

YORKSHIRE PURCHASING ORGANISATION

AUDIT & GOVERNANCE SUB-COMMITTEE

FRIDAY, 8TH NOVEMBER 2024

Present: Councillors: Turner (Kirklees), Frost (Barnsley), Merrett (York), Rehman (Wigan).

1.	CHAIR'S INTRODUCTION & WELCOME
	Introductions took place.
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence were received on behalf of Councillors Baker-Rogers (Rotherham), Lonergan (Knowsley), and Khurram (Bolton).
3.	MEMBERS DECLARATION OF INTEREST
	No declarations of interest were made.
4.	ELECTION OF CHAIR
	Julie Hawley requested nominations for a Chair of the Audit & Governance Sub Committee for the 2024/25 municipal year and shared that Councillor Turner has expressed an interest in the position. Resolved: (1) It was seconded and agreed by all for Councillor Turner (Kirklees) to be elected as Chair.
5.	URGENT ITEMS
	No urgent items were raised.
6.	PREVIOUS AUDIT & GOVERNANCE SUB COMMITTEE MINUTES
	The minutes of the YPO Audit & Governance Sub-Committee held on 5 th July 2024 were approved by all.
7.	YPO GOVERNANCE GROUP UPDATE REPORT
	Julie Hawley (Executive Director Finance) shared the Governance Group update report, which summarises the group's work over the last 15 months and where the group hope to add value in 2025. The group is working well and is now fully established, with the relevant people from across the business attending. Councillor Turner said the work is useful to see and thanked the group for pulling the information together. Resolved: (1) Audit & Governance Sub-Committee Members note and receive the report on the Governance Group's work over the last 15 months, and consider the work programme for 2025.

	<p>(2) Audit & Governance Sub-Committee agreed that the Governance Group report will replace the governance review report that it usually considers in July each year, as the latter is mainly a report on policy updates, and this can be provided by different means.</p> <p>(3) Audit & Governance Sub-Committee agreed that going forward, the Governance Group report will include a short commentary from the Sub-Committee itself, creating a joint officer member report to Management Committee.</p>
8.	AUDIT & GOVERNANCE SUB-COMMITTEE TERMS OF REFERENCE
	<p>Matthew Hirst (Head of Finance) shared the report. Since Audit & Governance Sub-Committee was established in its current form in 2022, CIPFA have published a new Position Statement on Audit Committees. In response, the Governance Group have reviewed the Sub-Committee's 2022/23 terms of reference against the position statement, to identify current good practice and any changes proposed to further enhance the Sub-Committee's contribution to good governance. Following on from that review the group has developed a revised draft Terms of Reference, in consultation with the Lead Authority's Monitoring Officer and S151 Officer.</p> <p>Councillor Rehman asked why the Committee cannot completely fulfil the guidelines. Gillian Marshall explained that in 2015 changes were implemented which affected joint committees, therefore there are certain aspects that YPO as a Joint Committee cannot fulfil, we are aware of this.</p> <p>It was noted that YPO choose to continue with completing an external audit due to the size of the business, although this is not a legal requirement.</p> <p>Resolved: (1) Audit & Governance Sub-Committee note the contents of Appendix 1 (Governance, Risk and Assurance extract from YPO's draft digital constitution).</p> <p>(2) Audit & Governance Sub-Committee agree their revised draft Terms of Reference (Appendix 2).</p>
9.	EXTERNAL AUDIT COMPLETION REPORT
	<p>Matthew Hirst shared the final External Audit completion report and talked through the key headlines of the report.</p> <p>Matthew explained we are bringing this report back to Committee to close the loop, now that the accounts have been fully signed off. There are no changes to the accounts since the discussion in the July Audit & Governance Sub-Committee.</p> <p>Resolved – (1) That the report be noted.</p>
10.	INTERNAL AUDIT PROGRESS UPDATE
	<p>The Service Manager for Internal Audit & Risk at Wakefield Council (Jason Brook) shared the report which provides an update to the Audit and Governance</p>

Sub-Committee on the progress being made against the completion of the Internal Audit Plan for the 2024 calendar year.

Reviews that still need to be completed are shown in the report. Jason noted he is confident the remaining work will be completed in time to complete the Annual Head of Internal Audit Opinion for 2024, which will be submitted to the next Committee meeting.

