

Your Ref.

Our Ref

Please Reply To Kayley Sykes
Telephone No (01924) 834912
Email kayley.sykes@ypo.co.uk
Date 07 September 2017

Merran McRae - Chief Executive

Town Hall
Wood Street
Wakefield
WF1 2HQ

T 01924 305101; E chiefexec@wakefield.gov.uk
Typetalk calls welcome

To: Members of the YPO Joint Committee Audit and Scrutiny Sub-Committee

Dear Member

YPO AUDIT SUB-COMMITTEE – FRIDAY, 15 SEPTEMBER 2017

It is with pleasure that I write to invite you to attend a meeting of the YPO Joint Committee Audit and Scrutiny Sub-Committee which is to be held at **10:30 am on Friday, 15 September 2017 at YPO Headquarters** to consider the items set out in the agenda attached.

Please note that a 'Financial Management Training' session will be held immediately prior to the meeting at 10:00 am.

Yours sincerely



Merran McRae
Secretary to the Joint Committee

As a courtesy to colleagues will you please turn off your mobile phones and pagers prior to the start of the meeting.

YORKSHIRE PURCHASING ORGANISATION AUDIT & SCRUTINY SUB-COMMITTEE

Friday, 15 September 2017

AGENDA

1. Chair's Introduction and Welcome.
2. Acceptance of Apologies for Absence.
3. Members' Declaration of Interest.
4. To note any items which the Chair has agreed to add to the agenda on the grounds of urgency.
5. To approve, as a correct record, the Minutes of the Meeting of the Audit & Scrutiny Sub-Committee held on 19th May 2017. (Pages 1 - 3)
6. Customer Satisfaction Survey. (Pages 5 - 32)
7. Internal Audit Plan Progress. (Pages 33 - 39)
8. Exclusion of the Public and Press
"That the public and press be excluded from the meeting during consideration of agenda items 9 to 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".

IN PRIVATE

9. IT Programme Update. (Pages 41 - 48)
10. Stock Losses. (Pages 49 - 52)
11. Internal Audit Action Update. (Pages 53 - 57)
12. Sales Analysis. (Pages 59 - 62)
13. Cost Saving Update. (Pages 63 - 65)
14. Financial Update. (Pages 67 - 72)

A13847

YORKSHIRE PURCHASING ORGANISATION

AUDIT & SCRUTINY SUB-COMMITTEE

FRIDAY 19th MAY 2017

Present: The Chair: Councillor Warburton (Bradford)

Councillors: Barnard (Barnsley), Waller (York), Trotter (North Yorkshire), Johnson (Wakefield).

1.	CHAIR'S INTRODUCTION & WELCOME
	Councillor Warburton welcomed all parties to the meeting.
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Dagger (Wakefield), Corden (Doncaster), Williams (Knowsley) Pillai (Calderdale), Walker (Kirklees) & Mather (Kirklees).
3.	MEMBER DECLARATION OF INTEREST
	No declarations of interest were made.
4.	URGENT ITEMS
	No urgent items were raised by Members.
5.	MINUTES (AUDIT SUB COMMITTEE)
	The minutes of the YPO Audit Sub-Committee held on 10 th February 2017 were approved as a correct record.
6.	NOTES – NOT QUORATE (SCRUTINY SUB COMMITTEE)
	It was the feeling of the meeting that the notes of the YPO Scrutiny Sub-Committee held on 10 th February 2017 were a correct record.
7.	EXTERNAL AUDIT REPORT
	<p>Consideration was given to the External Audit Report from KPMG which provided Members with key findings from the recent audit.</p> <p>Lizzie Wharton (KPMG) shared that the report anticipates an unqualified audit opinion and provided Members with an update on the findings from the audit and explained any differences, risks or recommendations.</p> <p>Lizzie thanked YPO for their support during the audit process and noted that it had been a smooth process and the finance team were very well prepared and helpful in their responses.</p> <p>Resolved – (1) That the report be noted.</p>

8.	AUDIT STATEMENT OF ACCOUNTS
	<p>Consideration was given to a report from the Head of Finance which detailed the 2016 Audited Statement of Accounts.</p> <p>The Audited Statement of Accounts have been externally audited and the auditors anticipate an unqualified opinion.</p> <p>Resolved – (1) That the completion of the Audited Statement of Accounts for 2016, attached as Appendix 2 be noted.</p> <p>(2) That the Members of the Audit & Scrutiny Sub Committee recommend sign off of the accounts to the Chair of the Audit & Scrutiny Sub Committee, Councillor Warburton.</p>
9.	GOVERNANCE REVIEW
	<p>Consideration was given to a report of the Managing Director entitled Governance 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 Management Committee for approval.</p> <p>The report detailed when each policy was last reviewed and any proposed action by the Board.</p> <p>Resolved - (1) That the Audit & Scrutiny Sub Committee recommends to the Management Committee the proposals outlined in table 2.2.</p>
10.	INTERNAL AUDIT PROGRESS
	<p>Consideration was given to a report which detailed the Internal Audit's progress and work during the period February to April 2017 and to note the contents therein.</p> <p>Members asked a number of questions in relation to the checks on employee driver licenses for those whom use company vehicles and it was agreed further information would be provided in the report when it is discussed at the Management Committee.</p> <p>Resolved – (1) That the report be noted.</p>
11.	LEAD AUTHORITY SLA COSTS
	<p>Consideration was given to the report of the Head of Finance, which provided Members with a breakdown of all payments made to the Lead Authority in the 2016 financial year.</p> <p>All services are provided in accordance with established Service Level Agreements.</p> <p>Resolved – (1) That the report be noted.</p>

12.	PROPOSED AUDIT & SCRUTINY SUB COMMITTEE WORK PROGRAMME & TERMS OF REFERENCE
	<p>Consideration was given to the report of the Managing Director which provided Members with an overview of the work scheduled for the 2017/18 committee cycle.</p> <p>The report also proposed the Terms of Reference, Principal Agenda Items, 2017/18 Meeting Schedule and Training Plan.</p> <p>Resolved – (1) That the report be noted and submitted to the Annual General Meeting June.</p>
13.	EXCLUSION OF THE PUBLIC & PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 14 and 15 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>
14.	IT PROGRAMME UPDATE
	<p>Consideration was given to the report which provided Members with an update on the progress of the implementation of the ERP Business Case.</p> <p>The update contained a highlight report which documented the progress between January and April 2017.</p> <p>The use of USB's with the organisation was discussed as a potential security risk and the Managing Director agreed to come back to Members with further information in relation to this matter.</p> <p>Resolved – (1) That the report be noted.</p>
15.	REBATE INCOME DELIVERY PLAN
	<p>Consideration was given to the report from the Head of Procurement Services. The report summarised the 2017 business plan for the delivery of frameworks.</p> <p>The Executive Director (Jo Marshall) delivered a presentation which provided Members with details of the category breakdown, income breakdown, the focused activity and challenging targets for 2017.</p> <p>Resolved – (1) Members noted the report and presentation and gave thanks to staff for their continued hard work in developing the services side of the business.</p>
16.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Scrutiny Sub Committee proposed will be held on 15th September 2017.</p>

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YPO
AUDIT & SCRUTINY SUB COMMITTEE
TO BE HELD ON
15TH SEPTEMBER 2017

TITLE: CUSTOMER SATISFACTION

REPORT OF: HEAD OF CUSTOMER EXPERIENCE AND SALES

1. PURPOSE OF REPORT

- 1.1 This report provides a background on where we are as a business in terms of customer satisfaction, how we measure customer satisfaction, recommendations and what activity we have planned.

