YORKSHIRE PURCHASING ORGANISATION

AUDIT & GOVERNANCE SUB-COMMITTEE

FRIDAY, 3RD JULY 2026

Present: Councillors: Rose (York), White (North Yorkshire), McKiernan (Rotherham), Lonergan (Knowsley), Church (Doncaster).

1.	**CHAIR'S INTRODUCTION & WELCOME**
	Councillor Rose welcomed everyone to the meeting. Introductions took place.
2.	**ACCEPTANCE OF APOLOGIES FOR ABSENCE**
	Apologies for absence were received on behalf of Councillors Anderson (Wigan).
3.	**MEMBERS DECLARATION OF INTEREST**
	No declarations of interest were made.
4.	**URGENT ITEMS**
	No urgent items were raised.
5.	**PREVIOUS AUDIT & GOVERNANCE SUB COMMITTEE MINUTES**
	Resolved – (1) The minutes of the YPO Audit & Governance Sub-Committee held on 7th November 2025 were approved by all.
6.	**AUDIT & GOVERNANCE SUB COMMITTEE TERMS OF REFERENCE & WORK PROGRAMME 2026-2027**
	Consideration was given to the report of the Managing Director which provided members with an overview of the work scheduled for the 2026/27 committee cycle. The report also proposed the Terms of Reference, Principal Agenda Items, and 2026/27 Meeting Schedule. **Resolved –** (1) That the report be noted and submitted to the Management Committee for sign off by all Members.
7.	**YPO GOVERNANCE GROUP UPDATE**
	Consideration was given to a report of the Head of Finance entitled Governance Group Update. The report summarises the work completed by the group since the last report in November 2025, and the current work programme. The Terms of Reference for the Governance Group are also attached as an appendix.

	Councillors asked for clarity on certain aspects of the reports and Officers provided appropriate responses. **Resolved -** (1) That the Audit & Governance Sub-Committee receive the report on the Governance Group's terms of reference, responsibilities, and key deliverables over the last two years, and consider the work programme for 2026.
8.	**LOCAL CODE OF GOVERNANCE & ANNUAL GOVERNANCE STATEMENT 2025**
	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: 1.1.1 Publish a Local Code of Governance that sets out how YPO delivers the principles of the 2016 Framework (Appendix 1) 1.1.2 Conduct an annual review of the effectiveness of our governance arrangements in practice 1.1.3 Report the results of the annual review in an Annual Governance Statement and publish it with the Statement of Accounts (Appendix 2) Cllr Rose highlighted that elected member representation presents a risk, as changes may arise not only from local elections but also as a result of internal restructuring within councils. Cllr McKiernan noted, in relation to the action tracker, that it would be a good idea to name the individual responsible for the monitoring each action. Matthew confirmed that this can be implemented. **Resolved** - (1) The Audit & Governance Sub-Committee agree the updated Local Code of Governance and the Annual Governance Statement 2025.
9.	**DRAFT EXTERNAL AUDIT COMPLETION REPORT**
	Jacob Banninster (Forvis Mazars) shared the External Audit completion report and talked through the key points from the audit. The report concludes that the financial statements are generally prepared appropriately, with no evidence of material fraud and no significant new control weaknesses identified. While some recurring internal control and financial reporting issues were noted and recommendations made for improvement, these do not appear to affect the overall opinion. The report presents a broadly positive assessment of YPO's financial governance controls and reporting arrangements, while highlighting areas where processes could be strengthened further. Cllr White queried whether the recurring references to accruals should be a cause for concern; Jason advised that an increase in accruals would warrant

	concern and should therefore be closely monitored, whilst Julie clarified that the repeated references relate to two different areas of activity. Significant improvements have been made in one and the other is relatively new and is being addressed. Cllr McKiernan queried the number of super users with access to the accounts. Matthew Hirst explained that users are assigned different role profiles, with the IT department aware of the arrangements. He added that a monthly review of user access is being introduced to ensure permissions remain appropriate to each role, with some users having read-only access. Cllr Rose commented that the number of users was not surprising and was in fact, the lowest possible number, and requested that each user be validated, with a detailed breakdown to be presented at the November meeting. **Resolved** – (1) That the report be noted. (2) - It was agreed that a report on super users on accounts would be brought to the Audit and Governance sub-committee on 6th November 2026.
10.	**AUDITED STATEMENT OF ACCOUNTS**
	Consideration was given to the report of the Head of Finance which provided Members with the details of the Audited Statement of Accounts for 2025. Matthew Hirst (Head of Finance) talked through the report and accounts. It was noted that whilst there is no legal requirement for an internal audit, it is considered best practice to undertake one. The financial statements reflected a strong performance, with the audit having commenced in March and the closure meeting taking place a couple of weeks ago. The main change from the provisional accounts was a slight increase in costs; however, overall profit had increased and no significant further changes to the statements are expected. It was highlighted that the day-to-day operations demonstrate year-on-year growth and showing delivery against objectives, with performance increasing from £7 million to £13 million over the last 4 years of this current 5 year strategy. Cllr Rose commented that all areas had shown improvement and that the overall financial position appeared healthy. **Resolved –** (1) That the Committee note that any outstanding audit matters at the time of this meeting are immaterial and / or of a cosmetic nature and will therefore not change the financial statements for 2025. (2) The Committee reviewed and approved the final accounts to be signed by the Management Committee Chairperson and Chief Finance Officer at WMDC, at the Management Committee meeting held on 17th July 2026.