Jason explained he is planning to send out a survey to Members on the 'Effectiveness of the Audit and Governance Sub-Group Process' to gain feedback in this area, and any suggestions for changes or improvements. Councillor Turner noted his support in completing this survey. Jason said Internal Audit will analyse the results and feed this back to the Committee.

Jason noted that positive assurance is provided to this Committee that:

- Work is on track to be completed in a timely manner.
- There is an effective process in place between YPO and Internal Audit to manage the completion of audit work. This includes a regular meeting with the Head of Finance and the Assistant Financial Controller.

Councillor Rehman asked if internal audit have spent enough time at YPO to understand the requirements and be in a position to complete the audit to a good standard?

Matthew Hirst confirmed that internal audit colleagues are in regular contact, attend the stock takes and good working relationships are in place.

Helen Lisle confirmed that in her role as Non-Executive Director, she sits between the Committees and the YPO Board of Directors, to ensure good governance.

Resolved – (1) That Members note the content of this update report and note the assurances from the Head of Internal Audit and Counter-Fraud that the work will be completed in time to provide a meaningful annual assurance opinion.

11. DRAFT INTERNAL AUDIT PLAN 2025

Consideration was given to the report of the Service Manager for Internal Audit & Risk (Wakefield Council) the purpose of which is to share the draft internal audit plan with the Audit and Governance Sub-Committee as part of the approval process. This will help to ensure that effective engagement has taken place throughout the planning process.

The report also provides an update to the Committee on upcoming changes to internal audit professional standards.

Jason Brook talked through the key headlines of the report and the proposals. This has gone through a process to determine the audit topics brought here for approval.

Jason noted that business continuity has been identified as a gap. The options on this are: Seeking alternative assurance from YPO Management on this area, request that internal audit look at this in place of something else, or accept the risk.

Julie Hawley explained we are currently in the process of reviewing our business continuity plans at the moment. A separate paper can be brought to the meeting in July with further information on that topic.

Helen Lisle raised there are two significant systems coming in over the next 12-months. At the right time it would be useful for an audit to be completed on these systems.

Councillor Rehman asked for further information on Cyber Security plans, and the risk relating to Human capital, diversity, talent management, and retention.

Julie explained that a report with further information on Cyber Security was brought to the committee in July, this can be re-circulated. We have a full programme around the Human capital, diversity, talent management, and retention risk, some of this will trigger next year. It was agreed to bring a report on this to the July Audit & Governance Sub-Committee.

It was noted that a lot of work has been put in with the objective of obtaining an ISO accreditation relating to cyber security also.

Councillor Merrett asked for further information relating to the IT systems high risk. Jason explained that some advisory work has been completed in certain areas so this will be picked up.

It was noted that a paper on the overall progress of systems, including AI aspects and a list of life expectancy of our systems would be useful to see. It was agreed to bring this back to a future meeting.

Helen explained that some debates have taken place at Board meetings recently around the use of AI. Discussions are on-going around finding a balance between IT safety, and the benefits that it can have in certain areas of the business.

It was noted the procurement act has been delayed to February 2025 currently.

Jason shared that changes to the Public Sector Internal Audit Standards (PSIAS) are due to become effective in 2025, Jason shared further information on this.

Jason explained that this introduces a new concept of 'foresight'. This is about moving from what has happened in the past (hindsight) and being in the here and now (insight), to helping an organisation prepare for the future (foresight). Providing such foresight will require good business acumen, utilising data analytics, being objective with the evidence at hand, and providing timely advice and assurance services.

A discussion was held around this, specifically relating to YPO. There are public sector rules to follow whilst also trying to compete in a commercial landscape. This is an on-going balancing act.

Helen noted that YPO's annual business planning process along with the 5-year strategy should support with the foresight element.

