

# YORKSHIRE PURCHASING ORGANISATION

## AUDIT & GOVERNANCE SUB-COMMITTEE

FRIDAY, 19<sup>TH</sup> JULY 2024

**Present:** Councillors: Turner (Kirklees), Frost (Barnsley), White (North Yorkshire), Merrett (York).

<b>1.</b>	<b>ELECTION OF A TEMPORARY CHAIR</b>
	Nominations were requested for a temporary Chair of the Audit & Governance Sub Committee.  <b>Resolved:</b> (1) It was seconded and agreed by all for Councillor Turner (Kirklees) to be elected as the meeting Chair.
<b>2.</b>	<b>CHAIR'S INTRODUCTION &amp; WELCOME</b>
	Introductions took place.
<b>3.</b>	<b>ACCEPTANCE OF APOLOGIES FOR ABSENCE</b>
	No apologies for absence were received prior to the meeting.
<b>4.</b>	<b>MEMBERS DECLARATION OF INTEREST</b>
	No declarations of interest were made.
<b>5.</b>	<b>URGENT ITEMS</b>
	No urgent items were raised.
<b>6.</b>	<b>PREVIOUS AUDIT &amp; GOVERNANCE SUB COMMITTEE MINUTES</b>
	<b>Resolved –</b> (1) The minutes of the YPO Audit & Governance Sub-Committee held on 3 <sup>rd</sup> November 2023 were approved by all.  Simon Hill explained that the energy trading report has been uploaded to the members website. This will be discussed further with Members in the informal business update session in September.
<b>7.</b>	<b>AUDIT &amp; GOVERNANCE SUB COMMITTEE TERMS OF REFERENCE &amp; WORK PROGRAMME 2024-2025</b>
	Consideration was given to the report of the Managing Director which provided members with an overview of the work scheduled for the 2024/25 committee cycle.  The report also proposed the Terms of Reference, Principal Agenda Items, and 2024/25 Meeting Schedule.  It was noted that since YPO established the Audit & Governance Sub-Committee in its current form in 2022, CIPFA have published a new position

	<p>statement on Audit Committees in Local Authorities. In the second half of 2024 we propose to further review the sub-committee's terms of reference and work programme against the CIPFA position statement, to identify current good practice and any changes needed to further enhance the sub-committee's contribution to good governance. A report on this will be brought back to the Audit &amp; Governance Sub-Committee meeting in November 2024.</p> <p><b>Resolved</b> – (1) That the report be noted and submitted to the Management Committee for sign off by all Members.</p>
8.	<p><b>LOCAL CODE OF GOVERNANCE &amp; ANNUAL GOVERNANCE STATEMENT 2023</b></p>
	<p>The Managing Director (Simon Hill) talked through the report. This is an annual report that sets out YPO's compliance with the requirements of the Accounts &amp; Audit Regulations 2015 and CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) which has three key steps:</p> <ul style="list-style-type: none"> <li>▪ Publish a Local Code of Governance that sets out how YPO delivers the principles of the 2016 Framework (Appendix 1).</li> <li>▪ Conduct an annual review of the effectiveness of our governance arrangements in practice.</li> <li>▪ Report the results of the annual review in an Annual Governance Statement and publish it with the Statement of Accounts (Appendix 2).</li> </ul> <p><b>Resolved</b> - (1) The Audit &amp; Governance Sub-Committee agree the updated Local Code of Governance and the draft Annual Governance Statement 2023.</p>
9.	<p><b>RISK MANAGEMENT FRAMEWORK</b></p>
	<p>Julie Hawley (Executive Director) talked through the Risk Management Framework Report and shared that the Risk Management system is now live, and risks are now managed live on the system at the YPO Board meetings as well as at all levels across the business.</p> <p>Councillor Merrett asked what we are doing now compared to previously? Julie explained that each operational area is now responsible for their own risk registers and they are reviewed on a much more regular basis.</p> <p><b>Resolved</b> – (1) That the Audit &amp; Governance Sub-Committee note progress on implementation of the new RM system and the wider benefits it has delivered to risk management across YPO.</p> <p>(2) That the Audit &amp; Governance Sub-Committee note that the Risk Management Strategy &amp; Framework has been reviewed and no changes are proposed at this time, with the exception of an update by the YPO Board to their Statement of Risk Appetite.</p> <p>(3) That the Audit &amp; Governance Sub-Committee note the updated Statement of Risk Appetite.</p>

