OF REFERENCE & WORK PROGRAMME 2025-2026
	<p>Consideration was given to the report of the Managing Director which provided members with an overview of the work scheduled for the 2025/26 committee cycle.</p> <p>The report also proposed the Terms of Reference, Principal Agenda Items, and 2025/26 Meeting Schedule.</p> <p>Simon explained we are proposing to further review the Audit & Governance Sub-Committee Terms of Reference in the second half of the year and bring these back to a future meeting, to better align with the updated CIPFA guidance.</p> <p>Resolved – (1) That the report be noted and submitted to the Management Committee for sign off by all Members.</p>

7.	YPO GOVERNANCE GROUP UPDATE
	<p>Consideration was given to a report of the Head of Finance entitled Governance Group Update. The report picks up from November 2024 and looks ahead for the next 12 months.</p> <p>Simon Hill shared the governance group is a central group within the business that was set up to ensure all governance across the organisation is captured in one place, to review the risks, and maintain oversight. The group also ensures policies remain up to date, and maintain best practise across the organisation.</p> <p>The governance group are completing an exercise whereby policies are being placed onto a system so that there will be better version control and tracking in place going forward.</p> <p>Simon noted that the decision was taken not to bring the full set of declarations of interest back to Committee, but these will be reviewed on a sample basis going forward and audited internally by the governance group.</p> <p>Matthew Hirst noted there is an on-going piece of work around KPIs, which are continually being reviewed to ensure they are fit for purpose to enable management to review performance and make any required decisions. The Power BI system is being used more across the business to ensure everyone has the accessibility to view the data and ensure efficiencies.</p> <p>Resolved - (1) That the Audit & Governance Sub-Committee receive the report on the Governance Group's work over the last nine months and consider the work programme for 2025.</p> <p>(2) That the Audit & Governance Sub-Committee members include, from paragraph 1.12 onwards, commentary on the fulfilment of their own role and contribution to YPO's governance arrangements, creating a joint member and officer report to Management Committee. It was agreed to use the proposed wording contained in appendix 1.</p>
8.	LOCAL CODE OF GOVERNANCE & ANNUAL GOVERNANCE STATEMENT 2024
	<p>The Head of Finance (Matthew Hirst) talked through the report. This is an annual report that sets out YPO's compliance with the requirements of the Accounts & Audit Regulations 2015 (amended 2024) and CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) which has three key steps:</p> <ul style="list-style-type: none"> ▪ Publish a Local Code of Governance that sets out how YPO delivers the principles of the 2016 Framework (Appendix 1). ▪ Conduct an annual review of the effectiveness of our governance arrangements in practice. ▪ Report the results of the annual review in an Annual Governance Statement and publish it with the Statement of Accounts (Appendix 2). <p>Matthew Hirst explained the main changes are raising awareness and reporting</p>

	<p>on sustainability.</p> <p>Cllr Rose noted his congratulations on achieving the ISO accreditation, and highlighted the wording in the report should refer to Forvis Mazars. Matthew agreed we will amend the report wording to reflect this.</p> <p>Resolved - (1) The Audit & Governance Sub-Committee agree the updated Local Code of Governance and the draft Annual Governance Statement 2024.</p>
9.	FINANCIAL PROCEDURE RULES & CONTRACT STANDING ORDERS
	<p>The Committee considered a report of the Head of Finance which provides details and basis for the proposed amendments to the Organisations governance documentation.</p> <p>The Contract Standing Orders (CSO) have been updated to reflect changes to Procurement Legislation and to the Organisations operational processes.</p> <p>The Financial Procedural Rules (FPR) have been updated in line with their review date and following recommendation from Internal Audit.</p> <p>Matthew Hirst shared the key changes to the documents. Following the introduction of the new procurement act this year, our internal documents have been amended to reflect any changes that have arisen as a result of the new regulations. Internal structure change amends have also been reflected where required.</p> <p>Simon Hill raised that in certain exceptional circumstances we do have the ability to override the rules if necessary, although the need for this is very minimal.</p> <p>Resolved - (1) The Committee reviewed and approved the proposed amendments to be presented and approved at the Management Committee meeting held on 18th July 2025.</p>
10.	EXTERNAL AUDIT COMPLETION REPORT
	<p>Jordan Townend and Shaun Mullins (Forvis Mazars) shared the External Audit completion report.</p> <p>Shaun shared some areas of the report are subject to a final review of audit file and conclusion of the going concern.</p> <p>Jordan talked through the key headlines of the report and addressed the significant risks and the recommendations.</p> <p>Councillor White asked for confirmation on some of the figures contained in the report. Shaun Mullins addressed the question and provided an explanation on this.</p> <p>Simon Hill explained we have had an issue with the rebate income accounting, we are currently working on a system to automate this going forward to address these issues.</p>

