

YORKSHIRE PURCHASING ORGANISATION AUDIT SUB-COMMITTEE

Friday, 13 March 2015

Present: The Chair - Councillor Shaw (Wakefield MDC);
Councillors Barnard (Barnsley MBC), Walker (Wigan MBC)
and Horton (City of York).

21. CHAIR'S INTRODUCTION AND WELCOME.

The Chair, Councillor Shaw welcomed everyone to the meeting.

22. APOLOGIES FOR ABSENCE

Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Morris (Bolton MBC) and Cole (Doncaster MBC).

23. MINUTES - 10 OCTOBER 2014

Resolved – That the Minutes of the meeting of the YPO Audit Sub-Committee held on 10 October 2014 be approved as a correct record.

24. MEMBERS' DECLARATION OF INTEREST

No declarations of interest were made.

25. URGENT ITEMS

With the agreement of the Chair, an urgent item was added to the agenda, entitled "Salary Sacrifice Scheme – Employee Lease Car" to enable it to be considered prior to the Management Committee meeting to be held on 20 March 2015.

26. ANNUAL GOVERNANCE STATEMENT

Consideration was given to a report which detailed the Annual Governance Statement for 2014.

YPO has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

To meet the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3) YPO produces an Annual Governance Statement which detailed how it has complied with its Code of Corporate Governance.

Resolved – That the Annual Governance Statement 2014 be approved.

27. CARD RECEIPTS AND SECURITY PROCEDURE

Consideration was given to a report of the Managing Director regarding a proposed Card Payment Receipts Security Procedure for YPO.

Members were informed that YPO would shortly be able to accept payment for goods and services via purchase, procurement, debit and credit cards. YPO is obliged to comply with the Payment Card Industry Data Security Standard (PCI/DSS) for processing card holder data and IT are currently reviewing PCI Compliance as part of the wider review of IT Security.

In order to document the current internal procedures and controls within the organisation for the processing of card payments a Card Payment Receipts Security Manual has been produced (Appendix 1).

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Resolved – (1) That the Card Receipts Security Procedure for YPO be approved.

(2) That YPO Board ensures that PCI Compliance is considered as part of the wider IT Security review.

(3) That YPO Board agrees the transaction authorisation level within the card system be set at three digit code correct only.

28. GIFTS AND HOSPITALITY POLICY

Consideration was given to a report of the Executive Director to update the Gifts and Hospitality Policy relating to the giving of hospitality by YPO.

YPO has recently updated its Bribery Risk Assessment which identified that YPO does not have a documented procedure for the giving of hospitality by the organisation. To address this gap the Gifts and Hospitality Policy has been reviewed in conjunction with the Commercial Director and Head of HR and PSS and the proposed updated Policy can be found in Appendix 1. The Policy also makes it clearer to employees that the contents of any declarations may be made public under YPO's Access to Information Policy.

Resolved – That the revised Gifts and Hospitality Policy be agreed.

29. PRE-AUDIT STATEMENT OF ACCOUNTS

Consideration was given to a report of the Head of Finance and Financial Controller which detailed the 2014 Pre Audit Statement of Accounts, attached as Appendix 1 and to inform Members of the public notice of the commencement of the audit and public inspection period.

Resolved - (1) That the Pre Audit Statement of Accounts 2014 be noted.

30. RISK MANAGEMENT PROCESS

Consideration was given to a report of the Executive Director which provided Members with assurance that work is progressing in managing and reviewing the organisations strategic and operational risks.

The Strategic and Operational Risk Registers are currently under review to ensure the risks detailed in the registers are relevant to YPO's current objectives. YPO has recently reviewed and updated its Anti-Fraud and Bribery Risk Assessments.

Resolved – That the progress made in managing and reviewing risk be noted.

31. INTERNAL AUDIT REPORT 2014

Consideration was given to a report of the s151 Officer which presented the draft Annual Audit Report (Appendix A) for 2014, in line with the requirements of the Internal Audit Protocol and the Public Sector Internal Audit Standards (PSIAS). An Internal Audit Progress report covering work undertaken between October 2014 and January 2015 (Appendix B) was presented.

To receive the following Internal Audit Opinion (extract YPO Annual Governance Statement (AGS) 2014):

“From the work undertaken by Internal Audit during 2014, key controls were found to be

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adequate to manage associated risks to the required level, with no significant errors, losses or omissions identified. Senior Management has continued to strengthen overall governance arrangements throughout the year, including implementing audit recommendations to improve any areas of control weakness identified from individual Internal Audit reviews. Consequently there are no new key control improvements arising from Internal Audit work that require inclusion in Section 5 of the 2014 AGS.”

Members’ attention was drawn to further details of management actions in addressing recommendations arising from Internal Audit work.

Resolved – (1) That the Annual Audit report, as detailed in Appendix A, be recommended to the Management Committee for formal acceptance.

(2) That the Internal Audit Progress report, as detailed in Appendix B, be endorsed.

32. CONTROL ENVIRONMENT REPORT

Consideration was given to a report of KPMG entitled “Maintaining an Effective Control Environment”.

Members were informed by KPMG that the audit of the financial statements is undertaken in four phases. The report concentrated on the first two which were Planning and Control Evaluation and included a follow up of recommendations made during the previous audit visits.

The overall conclusion that was reached is that the control environment overall is largely effective. Three recommendations were raised for 2014, two of which were now in place and the third was due to be put in place.

Resolved – That the report be noted.

33. 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

34. INTERNAL AUDIT ACTION UPDATE

Consideration was given to a report which provided an update as to the progress made towards actions resulting from internal audits completed at YPO as part of the Annual Audit Plan by Wakefield Council’s Internal Audit.

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

35. RISK REGISTER

A report of the Managing Director provided details of the Strategic Risk Register and Bribery and Fraud Risk Assessments for YPO.

Resolved – That the risks faced by the Organisation be noted.

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36. INTERNAL AUDIT PLAN

Consideration was given to a report of the s151 Officer which provided Members with details of the draft 2015 YPO Internal Audit Plan.

The Plan will be submitted to the next meeting of the YPO Management Committee for formal approval in line with agreed protocols.

Resolved – (1) That the draft Annual Audit Plan 2015 be noted.

(2) That the draft Annual Audit Plan 2015 be submitted to YPO Management Committee for formal approval.

37. SALARY SACRIFICE SCHEME - EMPLOYEE LEASE CAR

Consideration was given to a report entitled "Salary Sacrifice Scheme – Employee Lease Car" which outlined a new employee benefit in the form of a car leasing salary sacrifice scheme.

Members were informed of how the scheme would work and the implications to employees.

Resolved – That the report including risk implications and mitigations be noted.

38. DATE AND TIME OF NEXT MEETING

Resolved – That the next meeting of the YPO Audit Sub-Committee will be held on 1 May 2015 at 10.00 am.

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