<b>10.</b>	<b>PAY POLICY &amp; LOCAL LIVING WAGE</b>
	<p>Simon Hill (Managing Director) shared the Pay Policy and Local Living Wage report. The purpose of this report is to ask Audit and Governance Sub-Committee to note and discuss the changes to YPO's Pay Policy for Apprentices and the Local Living Wage, prior to formal ratification at full Management Committee.</p> <p><b>Resolved</b> – (1) That the Audit and Governance Sub-Committee note and ratify these changes prior to this paper progressing to full Management Committee for formal ratification.</p>
<b>11.</b>	<b>POLICIES &amp; PROCEDURES REVIEW</b>
	<p>Consideration was given to a report of the Head of Finance entitled Policies &amp; Procedures Review.</p> <p><b>Resolved</b> - (1) That Members note the contents of the table at appendix 1.</p>
<b>12.</b>	<b>EXTERNAL AUDIT COMPLETION REPORT</b>
	<p>Jordan Townend and Shaun Mullins (Mazars) shared the External Audit completion report.</p> <p>Jordan talked through the key headlines of the report and addressed the going concern, and the valuation of the building.</p> <p>Jordan talked through the table in the report that addresses the key audit items.</p> <p>Jordan noted Mazars appreciation for the work undertaken, and the positive relationship with the YPO finance team.</p> <p>Simon Hill noted that this is a non-statutory audit of the accounts, but we feel it is right we do this for assurance for our members. However, this gives us the flexibility for the changes to the way in which the accounts are presented.</p> <p><b>Resolved</b> – (1) That the report be noted.</p>
<b>13.</b>	<b>AUDITED STATEMENT OF ACCOUNTS</b>
	<p>Consideration was given to the report of the Head of Finance which provided Members with the details of the Audited Statement of Accounts for 2023.</p> <p>Julie Hawley (Executive Director) talked through the report and accounts.</p> <p>Councillor Turner noted the profit of £8M is a huge achievement and noted his thanks to all YPO staff for their efforts in achieving this result.</p> <p>Councillor Merrett asked for further information on the non-recurring items. Julie Hawley explained this relates to the digital transformation investments. Simon Hill noted we are now seeing the results of the investment flowing through.</p> <p><b>Resolved</b> – (1) That the outstanding audit matters, and nil impact when resolved, are noted.</p>

	(2) That the Committee review and approve the accounts to be signed by the Chairperson and Chief Finance Officer at WMDC following the meeting.
<b>14.</b>	<b>ASSURANCE REPORT – CLIMATE CHANGE, BIODIVERSITY, AND ENVIRONMENTAL SUSTAINABILITY</b>
	<p>This report arises from a request by the Audit &amp; Governance Sub-Committee to follow up potential areas of risk identified in a report from Wakefield’s Service Manager for Internal Audit &amp; Risk, to the Sub-Committee in November 2023.</p> <p>In the absence of specialist audit assurance work from IA, at the request of the Audit &amp; Governance Sub-Committee, this report sets out what other arrangements YPO has in place to provide assurance that climate change, biodiversity and environmental sustainability risks are being identified, assessed, and mitigated effectively and considers:</p> <ul style="list-style-type: none"> <li>• ISO 14001 – Environmental Management accreditation (including Aspects &amp; Impacts, Legislative Obligations and Risk &amp; Opportunities Registers).</li> <li>• Activity across the Social Value and Sustainability Department (including working groups).</li> <li>• External Support.</li> <li>• Risk Management at YPO.</li> </ul> <p>Councillor Merrett asked when the environmental dashboard will be available. Julie Hawley stated this is currently available in a spreadsheet format. It was agreed to bring this spreadsheet to the next meeting.</p> <p><b>Resolved</b> – (1) That the Audit &amp; Governance Sub-Committee note the arrangements in place to identify, assess and mitigate climate change, biodiversity and environmental sustainability risk.</p> <p>(2) That the Audit &amp; Governance Sub-Committee note the arrangements in place to seek assurance from independent third parties that climate change, biodiversity and environmental sustainability risk is being managed effectively.</p> <p>(3) That the Environmental dashboard spreadsheet be brought back to the next Audit &amp; Governance Sub-Committee.</p>
<b>15.</b>	<b>EXCLUSION OF THE PUBLIC AND PRESS</b>
	<b>Resolved</b> – That the public and press be excluded from the meeting during consideration of agenda items 16 - 22 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.
<b>16.</b>	<b>ASSURANCE REPORT – DIGITISATION</b>
	<p>This report arises from a request by the Audit &amp; Governance Sub-Committee to follow up potential areas of risk identified in a report from Wakefield’s Service Manager for Internal Audit &amp; Risk, to the Sub-Committee in November 2023.</p> <p>In the absence of specialist audit assurance work from IA, at the request of the Audit &amp; Governance Sub-Committee, this report sets out what other</p>