2. BACKGROUND INFORMATION

- 2.1 In an ever competitive market YPO needs to ensure the service offered is comparable or better than the competition. YPO uses independent benchmarking, surveying and customer feedback to enable us to identify any key areas of concern and act accordingly. The presentation will provide an overview regarding the results of these types of engagement.

3. STRATEGIC IMPLICATIONS

- 3.1 In order to realise the strategic objectives around customer experience it is important that this is measured in a number of different ways and acted upon. Customer experience is an agenda item on the board report and data is tracked and analysed to identify trends, actions are agreed to prevent any recurring issues and this enables the business to have a true understanding of customer experience and the rising expectations.

4. FINANCIAL IMPLICATIONS

- 4.1 In each of the last 11 ICS UKCSI reports, dating back to July 2012, we have consistently seen evidence that, on average, businesses with the highest customer satisfaction scores outperform their sector averages for sales and market share. With this in mind we must continue to measure satisfaction and fully understand it's potential impact on our growth plans if not delivered at the desired levels.

5. LEGAL IMPLICATIONS

- 5.1 There are no specific legal implications associated with this report.

6. EQUALITY IMPLICATIONS

6.1 There are no equality implications associated with this report.

7. RISK IMPLICATIONS

7.1 There is a risk that not addressing the issues raised by customers may result in customer retention rates declining, new business objectives not being met and reputational risk for the business. Failure to address recurring issues may result in preventable financial loss.

8. RECOMMENDATION

8.1 That the contents of the customer satisfaction survey be noted.

SERVICE DIRECTOR: JO MARSHALL, EXECUTIVE DIRECTOR

YPO
41 Industrial Park
Wakefield
WF2 0XE

TELEPHONE NO: 01924 834976

E-MAIL ADDRESS: jo.marshall@ypo.co.uk

CONTACT OFFICER: JANINE HODGE, OPERATIONS MANAGER

YPO
41 Industrial Park
Wakefield
WF2 0XE

TELEPHONE NO: 01924 834684

E-MAIL ADDRESS: janine.hodge@ypo.co.uk

Customer Survey Results

(YPO survey and ICS results)

Audit & Scrutiny Sub Committee

15th September 2017

Jo Marshall
Executive Director

YPO Customer Survey

ICS Customer survey

Overall - how are we doing?

- 98% of customers are satisfied or highly satisfied with the level of customer service 1%







- YPO's survey shows that 97% of customers are satisfied or highly satisfied with price



- 98% of customers were satisfied or very satisfied with the ease of ordering from YPO 1%



Overall - how are we doing?

- 92% are satisfied or highly satisfied with delivery frequency  5%
- 95% are satisfied or highly satisfied with delivery accuracy  2%
- 87% of customers would be likely or highly likely to recommend YPO  1%
- 98% of customers are satisfied or highly satisfied with our product range 

Insight: Delivery satisfaction has increased after focused efforts in this area

Overall - respondent overview

- 71% of respondents are education customers
- 7% charity
- 7% childcare providers
- 8% Local Government
- 4% Other
- Responses were highest from North West and Yorkshire/Humber
- The majority of respondents were school business managers, administrators or office/finance managers

Overall - budgets

The breakdown of the overall budget for products (e.g. furniture, stationery, consumables) that is spent with YPO...

2016

Answer Choices	Responses
▼ Don't know	27.79%
▼ No spend	0.87%
▼ Less than 10%	27.72%
▼ 10 – 24%	19.01%
▼ 25 – 49%	11.68%
▼ 50 – 74%	9.14%
▼ 75 – 100%	3.77%

2015

Answer Choices	Responses
Don't know	22.76%
No spend	0.31%
Less than 10%	24.01%
10 – 24%	17.74%
25 – 49%	12.35%
50 – 74%	16.05%
75 – 100%	6.77%

Insight: The majority of customers don't know overall budget. Those that do say its predominantly less that 10% - same as 2015

Overall – competitors

Where else are our customers buying goods/supplies?








2016

Answer Choices	Responses
Amazon	66.55%
Crown Commercial Service	3.41%
ESPO	12.92%
Findel	25.62%
GLS	17.78%
Hope Education	40.93%
KCS	4.35%
Lyreco	20.75%
NEPO	1.31%
Office Depot	11.61%
The Consortium	18.65%
TTS	45.14%
Viking	21.55%
WMS	4.86%
None of the above	0.00%
Not applicable	2.98%
Other (please specify) Responses	26.85%

2015

Answer Choices	Responses
Amazon	68.34%
Crown Commercial Service	0.82%
ESPO	11.60%
Findel	25.39%
GLS	16.99%
Hope Education	42.26%
KCS	5.27%
Lyreco	12.60%
NEPO	0.38%
Office Depot	17.68%
The Consortium	17.74%
TTS	47.96%
Viking	25.71%
WMS	8.78%
None of the above	0.00%
N/A	0.63%
Other (please specify)	32.98%

Overall - customer insight

- 31% of customers are aware of YPO's frameworks  4%
- Office machines and furniture are the most recognised 
- 87% of customers prefer contact by email (same as 2015 and 2016) 
- 1% fax  1%, 17% telephone  2% and 14% web 
- 23% prefer post  2%

Overall – factors

What factors are most important to our customers when purchasing products?

2016

2015

Answer Choices	Responses	
Competitive prices	75.99%	962
Discount for online ordering	3.48%	44
Delivery updates by email/text messages	3.71%	47
Technical support	0.55%	7
Free resources, ideas and advice	0.87%	11
Product ratings by other customers	0.47%	6
Regular updates on new products/offers	0.24%	3
A range of delivery options	2.29%	29
Speed of response	5.21%	66
Accuracy and relevance of information provided	4.58%	58
Not applicable	2.61%	33

Answer Choices	Responses
Competitive prices	78.21%
Discount for online ordering	4.26%
Delivery updates by email/text messages	7.78%
Free resources, ideas and advice	2.03%
Product ratings by other customers	0.74%
Regular updates on new products/offers	1.83%
A range of delivery options	5.14%

Insight: Price remains most important factor, followed by speed of response

Overall

How have the respondents ordered/accessed a framework with us in the last year?

2016

Answer Choices	Responses
Email	38.54%
Fax	5.38%
Telephone	5.77%
Face to face	0.54%
Post	2.23%
Online/Website	47.54%

2015

Answer Choices	Responses
Email	36.76%
Fax	23.56%
Telephone	27.01%
Face to face	0.53%
Post	7.90%
Online/Website	51.36%
None of the above	2.19%

Insight: Decline in fax (5% from 24%) and telephone (6% from 27%)

Education – loyalty

- Did you know that YPO is publicly owned and returns profits? **Yes 64% No 34%**
- We returned £2m through loyalty, affect your decision to buy from us?
 More inclined 53%
 Doesn't affect decision 47%
- What did you spend your loyalty voucher on?

