

YORKSHIRE PURCHASING ORGANISATION AUDIT SUB-COMMITTEE

Friday, 11 April 2014

Present: The Chair – Councillor Shaw (Wakefield MDC);
Councillors Barnard (Barnsley MBC), Williams (Doncaster
MBC), Walker (Wigan MBC).

44. CHAIR'S INTRODUCTION AND WELCOME

The Chair, Councillor Shaw welcomed everyone to the meeting.

45. APOLOGIES FOR ABSENCE

Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Stubley (Kirklees MC), Councillor Horton (City of York) and Councillor Trotter (North Yorkshire CC).

46. MINUTES - 18 OCTOBER 2013 AND 7 FEBRUARY 2014

Resolved – That the Minutes of the meeting of the YPO Audit Sub-Committee held on 18 October 2013 and 7 February 2014 be approved as a correct record.

47. MEMBERS' DECLARATION OF INTEREST

No declarations of interest were made.

48. ANNUAL GOVERNANCE STATEMENT

Consideration was given to a report of the Managing Director which provided Members with the Annual Governance Statement for 2013. An amended report and appendices were tabled at the meeting.

In order to demonstrate good corporate governance YPO has in place a Code of Corporate Governance, the Code of Corporate Governance is an important part in the compilation of an Annual Governance Statement (AGS). The AGS is a statement that YPO publishes with its annual finance accounts.

The AGS for 2013 was approved by Board in January 2014 and it is requested that Members review and approve the AGS for 2013.

Resolved – That the Annual Governance Statement 2013, be approved.

49. INTERNAL AUDIT PROGRESS

A report of the s151 Officer provided details of Internal Audit performance and work during the period February to March 2014. No audit reports had been issued since the last Audit Sub-Committee in February.

Resolved – That the Internal Audit Progress Report, attached as Appendix A to the report, be noted.

50. EXTERNAL AUDIT REPORT

Consideration was given to a report of the Managing Director on the 2013 External Audit Plan which was attached as Appendix A.

Members were informed by KPMG of the headlines and two audit risks which have been addressed appropriately by YPO.

The Chair thanked YPO Officers and KPMG for their hard work involved in the audit plan.

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Resolved – That the 2013 Audit Plan, be noted.

51. AUDITED STATEMENT OF ACCOUNTS

Consideration was given to a report of the Managing Director which detailed the 2013 Audited Statement of Accounts, attached as Appendix 1, the KPMG report to those charged with governance (ISA 260) as Appendix 3 and the letter of representation to KPMG as Appendix 4.

The 2013 Pre Audit Statement of Accounts was issued at the February 2014 Audit Sub-Committee with the 2013 Final Statement of Accounts for Audit issued in March prior to the Management Committee meeting. The Audit Sub-Committee have delegated powers to approve the Audited Statement of Accounts which is presented in Appendix 1.

Resolved – (1) That the completion of the audited statement of accounts for 2013, attached as Appendix 1 and the contents and response contained in the report to those charged with governance at Appendix 3, be noted.

(2) That the KPMG “issues and recommendations” and “Management response” contained in Appendix 1 of the report to those charged with governance (ISA 260) 2013, be noted.

(3) That the 2013 audited statement of accounts, attached as Appendix 1, be approved.

(4) That the letter of representation, attached as Appendix 4, be agreed and signed by the Chair of Audit Sub-Committee.

52. GOVERNANCE REVIEW

Consideration was given to a report of the Managing Director on a number of items impacting on the manner and methodology by which YPO is managed has been reviewed and updated. Collectively these documents form key elements of the Governance of YPO.

YPO has in place various governance policies which detail its approach to certain matters such as Anti-Fraud and Bribery. Following the recent organisational restructure a review has taken place to ensure these policies reflect the current structure.

No changes have been made to the Meeting Standing Order for 2014 (attached as appendix 1) and a review has taken place of the Managing Directors Scheme of Delegation (attached as Appendix 2). A revised copy of the Contract Standing Orders and Financial Procedure Rules which was submitted to the Management Committee on 21 March 2014 (attached as Appendix 3).

Resolved – (1) That the Audit Sub-Committee recommends to Management Committee that the Meeting Standing Orders, the Managing Directors Scheme of Delegation, the Anti-Fraud and Bribery Policy and Fraud Response Plan, the Code of Corporate Governance and the Risk Management Policy and Strategic Framework are all approved and adopted.

53. WORK PROGRAMME FOR 2014/15

A report of the Managing Director provided an overview of work undertaken by the Committee since the 2013 AGM and to propose the terms of reference, procedure flow

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chart, principle agenda items, meeting schedule and training schedule for 2014.

Members agreed to add an extra meeting of the Audit Sub-Committee in July to the work programme.

Resolved – That the report be noted and submitted to the Annual General Meeting with the addition of the extra meeting in July in the name of the Chair of the Audit Sub-Committee.

54. RISK MANAGEMENT PROCESS

Consideration was given to a report of the Managing Director to provide assurance that work is progressing in managing and reviewing strategic and operational risk.

A risk register is a documented record of the risk faced by an organisation including an assessment of the level of risk, details of the controls currently in place, details of additional controls that are required and details of the owner of the risk.

Reviews of the YPO Risk Register are regularly reported to the Board and Audit Sub-Committee,

Two additional risk areas have been identified during this period. These were one risk area is caused by recent staff changes and particularly the removal of the Corporate Director post from the Board. The second risk area relates to the changing market place and how YPO will address this challenge.

Resolved – That the progress made upon the management of risk, be noted.

55. EXCLUSION OF THE PUBLIC AND PRESS

Resolved – That the public and press be excluded from the meeting during consideration of Agenda Items 14 to 16 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

56. RISK REGISTER

A report of the Managing Director provided details of the Strategic Risk Register for YPO along with the details of amendments made to the Strategic and Operational Risk Registers in Q4 2013 and Q1 2014.

During the review in Q1 2014 it was highlighted that the risks in the Operations Risk Register had not been allocated a risk owner and work is now underway to ensure that this will be done by the end of Q2 2014.

Resolved – (1) That the YPO Strategic Risk Register, be noted.

(2) That the amendments to the Strategic and Operational Risk Registers made during Q3 2013 and Q1 2014, be noted.

57. INTERNAL AUDIT ACTION UPDATE

Consideration was given to a report which provided an update as to the progress made towards agreed actions resulting from internal audits completed at YPO as part of the

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Annual Audit Plan by WMDC Internal Audit.

Full details of outstanding actions resulting from the 2011 and 2012 Annual Audit Plans and the current status of these actions can be found in Appendix 1. Outstanding actions from the internal audits completed from the 2013 Annual Audit Plan and progress made against the agreed actions can be found in Appendix 2.

Resolved – That the progress made in implementing internal audit actions, be noted.

58. BUSINESS CONTINUITY PLAN

A report of the Risk Audit & Assurance Officer provided an update as to the progress made within the organisation towards the completion of Business Continuity Plans (BCP) testing for critical areas.

Resolved – That the report and Appendix, be noted.

59. DATE AND TIME OF NEXT MEETING

Resolved – That the next meeting of the YPO Audit Sub-Committee will be held in July 2014 date and time to be confirmed subject to confirmation at AGM.

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