	<p>arrangements YPO has in place to provide assurance that information security risks are being identified, assessed, and mitigated effectively to minimise digital disruption, and considers:</p> <ul style="list-style-type: none"> <li>• YPO risk management arrangements</li> <li>• Cyber (information security) insurance cover</li> <li>• ISO27001 Information Security Management System (ISMS) accreditation</li> </ul> <p>Councillors asked various questions on the report, and explanations were provided by Officers.</p> <p><b>Resolved –</b> (1) That the Audit &amp; Governance Sub-Committee note the arrangements in place to identify, assess and mitigate information security risk and the potential for digital disruption that might arise from it.</p> <p>(2) That the Audit &amp; Governance Sub-Committee note the arrangements in place to seek assurance from independent third parties that information security risk is being managed effectively.</p>
17.	<b>INTERNAL AUDIT ACTION UPDATE</b>
	<p>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 Internal Audit.</p> <p>Matthew explained that we have dedicated time planned in with internal audit and we are confident all actions will be complete by the end of this year.</p> <p><b>Resolved –</b> (1) That the Audit &amp; Governance Sub-Committee note the progress on completing Internal Audit actions.</p>
18.	<b>ANNUAL ASSURANCE OPINION 2023</b>
	<p>Consideration was given to the report of the Service Manager for Internal Audit &amp; Risk (Wakefield Council) which provides Members with an update on the strength of YPO's governance, risk management, and control environment.</p> <p>Jason Brook talked through the table contained within the report, and shared there is a good working relationship with the finance team at YPO.</p> <p><b>Resolved –</b> (1) That the Internal Audit Opinion Report be noted.</p>
19.	<b>STRATEGIC RISK REGISTER</b>
	<p>Matthew Hirst (Head of Finance) talked through the Strategic Risk Register Report.</p> <p>Caroline Carter (S151 Officer – Wakefield) suggested that YPO may wish to include a target for risks going forward, so risks can be tracked against target levels. Matthew agreed and explained we are continuously looking at the system and improvements we can make on its usage.</p> <p><b>Resolved –</b> (1) That the Audit &amp; Governance Sub-Committee note this report</p>

	<p>and the 'Strategic Risk Score Comparison' report and identify any questions they wish to raise with risk owners (YPO Board).</p> <p>(2) That the Audit &amp; Governance Sub-committee identify any further RM system reports that may be useful for them in performing their oversight role.</p> <p>(3) It was agreed to implement risk targets going forward.</p>
<b>20.</b>	<b>WMS/ SQL UPDATE</b>
	<p>The Executive Director – Operations (Jacquie Lightfoot) talked through the WMS / SQL update report and shared the status of the project.</p> <p>Jacquie talked through the risk implications table at appendix 1 and the timescales around this.</p> <p><b>Resolved</b> – (1) That the committee agree to the recommendation to continue with the implementation date as planned.</p>
<b>21.</b>	<b>FRAUD PREVENTION MEASURES UPDATE</b>
	<p>Consideration was given to the report of the Managing Director, which shares the fraud prevention measures in place at YPO.</p> <p>Matthew Hirst (Head of Finance) shared the report and the headlines around the key pieces of work to continually improve the fraud prevention measures at YPO.</p> <p><b>Resolved</b> – (1) That the Audit &amp; Governance Sub-Committee note the measures in place across YPO to minimise the risk of fraud and to manage fraud discovery, investigation and reporting.</p>
<b>22.</b>	<b>TREASURY OUTTURN REPORT</b>
	<p>Caroline Carter (S151 Officer) talked through the Treasury Management Progress report.</p> <p><b>Resolved</b> – (1) That Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2023 to 31st December 2023 in accordance with the agreed strategy.</p> <p>(2) That Members consider any potential amendments Members may wish to include in the Investment Strategy for 2025 (appendix 2).</p>
<b>23.</b>	<b>DATE AND TIME OF NEXT MEETING</b>
	<p><b>Resolved</b> – (1) That the next meeting of the YPO Audit &amp; Governance Sub Committee is to be held on 8<sup>th</sup> November 2024, 10.30am.</p>