Answer Choices	Responses
▼ Curriculum resources	64.01%
▼ Office supplies	32.23%
▼ Furniture	6.72%
▼ Not Applicable	10.36%

Education - comments

“We can't buy everything we need from YPO because you just don't have the stock for all our needs.”

“Best for pricing, would like a wider range of products.”

“Prices generally better but not on everything - Consortium also offer price match.”

“YPO are great for bulk orders. Amazon are great for individual items so it's hard to compare the two organisations.”

“TTS just supply slightly different things.”

“Some of your packaging is not strong enough for the heavy items inside. Cardboard packaging often broken on arrival. Often small items are sent individually, on the same day, instead of being put into one box.”

“Can you please start online ordering so I don't have to type everything out on an official order? KCS do this, and it is very convenient and quick.”

“Much better now that you offer next day delivery.”

“We actually stand a chance at stretching our budget with YPO & we are satisfied with your products & customer service. Thank you.”

Local Government – contract areas

Which of the following contract areas are you aware that YPO offers?

Answer Choices ▼	Responses
▼ Furniture	68.67%
▼ Workwear and personal protective equipment (PPE)	63.86%
▼ IT and office machines	55.42%
▼ Food	45.78%
▼ Education and learning	37.35%
▼ Facilities management	32.53%
▼ Waste management	28.92%
▼ Energy	26.51%
▼ Fleet	19.28%
▼ Business and professional services (e.g. insurance, HR)	18.07%
▼ Building maintenance	18.07%
▼ None	12.05%
▼ Social care	10.84%
▼ Professional services	0.00%

Local Government - comments

How do we compare?

“I use CCS, ESPO and YPO for frameworks rather than purchases from/via them. Lyreco are our stationery and office consumables supplier.”

“A greater level of advice prior to making any purchasing decisions.”

“We bought a framework support contract. The staff and advice were excellent.”

“I have always had good service from YPO and I have been dealing with YPO for about 8 years.”

“Different frameworks so not really comparable to CCS, for example.”

