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AUDIT, RISK AND ASSURANCE COMMITTEE HIGHLIGHT REPORT TO BOARD

This report provides the Board with key escalation and discussion points at the last Committee meeting. A full list of items discussed appears at the end of the report to enable members to raise any questions to the Chair which have not been drawn out in the report. The papers for these meetings can be found by following this [link](#) to the Committee page on the Trust website.

Trust Board Meeting Date	25 September 2025
Committee Meeting Date	02 September 2025
Chair	Peter Curran

KEY ESCALATION AND DISCUSSION POINTS

ALERT

(Alert the Board to areas of attention)

1. The revised **Standing Financial Instructions** (SFIs) were reviewed by the committee and are **before the board at this meeting for approval**. Amendments were made to Chapter 11 (procurement section) of the SFIs by Welsh Government in response to the Procurement Act 2023 and the Health Services (Provider Selection Regime) (Wales) Regulations 2025 and their associated subordinate instruments. The changes align with broader governmental objectives, such as the Future Generations Act, aiming to embed well-being and sustainability into procurement decisions. The NHS Wales Shared Services Procurement team have now introduced new processes to ensure the Trust's procurement processes align with the legislation and the SFIs. The Trust is working with procurement to embed the internal processes with further training, where required, being developed.
2. Oversight of **near miss and low harm intelligence reporting** sits with the Quality, Patient Experience and Safety Committee (QuEST). ARAC receives annual assurance, similar to the approach taken with the Speaking Up Safety report, aligned with HFMA guidance. The latest assurance report from the Chair of QuEST provided only limited assurance, citing ongoing challenges within the Putting Things Right (PTR) Team to progress cultural work necessary to improve near miss reporting. Specifically, the PTR team are dealing with continued high levels of demand resulting from system pressures and increased investigation complexity. ARAC noted comments from the Executive Director of Quality and Nursing that the immediate priority is the PTR recovery plan to improve statutory and regulatory compliance. As a result, improvements in near miss and low harm reporting may not be forthcoming in the short term. ARAC has asked QuEST to keep this issue under active review and ensure it is not lost within the wider PTR recovery work. An update will be provided in six months, rather than waiting for the annual assurance cycle.
3. The **Risk Management Policy** (attached at Annex 1) was endorsed for approval by Trust Board. There were non-material updates to the policy.



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ADVISE

(Detail any areas of on-going monitoring, approvals, or new developments to be communicated)

4. A **pre-meet** was held with Audit Wales, Internal Audit and the committee Non-Executive Directors ahead of the meeting.
5. Following its 2024/25 effectiveness review, this committee (ARAC) initiated a **strategic assessment of the Trust's governance framework** to ensure it remains proportionate, aligned and fit for purpose. This is also a committee priority for 2025/26. This work responds to concerns around committee structure, meeting volume and increasing Non-Executive Directors in attendance, particularly for quoracy. The aim is to streamline oversight while maintaining assurance. Early mapping against strategic objectives suggests minimal change to the People and Culture, QUEST, Charity and Remuneration Committees, with more substantive proposals under consideration for the Finance and Performance Committee and ARAC. Pending options being presented to ARAC in December, which may include transferring the remit of the Academic Performance Committee (APC) to other committees, APC will continue to meet through 2025/26 to oversee the research portfolio and support the embedding of the Health Care Research Wales governance framework. ARAC agreed that the term "effectiveness reviews" be replaced with "quality and governance reviews," going forward to better illustrate their purpose.
6. The **All-Wales Audit Committee Chair's (AWACC) highlight report** was received, looking back at the activity over the last year. Peter Curran, Chair of ARAC, has taken over the Chair of AWACC for 12 months and will consider a reset to the committee's approach following a survey of Members and their expectations for its remit.
7. Members **reflected** that the meeting was open and lively, with recognition of ongoing maturity in risk management and integrated governance. The quality and succinctness of the reports were highlighted as supporting effective discussion, and there was acknowledgment of visible progress in audit work and governance. Overall, the session was viewed as very positive, with clear advancements in key areas, and with effective chairing.

ASSURE

(Detail here any areas of assurance the Committee has received)

8. **Audit Wales** confirmed that the main annual accounts audit had been completed and presented at the previous committee meeting, with no issues identified, and the Trust was commended for achieving a balanced financial position and strong financial management. The 2025/26 Structured Assessment is underway, with the deep dive for 2025/26 being a review of the arrangements to manage estates (due to be reported in March 2026). A review of NEPTS is also planned for later in the year. The deep dive review of investment in digital systems to support service resilience and transformation is also underway, with the Trust recently completing a self-assessment to inform the work. It is anticipated that the Structured Assessment and the Unscheduled Care Output Report will be available for the December ARAC meeting. A helpful link for board members with respect to cost savings arrangements was shared and is here for reference: [Cost Savings Arrangements: A Checklist for NHS Board Members](#).