	<p>Jordan raised that there is a recommendation around separating the JC and YPO Supplies Ltd within Navision. This will assist with future audits and ensure transactions are recorded in the correct entity.</p> <p>Jordan shared information around the non-adjusted misstatements picked up in the audit and talked through these. The unadjusted position is below.</p> <p>Jordan shared the adjusted misstatements, and provided an update on items that have since been updated.</p> <p>Jordan talked through the table in the report that addresses the key audit items, and shared information relating to the recurring and non-recurring items.</p> <p>It was agreed that Forvis Mazars will provide a further status update in the next meeting.</p> <p>Forvis Mazars thanked Matthew Hirst and the finance team for their co-operation during the audit process.</p> <p>Resolved – (1) That the report be noted.</p>
11.	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 2024.</p> <p>Matthew Hirst (Head of Finance) talked through the report and accounts.</p> <p>Matthew raised that EBITDA figures have been included in the accounts and noted that although the final reviews are still taking place, we do not expect any material changes to the figures stated in the accounts before the final sign off at the AGM.</p> <p>Resolved – (1) That the outstanding audit matters, and mainly cosmetic impact, are noted.</p> <p>(2) The Committee reviewed and approved the final accounts to be signed by the Management Committee Chairperson and Interim Chief Finance Officer at WMDC, at the Management Committee meeting held on 18th July 2025.</p>
12.	EXCLUSION OF THE PUBLIC AND PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 13 - 18 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>
13.	INTERNAL AUDIT ACTION UPDATE
	<p>The Head of Finance (Matthew Hirst) talked through the internal audit action update report, which provides an update on the progress made on agreed audit actions resulting from audits completed by Wakefield Council.</p>

	<p>It was noted there has been a slight reduction of actions year on year. We expect all actions to be completed this year.</p> <p>It was raised that relating to the workforce development actions, 10 actions were contained in the stage 1 report, most of these have been implemented. Stage 2 is now commencing and any outstanding actions from stage 1 will now roll into stage 2.</p> <p>Cllr Rose asked for clarification around the action relating to the change log reviews, Jason Brook agreed to provide a separate note on this to clarify further.</p> <p>Resolved – (1) That the Audit & Governance Sub-Committee note progress on completion of Internal Audit actions.</p>
14.	ANNUAL ASSURANCE OPINION 2024
	<p>Consideration was given to the report of the Head of Internal Audit & Counter-Fraud (Wakefield Council) which provides Members with an update on the strength of YPO's governance, risk management, and control processes. Internal audit provided by Wakefield Council as lead authority.</p> <p>Jason Brook talked through the tables contained within the report, and shared there is a good working relationship with the finance team at YPO.</p> <p>Jason raised the report on the effectiveness of the Audit & Governance sub-committee is attached. A discussion was held relating to the issues with attendance at Committee meetings. We are looking into the possibility of creating a skills matrix to try to ensure we get the appropriate mix of skillsets on the committee meetings. Jason noted work has started on this and Internal Audit are looking at how we can further support this area.</p> <p>A discussion was held around the comparison year on year and the improvements made.</p> <p>Gillian Marshall noted that as Monitoring Officer, there have been improvements to the governance approach over the last 6 years. YPO have strengthened their approach to governance and risk, including providing further transparency.</p> <p>Councillor Rose asked for clarification on certain items within the report. Jason Brook provided detailed responses.</p> <p>Helen Lisle (Non-Executive Director) shared she has been in post almost three years, and during that time there has been a robust and rigorous approach to risk management. New tools have been put in place, and Board are getting the required assurance and ensuring this also feeds down into the teams.</p> <p>A further discussion was held around Member attendance. Helen Lisle noted her agreement that further action should be taken. Gillian Marshall noted this was also raised in the Legal Officer forum.</p> <p>A suggestion was made around further use of substitutes to ensure consistency if the main member is not able to attend.</p> <p>Cllr Rose said it would be useful to see updates to be brought back to next meeting.</p>