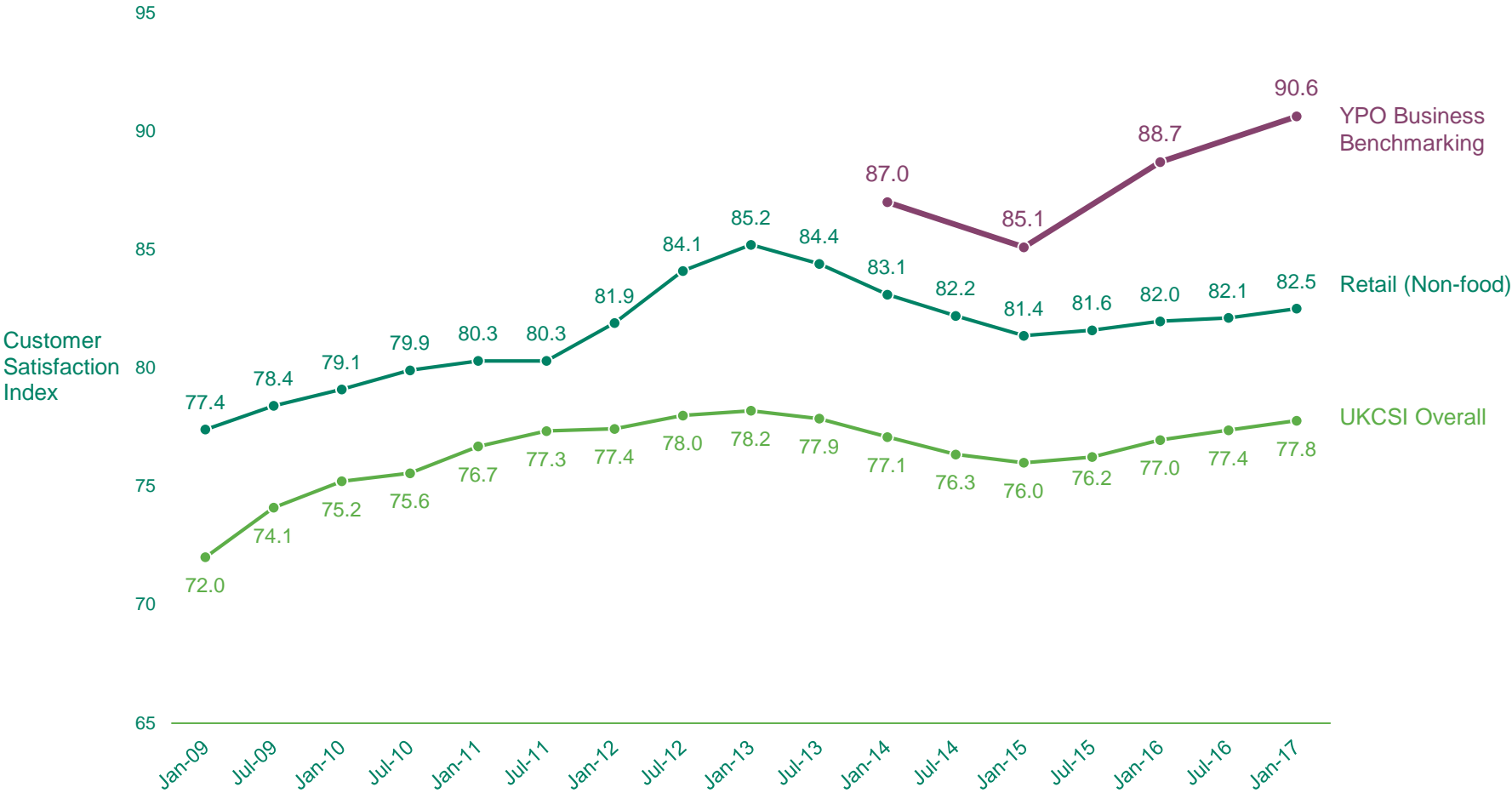
Business Benchmarking

YPO benchmarked with the January 2017 UKCSI Retail (Non-food) sector results



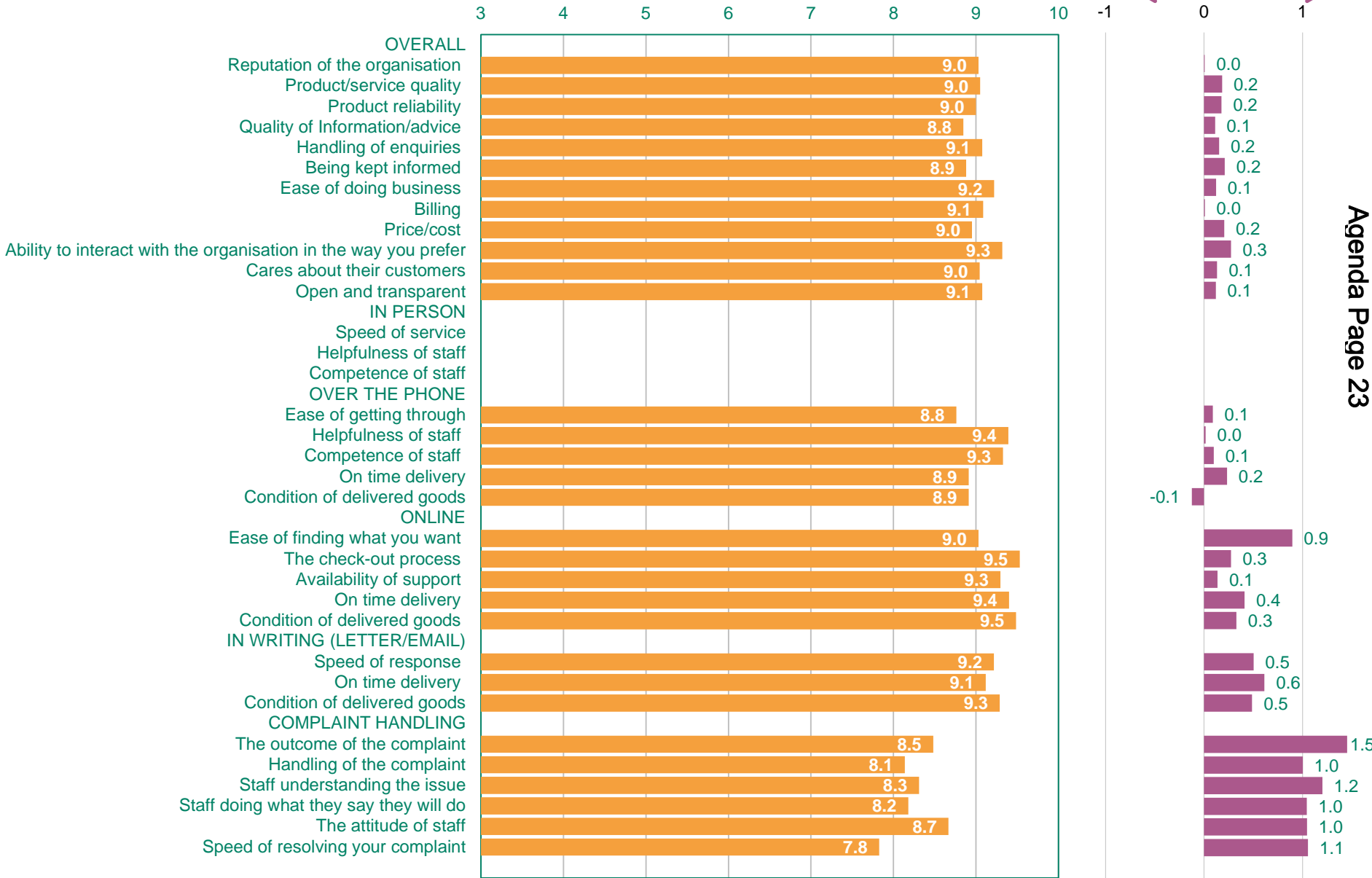
Business Benchmarking | YPO

Satisfaction trends



Business Benchmarking | YPO

Average satisfaction score in January 2017



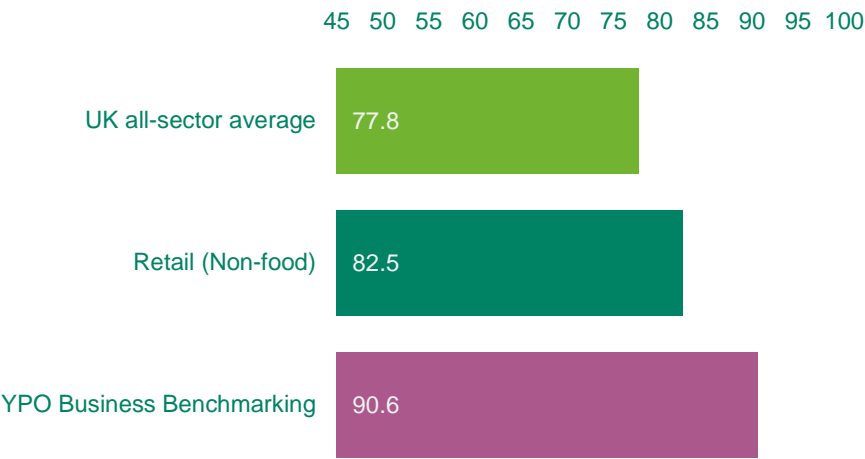
Business Benchmarking | YPO

UK Customer Satisfaction Index (UKCSI)

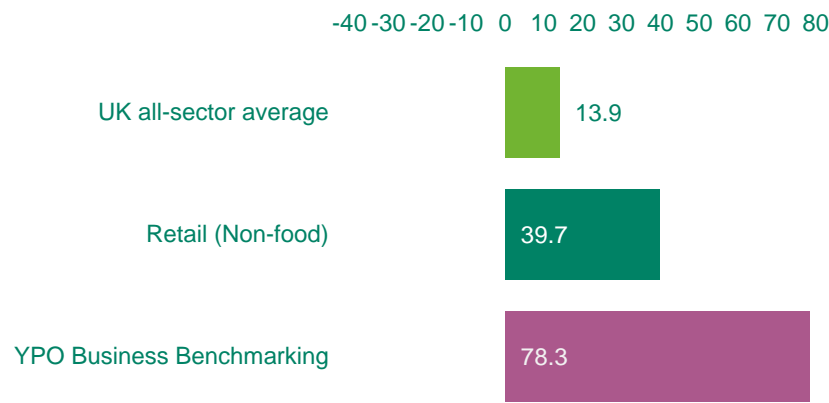


The score given to YPO by their customers: **90.6**

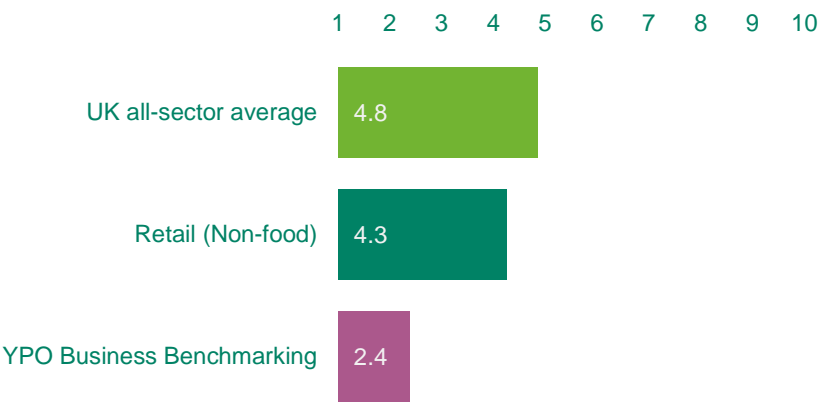
UK Customer Satisfaction Index (UKCSI)