11.	**EXCLUSION OF THE PUBLIC AND PRESS**
	Resolved – That the public and press be excluded from the meeting during consideration of agenda items 12 - 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.
12.	**INTERNAL AUDIT ACTION UPDATE**
	The Internal Audit function operates with independence and maintains objectivity in its audit activities at YPO. 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. Matthew noted that the 7 outstanding actions from 202/2024 report had all been completed. For 2024/25, a total of 42 actions had been identified, including 28 arising from subsequent audits, and these had been categorised by high and medium priority. There had been no significant increase in high-priority actions, with the position remaining comparable to recent years. A full update on the internal audit strategy, including a high-level overview of outstanding actions, will be presented in the November meeting. **Resolved –** (1) The Audit & Governance Sub-Committee note progress on completion of Internal Audit actions. (2) - It was agreed that a report on the internal audit strategy, including a high-level overview of outstanding actions would be brought to the Audit and Governance sub-committee on 6th November 2026.
13.	**ANNUAL ASSURANCE OPINION 2025**
	The Internal Audit function operates with independence and maintains objectivity in its audit activities at YPO. Consideration was given to the report of the Head of Internal Audit & Counter-Fraud (Wakefield Council) which provides Members with an update on the effectiveness of YPO's governance, risk management, and control processes. Internal audit is provided by Wakefield Council as lead authority. Julie Cousins talked through the tables contained within the report Members were advised that the annual internal audit opinion provided reasonable assurance that key risks are being managed appropriately, with audit results showing a positive trend and the majority of reviews receiving either good or substantial assurance ratings. Audit findings highlighted strong performance in several areas, including cyber security, which is supported by ISO accreditation, business planning, and

	payroll, all of which received good assurance. It was also noted that all recommendations relating to fire and food safety had been fully implemented. Areas identified for further action included customer engagement, and rebate income, where weaknesses in contract management had been identified. No audits resulted in a low assurance rating. A total of 17 recommendations had been fully implemented, and internal performance against delivery of the audit plan was set out on page 151. Overall client satisfaction was reported at 86%, and Wakefield Internal Audit was confirmed as conforming to global internal audit standards. Cllr Rose referred to the client satisfaction questionnaire and queried why respondents felt that insufficient value had been added, asking what actions were being taken to address this feedback. Julie advised that further details were required to understand the reasons behind the responses. Julie will feed this back to her team to discuss with key contacts what would be considered as meaningful added value from the service. **Resolved –** (1) The Committee received and noted the audit annual assurance opinion. (2) The Committee notes the continued conformance to the Global Internal Audit Standards.
14.	**RISK MANAGEMENT FRAMEWORK & STRATEGIC RISK REGISTER**
	Matthew Hirst (Head of Finance) talked through the Risk Management Framework and Strategic Risk Register report. Audit & Governance Sub-Committee last received a risk management update report at their meeting in July 2025, which focussed on updates to the Risk Management Strategy & Framework; the roll out of the then new risk management system; and the Strategic Risk Register. The Risk Management Strategy & Framework has been reviewed for 2026 and some minor changes made to the document, mainly to reflect an amendment to our approach to assurance that controls to manage risks are in place and operating effectively. The document is attached at Appendix 1, for information. Cllr Rose acknowledged that the cyber risk rating had been intentionally maintained at a high level and queried whether, in light of the mitigating actions that have been implemented, the impact score could now be reduced from very high. Julie advised that the Board recognises the significant operational impact that a cyber incident could have, particularly during peak periods, and therefore does not consider it appropriate to lower the score at this time. She confirmed that the risk is reviewed regularly by the Board, which remains satisfied with the current assessment. Gillian added that this approach is consistent with organisational practice, as the cyber threat landscape continues to evolve and increase.

	Cllr Rose noted that the workforce skills risk score had increased from 4 (stable) to 12 (deteriorating) and sought clarification on the reasons for the higher risk rating, commenting on the rapid increase. Julie explained that the assessment reflects several workforce challenges, including reliance on external consultants, an ageing workforce, the need for succession planning, and a review of pay scales. She added that current salary levels are not sufficiently attractive to recruit and retain talent, particularly for senior-level positions, making recruitment increasingly difficult. Andrea highlighted the challenges being experienced in recruiting to the Head of IT post, which has been advertised twice unsuccessfully and is due to be advertised for a third time. It was agreed that a more detailed review of this risk would be presented in November. **Resolved** – (1) Audit & Governance Sub-Committee note this report and updated Risk Management Strategy and Framework (Appendix 1). (2) Audit & Governance Sub-Committee note the Strategic Risk Register update (Appendix 2) and identify any questions they wish to ask of risk owners (YPO Board). (3)- It was agreed that a report on the workforce skills risk score would be brought to the Audit and Governance sub-committee on 6th November 2026.
15.	**TREASURY OUTTURN REPORT**
	Claire Cowen (Wakefield Council) talked through the Treasury Management Progress report. Treasury Management services are provided to YPO by Wakefield Council by means of a Service Level Agreement. YPO sets the criteria by which investments can be made and the treasury management team at the Council place investments in line with these criteria. **Resolved –** (1) That Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2025 to 31st December 2025 in accordance with the agreed strategy. (2) Consider any potential amendments Members may wish to include in the Investment Strategy for 2027 (appendix 2).
16.	**DATE AND TIME OF NEXT MEETING**
	Resolved – (1) That the next meeting of the YPO Audit & Governance Sub Committee is proposed to be held on 6th November 2026, 10.30am.