	<p>Resolved – (1) The Committee review and provide comments on the draft Internal Audit Plan for 2025, as set out in Table Three (Appendix A provides further detail).</p> <p>(2) That Members consider the options set out in paragraph 3.13 around a potential assurance gap on YPO’s business continuity arrangements. It was agreed for a further report on Business Continuity to be brought back to the July Meeting.</p> <p>(3) Members note the upcoming changes to internal auditing professional standards and arrangements Wakefield Council is putting in place. These have been summarised in Appendix B.</p> <p>(4) It was agreed that the Cyber Security report that was brought to the July meeting will be re-circulated with the minutes of today’s meeting.</p> <p>(5) It was agreed that a report focussing on the ‘Human capital, diversity, talent management, and retention’ risk will be brought to the July Audit & Governance Sub-Committee.</p> <p>(6) It was agreed that a report on the overall progress of systems, including AI aspects and a list of life expectancy of our systems would be useful to see. It was agreed to bring this back to the July meeting.</p>
12.	INTERNAL AUDIT – VERBAL UPDATE TO MEMBERS
	<p>The Service Manager for Internal Audit & Risk (Wakefield Council) provided a verbal update on the status of internal audit activity to Members.</p> <p>Resolved – (1) That the verbal update be noted.</p>
13.	EXCLUSION OF THE PUBLIC AND PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 14 - 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>
14.	RISK REGISTER, BRIBERY & FRAUD UPDATE
	<p>Consideration was given to the report presented by the Head of Finance (Matthew Hirst) that focusses on anti-bribery measures.</p> <p>There are no proposed changes to the anti-bribery policy statement.</p> <p>Matthew shared updates following the review that has taken place.</p> <p>Resolved – (1) That the Audit & Governance Sub-Committee consider the report, including the YPO Board’s review comments, and the bribery risk register attached at Appendix 1.</p>

15.	ENVIRONMENTAL DASHBOARD
	<p>Matthew Hirst (Head of Finance) shared the report and shared a live demo of the dashboard. Matthew talked through the content of the dashboard and how we use this to ensure we are on track to hit our net zero targets.</p> <p>Matthew explained we are looking to breakdown the targets further to monthly, quarterly, etc. going forward.</p> <p>We are currently completing some work to raise awareness across the business. We have new recycling bins in place with clearer signage. We are continually looking at automating processes and improving the data.</p> <p>Councillor Merrett asked what YPO are doing regarding scope 3, and if this is going to lead to a full strategy on what we will be doing in future?</p> <p>Julie explained we are focussing on our own carbon footprint at the moment, but scope 3 is in the future plans and we will be looking for external support with this. We are actively working on our future strategies. We have a new Social Value Manager starting with the business very soon who will be a large part of this.</p> <p>Resolved – (1) That members note the content in this report and in the dashboard demonstration.</p>
16.	HEALTH & SAFETY UPDATE
	<p>Julie Hawley explained some background information on this report.</p> <p>Jacquie Lightfoot (Executive Director Operations) talked through the Health & Safety update report, which focusses on Fire Safety Legal Compliance.</p> <p>Jacquie explained that we recently commissioned a full fire risk assessment, as well as working with Wakefield council on further due diligence to identify gaps in our processes.</p> <p>The actions identified from this process are currently being completed. This is an on-going process.</p> <p>The outstanding actions are on track to be completed by the dates stated in the report.</p> <p>Resolved – (1) That the committee note the contents of the report.</p> <p>(2) It is noted that the H&S committee continue to monitor fire safety actions.</p> <p>(3) It is noted that the responsible person and Board continue to meet with the Health & Safety Manager to continue effective communication on all fire safety matters.</p> <p>(4) It is noted that YPO's fire risk assessment will be reviewed in 2025 (this is a 3 yearly requirement).</p>

17.	YEAREND CLOSEDOWN TIMETABLE
	<p>Matthew Hirst (Head of Finance) shared the report which informed Members of the contents of the provisional 2024 Closedown Timetable.</p> <p>Matthew noted that the dates are still currently provisional with Mazars at this time, but we are working towards bringing the audited accounts to the July Committee meetings.</p> <p>Resolved – (1) That the provisional timetable shown in Appendix 1 is approved.</p>
18.	TREASURY MANAGEMENT PROGRESS REPORT
	<p>Caroline Carter (S151 Officer) talked through the Treasury Management Progress report, which provides information on treasury management activities up to 30th September 2024 and confirms that those activities comply with the 2024 Investment Strategy which was approved by this Committee on 3rd November 2023.</p> <p>Caroline explained YPO are accessing some new bank accounts which will improve the interest gained, and noted all loan re-payments are on track.</p> <p>Resolved – (1) Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2024 to 30th September 2024 in accordance with the agreed strategy.</p> <p>(2) Members considered and approve the proposed investment strategy for 2025 (as detailed at appendix 2).</p> <p>(3) Members note that the outturn report will be presented to this Committee in July 2025.</p>
19.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Governance Sub Committee is proposed to be held on 4th July 2025, 10.30am.</p>