Net Promoter Score

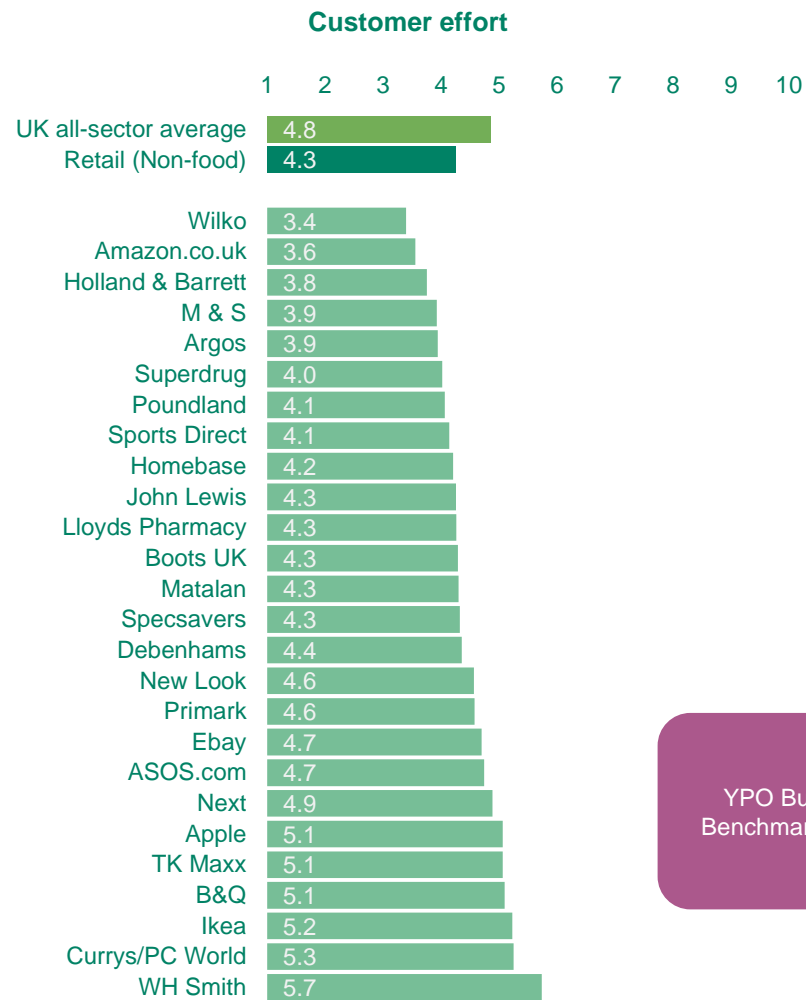
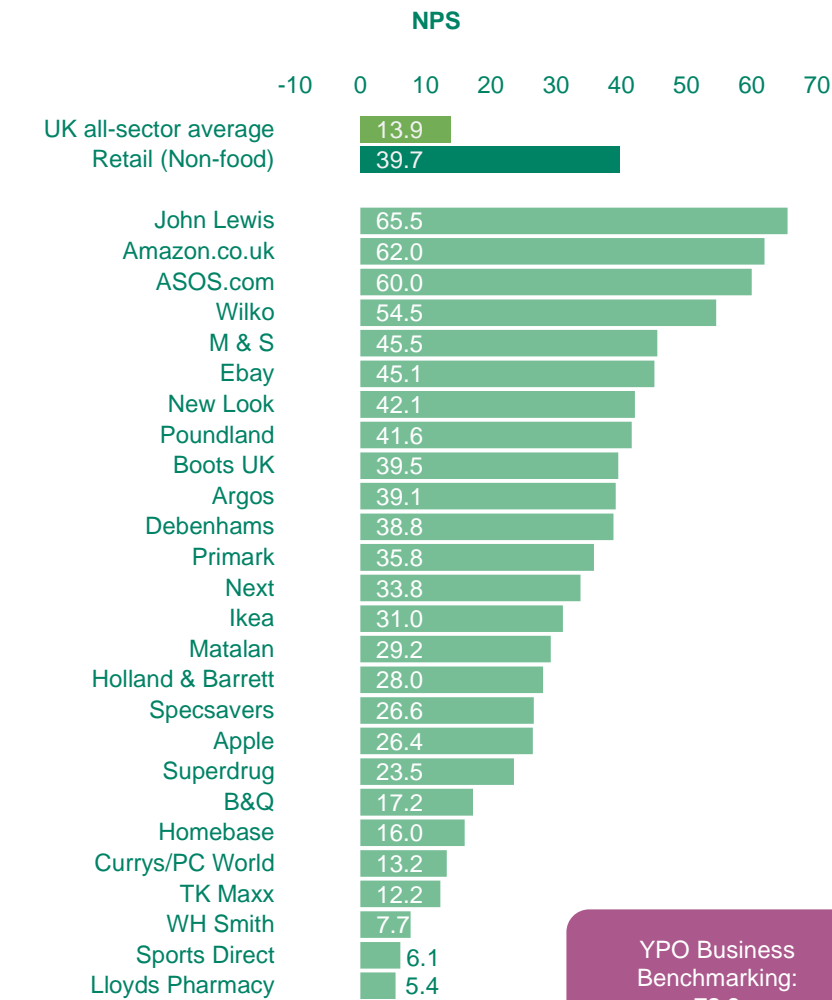