	<p>Resolved – (1) That the Committee received and noted the audit annual assurance opinion.</p> <p>(2) The Committee notes the continued conformance to the Public Sector Internal Audit Standards.</p>
15.	<p>RISK MANAGEMENT FRAMEWORK & STRATEGIC RISK REGISTER</p> <p>Matthew Hirst (Head of Finance) talked through the Risk Management Framework and Strategic Risk Register report.</p> <p>The Risk Management Strategy & Framework has been reviewed for 2025 and some minor changes made to the document. These mainly focus on changes in risk reporting now that risk management information is available in real time on the new system. The system also provides an audit trail on any updates made to the risks.</p> <p>There are currently four higher rated risks, primary linked to IT and cyber.</p> <p>Matthew shared an update with Members on the new risks that were added in 2024.</p> <p>A discussion was held around the approach to risk and including opportunity risk. Andrea Hirst-Gee (Assistant Financial Controller) explained our aim going forward is to include opportunity risk. This also fits in well as we are currently developing our next strategy period for 2026 onwards, so we would like to build this into that.</p> <p>Resolved – (1) Audit & Governance Sub-Committee note this report and updated Risk Management Strategy and Framework (Appendix 1).</p> <p>(2) Audit & Governance Sub-Committee note the Strategic Risk Score Comparison report (Appendix 2) and identify any questions they wish to ask of risk owners (YPO Board).</p>
16.	<p>WORKFORCE INFORMATION REPORT</p> <p>Julie Hawley (Executive Director) presented the Workforce Information Report.</p> <p>The Workforce Information Report provides detail and analysis about YPO's current workforce, including recruitment and induction, absence management, wellbeing and equity, diversity and inclusion. The report reflects the first five months of the year from January to May 2025.</p> <p>Julie shared we have recently launched a fully digital recruitment platform, which will hopefully improve our recruitment processes both internally and externally.</p> <p>Julie noted we have recently completed a culture survey across the business and are now reviewing the results of this, along with ensuring any required actions are picked up.</p>

	<p>A discussion was held around the possible need for further training as part of the digital transformation programme. It is important to maintain a balance and ensuring the skillsets are correct for all areas of the business.</p> <p>Councillors made a number of comments on the report and these were noted by Officers.</p> <p>Resolved – (1) That the Committee notes the information provided in relation to YPO’s workforce.</p>
17.	IT UPDATE
	<p>Consideration was given to the report of the Executive Director relating to an update on key IT areas, including AI, Cyber Security, and System Life Expectancy.</p> <p>Simon Hill talked through the report and key issue areas. We have recently received the ISO 27001 accreditation, which is hopefully another assurance mechanism to Members. We now need to ensure we maintain the on-going training. Simon shared the Cyber Essentials accreditation is our next target.</p> <p>A discussion was held around AI. We are mindful that a balance is required to embrace the efficiencies this can support with but also be aware of the risks. We are rolling out the use of AI in a controlled way.</p> <p>It was noted we are looking to introduce the Microsoft Purview system to support us in categorising our data and documents, to ensure that AI is not using any of YPO’s confidential information.</p> <p>A discussion was held around our systems. The planned ERP upgrade is the next big upgrade required. For business continuity purposes we want to ensure all systems are up to date.</p> <p>Cllr Rose asked why the risk relating to cyber is still red? It was noted this has been a consideration of the Board, and it is being kept as red due to the high risk nature of possible cyber-attacks. This is very high on the organisations radar.</p> <p>A discussion was held around the use of AI internally, and how this is monitored. There is also a cultural element around use of new technologies.</p> <p>Shaun Mullins (Forvis Mazars) suggested that if Mazars can support with any advice on best practice, this can be arranged.</p> <p>Resolved – (1) That the Audit & Governance Sub-Committee note the arrangements in place to address the three key areas of cyber and information security, Artificial Intelligence, and System Lifecycles and note currently they are being managed effectively.</p>
18.	TREASURY OUTTURN REPORT
	<p>Lisa Kitto (Wakefield Council - S151 Officer) talked through the Treasury Management Progress report.</p>

	<p>The report clarifies the end of year position for 2024 and confirms that YPO has been operating in its agreed investment strategy. Lisa noted that the loan from Wakefield Council has also now been re-paid, which supports the confidence that YPO have the ability to repay any loans on time.</p> <p>It was agreed it would be useful to include a note around the re-payment of the loan in the external audit report going concern.</p> <p>Lisa explained there are no major suggested changes to the 2026 investment strategy, the proposal is that it will be similar to this year's strategy.</p> <p>Resolved – (1) That Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2024 to 31st December 2024 in accordance with the agreed strategy.</p> <p>(2) Consider any potential amendments Members may wish to include in the Investment Strategy for 2026 (appendix 2).</p>
	<p>DATE AND TIME OF NEXT MEETING</p>
	<p>Resolved – (1) That the next meeting of the YPO Audit & Governance Sub Committee is proposed to be held on 7th November 2025, 10.30am.</p>