Customer Effort



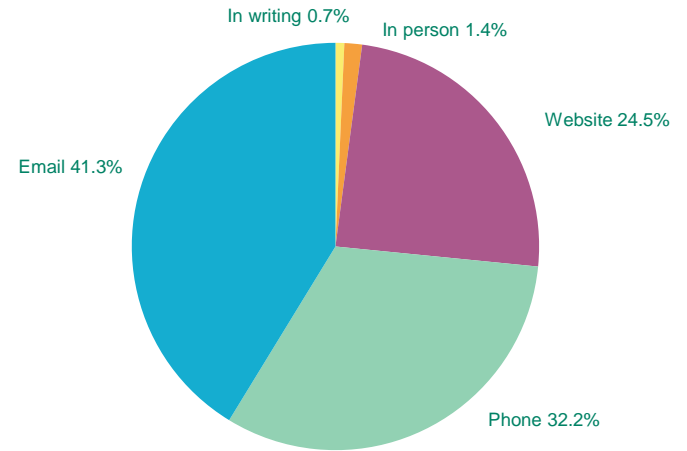
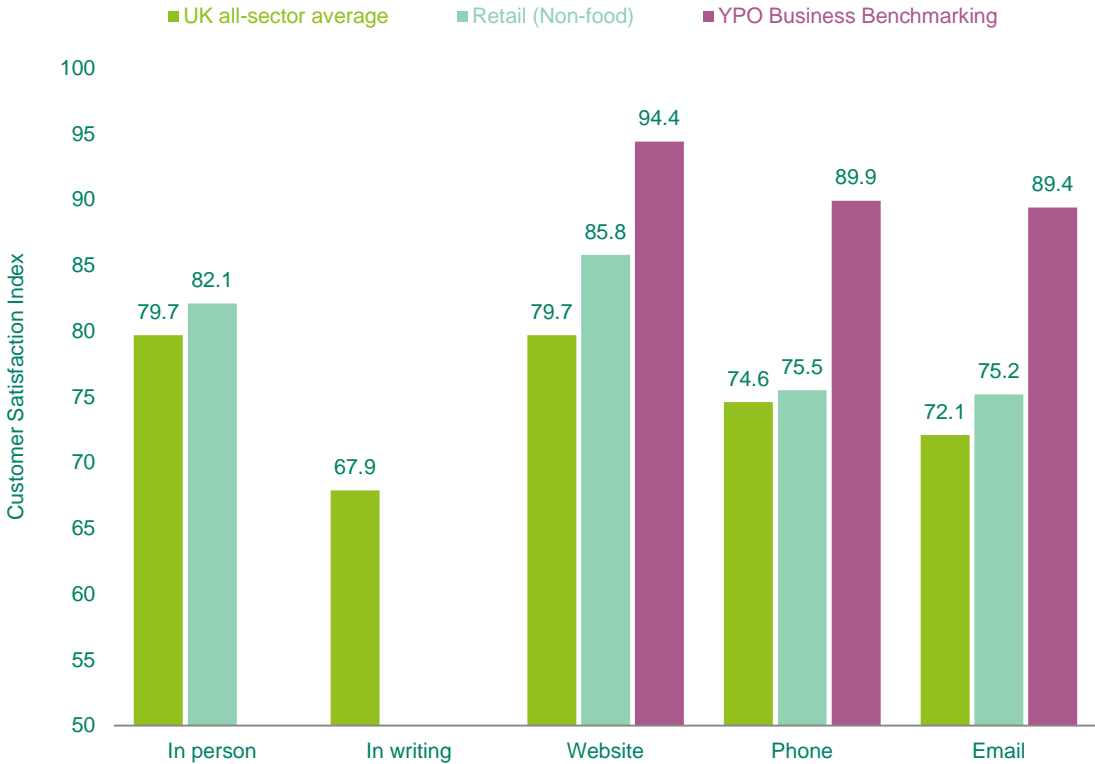
Business Benchmarking | YPO

Net Promoter Score and Customer Effort



Business Benchmarking | YPO

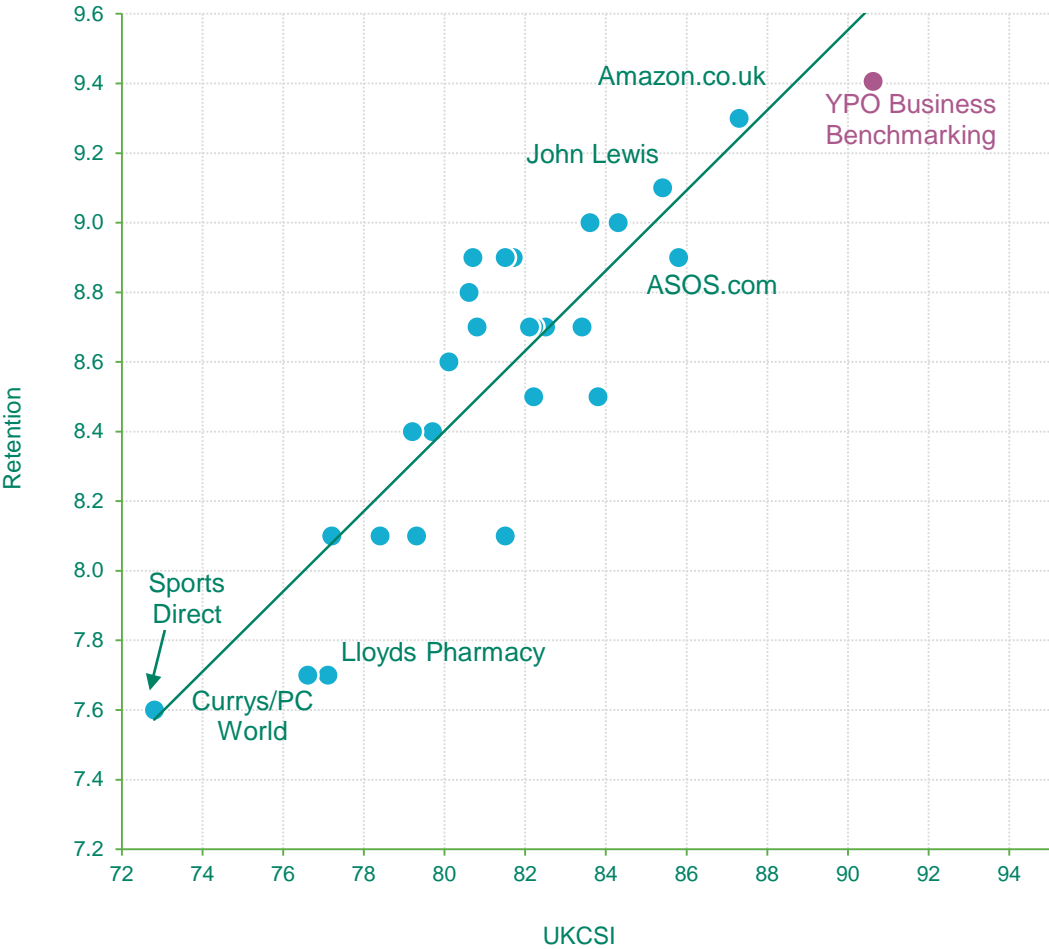
Satisfaction by channel



The proportion of customers using each channel for their interaction, for YPO

Business Benchmarking
| YPO

Satisfaction and intention to remain a customer



*Retention score is based on responses to the question:
'How likely would you be to stay as a customer of XX?'

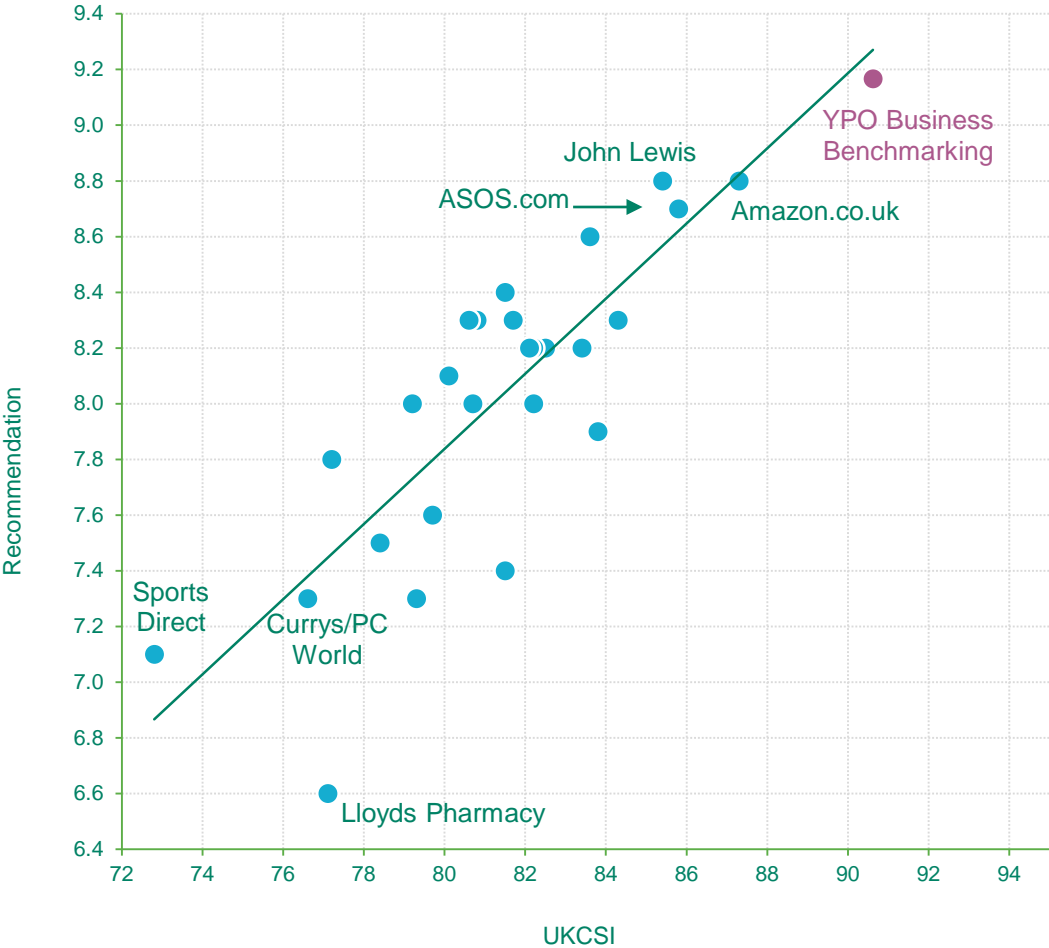
1= Extremely unlikely 10= Extremely likely

	Jan 17 UKCSI	Retention *
UK all-sector average	77.8	8.1
Retail (Non-food)	82.5	8.7
Amazon.co.uk	87.3	9.3
ASOS.com	85.8	8.9
John Lewis	85.4	9.1
M & S	84.3	9.0
Holland & Barrett	83.8	8.5
Wilko	83.6	9.0
Next	83.4	8.7
Argos	82.5	8.7
Apple	82.2	8.5
Superdrug	82.2	8.7
Boots UK	82.1	8.7
Ebay	81.7	8.9
Specsavers	81.5	8.1
Poundland	81.5	8.9
New Look	80.8	8.7
Matalan	80.7	8.9
Primark	80.6	8.8
Debenhams	80.1	8.6
Homebase	79.7	8.4
WH Smith	79.3	8.1
Ikea	79.2	8.4
B&Q	78.4	8.1
TK Maxx	77.2	8.1
Lloyds Pharmacy	77.1	7.7
Currys/PC World	76.6	7.7
Sports Direct	72.8	7.6

	CSI	Retention *
YPO Business Benchmarking	90.6	9.4

Business Benchmarking | YPO

Satisfaction and intention to recommend



*Recommendation score is based on responses to the question:
'How likely would you be to recommend XX to friends or relatives?'

0= Extremely unlikely 10= Extremely likely

	Jan 17 UKCSI	Recommendation*
UK all-sector average	77.8	7.5
Retail (Non-food)	82.5	8.2
Amazon.co.uk	87.3	8.8
ASOS.com	85.8	8.7
John Lewis	85.4	8.8
M & S	84.3	8.3
Holland & Barrett	83.8	7.9
Wilko	83.6	8.6
Next	83.4	8.2
Argos	82.5	8.2
Apple	82.2	8.2
Superdrug	82.2	8.0
Boots UK	82.1	8.2
Ebay	81.7	8.3
Specsavers	81.5	7.4
Poundland	81.5	8.4
New Look	80.8	8.3
Matalan	80.7	8.0
Primark	80.6	8.3
Debenhams	80.1	8.1
Homebase	79.7	7.6
WH Smith	79.3	7.3
Ikea	79.2	8.0
B&Q	78.4	7.5
TK Maxx	77.2	7.8
Lloyds Pharmacy	77.1	6.6
Currys/PC World	76.6	7.3
Sports Direct	72.8	7.1

	CSI	Recommendation*
YPO Business Benchmarking	90.6	9.2

Business Benchmarking | YPO

Range of scores against customer priorities




Comparisons were only made between companies with base sizes over 10. Factors with less than 4 companies scoring them were removed from the analysis.

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Thank You

	<p style="text-align: center;">YPO</p> <p style="text-align: center;">AUDIT & SCRUTINY SUB-COMMITTEE</p> <p style="text-align: center;">TO BE HELD ON</p> <p style="text-align: center;">15TH SEPTEMBER 2017</p>
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TITLE: PROGRESS ON THE 2017 INTERNAL AUDIT PLAN

REPORT OF: THE SERVICE MANAGER INTERNAL AUDIT & RISK

1 PURPOSE OF REPORT

- 1.1 This report is produced by the Service Manager Internal Audit & Risk to provide Members with details of Internal Audit's performance and work since the last meeting of the Audit & Scrutiny Sub-Committee on the 19th May 2017.

2 BACKGROUND INFORMATION

- 2.1 The report attached at Appendix A records details of audit work undertaken, and reports issued, between May and August 2017.
- 2.2 In line with agreed protocols, a further progress report will be submitted to the next meeting of the Audit & Scrutiny Sub-Committee.

3 STRATEGIC IMPLICATIONS

- 3.1 Internal Audit's work includes involvement at a strategic level. A number of audits in the 2017 Internal Audit Plan link to various YPO strategic risks.

4 FINANCIAL IMPLICATIONS

- 4.1 There are no specific financial implications associated with this report. The cost of the audit work is met from the 2017 budget approved by YPO Members.

5 LEGAL IMPLICATIONS

- 5.1 There is a statutory requirement for an Internal Audit function within YPO, as set out in the Accounts and Audit Regulations and implied within the Local Government Act 1972, relating to the responsibility of a designated statutory s151 Finance Officer to gain assurance on the proper administration of the Organisation's financial affairs.

6 EQUALITY IMPLICATIONS

- 6.1 There are no direct implications relating to equality.

7 RISK IMPLICATIONS

- 7.1 Internal Audit makes a significant contribution to providing management and Members with assurances on the Organisation's systems of internal control. Its contribution assists in identifying areas for improvement in control in the management of key risks.
- 7.2 In line with the terms of reference for the Audit & Scrutiny Sub-Committee, consideration of this report contributes to fulfilling its assurance role, in the ongoing review of internal controls and overall risk management arrangements.

8 RECOMMENDATION

- 8.1 That Members comment on and endorse the Internal Audit Progress Report attached as Appendix A to this report.

Contact Officers:

Mark St Romaine, Service Manager Internal Audit & Risk (Wakefield Council)

Telephone No: 01924 302364

E-mail address: mstromaine@wakefield.gov.uk

Carl Tweed, Internal Audit Manager (Wakefield Council)

Telephone No: 01924 306054

E-mail address: ctweed@wakefield.gov.uk

Internal Audit Progress Report

As At August 2017

REPORT OF: Mark St Romaine, Service Manager Internal Audit & Risk
(Wakefield Council)
Tel. no. 01924 302364
Email address: mstromaine@wakefield.gov.uk

CONTACT OFFICER: Carl Tweed, Internal Audit Manager (Wakefield Council)
Tel. no. 01924 306054
Email address: ctweed@wakefield.gov.uk

PURPOSE OF REPORT

1. The purpose of this report is to:
 - 1.1 Present to the YPO Audit & Scrutiny Sub-Committee details of Internal Audit's performance and work since the last meeting of the Audit & Scrutiny Sub-Committee on the 19th May 2017.
 - 1.2 Highlight any significant issues arising from audit work and the current position on implementing agreed actions.
 - 1.3 Consider future audit work.

PROGRESS ON THE 2017 AUDIT PLAN

2. Four Internal Audit reports have been issued so far in 2017. Two of these reports were discussed at the Audit Sub-Committee on the 10th February 2017, namely:
 - Main Financial Systems 2016. (The nine main financial systems are covered over a three-year cycle. Ordering & Creditors – Working Expenses Including Hired Carriers, Ordering & Creditors – Business Income and Asset Management were subject to a detailed review in 2016.)
 - Electronic Card Payments.

One of these reports was discussed at the Audit & Scrutiny Sub-Committee on the 19th May 2017, namely:

- Fleet Replacement and Third Party Logistics.

The completed action plan for this report has now been returned to Internal Audit. For completeness, written details of the actions taken are shown below:

Report (Including Audit Opinion and Main Messages)	Actions Taken By YPO
<p><u>Fleet Replacement and Third Party Logistics (29/03/17)</u></p> <p>The audit opinion was Mostly Effective.</p> <p>The audit identified a significant number of positive findings. However, the audit did identify some findings where controls could be strengthened, including the following:</p> <ul style="list-style-type: none"> • Regular checks were not being undertaken to identify when driver mandates need to be reviewed for drivers who are YPO employees and 'Agency Driver Share Your Licence 	<p>Actions taken based on information supplied by YPO include:</p> <ul style="list-style-type: none"> • All mandates for Own Fleet and Lease car drivers are all signed and up-to-date. <p>System (IDS) in place to flag out-of-date mandates or issues. System monitored by HR and business support.</p> <ul style="list-style-type: none"> • All agency drivers are asked to provide a unique code to allow YPO to check their licence on the DVLA website.

Report (Including Audit Opinion and Main Messages)	Actions Taken By YPO
<p>Declaration' forms may not be being completed by all Agency drivers.</p> <ul style="list-style-type: none"> • The Drivers Handbook had not been updated since February 2015. • A Service Level Agreement was being produced to formalise arrangements between Wakefield Council and YPO regarding the servicing and maintenance of YPO's fleet, but it had not yet been signed off. 	<ul style="list-style-type: none"> • Monthly checks in place for agency staff. New unique code is requested and licence is checked on-line. • The Drivers Handbook was being revised (with an estimated completion date of the week commencing 5th June 2017). <p>All relevant staff would then be informed of the revised Drivers Handbook, where a copy can be located and encouraged to read it. (The estimated completion date for this task was the week commencing 12th June 2017.)</p> <ul style="list-style-type: none"> • The Service Level Agreement formalising arrangements between Wakefield Council and YPO regarding the servicing and maintenance of YPO's fleet has been finalised and agreed. It was signed by a representative of the YPO Board. As at June 2017, YPO was waiting for it to be signed by Wakefield Council's Service Director Environment and Streetscene.

3. One Internal Audit report has been issued since the last meeting of the Audit & Scrutiny Sub-Committee on the 19th May 2017, as shown below:

Report (including Audit Opinion and Main Messages)	Actions Taken By YPO
<p><u>Business Performance Management</u> <u>(21/06/17)</u></p> <p>The audit opinion was Fully Effective.</p> <p>In arriving at this opinion, it was noted that a significant amount of change was currently taking place within YPO, notably through delivery of a number of individual strategies (for example, Logistics, People and Commercial Services), which in turn link back to the overall Organisation's Strategy for 2015-2017. The audit found that business performance (and, linked to</p>	<p>The completed action plan has not yet been returned to Internal Audit.</p>

<p>that, the management of business performance) was considered as part of implementing change.</p> <p>The audit identified a significant number of positive findings. Performance reports, for example, are produced and submitted to the Board on a monthly basis and to Members at least three times a year. The reports are produced on a timely basis by officers with the requisite knowledge. Performance reporting links back to YPO's business objectives / priorities. (At the time of the audit, the Head of Finance was reviewing the performance data reported to the Board and to Members to make sure that, going forward, the performance reports remained as meaningful as possible.)</p> <p>The audit did not highlight any key areas upon which action needed to be taken. The audit report included some actions primarily relating to suggestions around performance reporting going forward, and these were seen as being enhancements to existing arrangements.</p>	
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4. As at the date of producing this report, the following Internal Audit work is ongoing:
 - 4.1 IT Change Control.
 - 4.2 Main financial systems annual review and testing 2017. (The nine main financial systems are covered over a three-year cycle. Debtors – Business Income, Debtors – Non-Business Income and Payroll will be subject to a detailed review in 2017.)
 - 4.3 Consultancy / advice-type support as requested to the Link programme relating to the installation of an ERP (enterprise resource planning) system.
 - 4.4 Members will be aware of a recent incident at YPO. Resources have been re-prioritised to support this investigation.
5. In terms of Internal Audit's performance against its own local Key Performance Indicators, the position as at August 2017 is summarised below:
 - 5.1 A calendar year plan was agreed covering the period 1st January 2017 to 31st December 2017. The Internal Audit Service will deliver the jobs in line with the agreed plan and continue to liaise with YPO senior management on the

prioritisation of the work. As in previous years, it is likely that two or three of the jobs will still be ongoing at the year-end. These jobs will then be completed as a priority in the first quarter of 2018.

- 5.2 Four client surveys have been issued so far in 2017. All of them have been returned, three with an overall opinion of 'Very Good' (Main Financial Systems 2016, Fleet Replacement and Third Party Logistics, and Business Performance Management) and one with an overall opinion of 'Good' (Electronic Card Payments).
- 5.3 All Internal Audit work is subject to a quality control process, including formal review of work by the appropriate level of audit management.

WORK PRIORITIES FOR THE REMAINDER OF 2017

- 6. The first priority for the remainder of 2017 will be the completion of the ongoing audits.

Consultancy / advice-type support to the Link programme will continue as requested.

The intention is to start audits on Workforce Skills and Electronic Card Payments Follow Up in the next few weeks.

Consultation will take place with senior management in order to prioritise the start dates for the remaining 2017 audits on Anti-fraud and bribery arrangements, Limited Company, Sales Forecast / Marketplace and Procurement Services.

OUTSTANDING REPLIES TO AUDIT REPORTS

- 7. There are no replies outstanding in respect of recent audit reports.

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