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9. **Internal Audit** reported good progress against the 2025/26 plan with all KPIs showing as green. The following changes to the plan were agreed by the committee:
- (a) The scope of the capital provision audit has now been confirmed as a focus on the Ambulance Replacement Programme.
 - (b) The audit planned for Remote Clinical Support will be replaced with a review of the Clinical Prioritisation and Assessment Software (CPAS) Group (the governance and workflow). This is due to the number of high-level changes currently flowing through CPAS with the implementation of the Clinical Model Transformation Programme. The Remote Clinical Support audit will take place in Q1 2026/27. Members were assured that these changes were appropriate.
10. The following Internal Audit reviews were completed during the quarter and presented to the Committee. Members reviewed the action plans that accompanied the audits and were assured they were appropriate and timely.
- **111 Website – Limited Assurance.** This is the last audit for the 2024/25 audit plan and had been delayed due to resourcing issues. It was taken in closed session due to the sensitive nature of management actions. The purpose of the review was to assess whether the 111 Wales website enables secure and effective provision of patient services. Members noted that the business case for recurrent resources has been submitted to Welsh Government and is key for several of the mitigations in a recently developed corporate risk for the website. The Finance and Performance Committee will discuss the audit in more detail at their September meeting.
 - **Manchester Arena Inquiry – Substantial Assurance.** The purpose of this review was to review the progress made by the Trust to address and learn from the recommendations raised from the Manchester Arena Inquiry; and to assess the governance and reporting arrangements established, including a validation exercise to support the closure of actions.
- One medium-priority recommendation relating to MIST training was considered appropriate and will be monitored via the tracker by the Finance and Performance Committee. ARAC was able to take substantial assurance from the approach adopted by the team undertaking work connected to the MAI recommendations, including their logging of activity, approvals by relevant and necessary fora, and the evidence retained in support of concluding recommendations. Eighteen recommendations requiring financial investment have been referred to the Joint Commissioning Committee (JCC), with further discussions planned in the coming months. Members noted that the Trust remains at risk should a major incident occur before funding decisions are made, as some recommendations cannot be implemented without additional resources.
- **Organisational Change – Reasonable Assurance.** The purpose of this review was to evaluate the processes in place within the Trust to effectively manage organisational change. The audit found that organisational change processes are developing but need clearer guidance, better planning, consistent application, and improved monitoring. A high-priority finding and several medium-priority findings were accepted by management, with appropriate actions planned.



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The importance of embedding lessons learned and benefits realisation through regular post-change reviews was emphasised, as was the need to view organisational change through a risk lens, highlighting the cumulative impact of multiple changes (both transformational and business-as-usual) on staff and the organisation. A heatmap is in development to visualise where change is concentrated and its potential risks. Members heard that the new tracker and checklist will help triangulate data and enable early, proactive mitigation of risks, such as increased staff turnover or attendance issues linked to change. People partners will play a key role in sharing information and identifying early warning signs. The People and Culture Committee will have oversight of these audit actions.

11. The Trust continues to progress its **Integrated Governance Programme**, which aims to streamline and unify governance structures and practices from 'floor to board'. Following the initial framework and tiering principles presented to ARAC in March 2025, the programme has moved into its next phase, focusing on practical tools and cultural improvements to enhance governance consistency, clarity, and accountability across the organisation.

New front covers and SBARN templates were well received by the committee as was the writing and presentation guidance. The committee reviewed and endorsed the outline of the Accountability, Assurance and Governance Handbook which is a new resource for the Trust. This Q3 deliverable brings together, for the first time, a comprehensive view of our governance, risk and assurance arrangements, and provides practical tools and guidance to strengthen governance capability across all levels.

12. The committee received annual assurance from the Chair of the People and Culture Committee (PCC) regarding the Trust's **Speaking Up Safely** framework. Similar to the near miss report above, oversight of Speaking Up Safely sits with PCC, with annual assurance provided to ARAC aligned to HFMA guidance. This report demonstrated significant progress in embedding a culture that enables staff and volunteers to raise concerns confidentially, supported by the appointment of a full-time lead Guardian. The committee took assurance from the robust processes in place, and the ongoing commitment to further develop the framework, while recognising that achieving sustainable culture change is a long-term ambition. The committee will continue to monitor progress through regular reporting and engagement with the lead Guardian and People and Culture Committee.

13. The Trust's **policy work programme for 2025–26** has been revised from 62 to 55 policies following the deferral of seven items due to team capacity and interdependencies. While the original compliance target was 95% by March 2026, current projections suggest an achievable rate of 85%, with further review planned in Quarter 3. Notwithstanding the current slippage in the programme, the committee noted that progress remains positive, with compliance improving from 14% in September 2023 to a projected 50% in Quarter 3. ARAC will receive an update on that trajectory in December.

14. In May 2025 the board received a list of **changes to operating arrangements** for the board and its committees following the 2024/25 effectiveness reviews. There has been good progress, and no escalations were made.



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15. The **Losses and Special Payments** were reviewed for the period from 01 April – 31 July 2025 and noted as being -£1.812 million. This relates to actual payments made, less the reimbursements received from the Welsh Risk Pool and does not relate to any adjustments made to the provision. During the four-month period to July 2025 the reimbursements received exceeded payment made by £1.812m.
16. The committee received the **Q1 2025/26 Audit Tracker** update. While the closure rate for internal audit actions fell to 23 percent (from 51 percent in Q4), there was positive progress in actions being closed on time and fewer revised deadlines, indicating more realistic initial timeframes. Forty-five percent of external audit recommendations were closed during the quarter. Twelve internal audit actions reached their final revised deadlines. Directors or deputies attended to confirm these dates are achievable and that associated risks are not worsening. One action, relating to 111 Commissioning, was closed during the meeting
17. The committee's **cycle of business monitoring report** was reviewed with no matters to escalate.
18. In private session the Committee received **the Local Counter Fraud** update report for the period 01 April 2025 to 31 July 2025. This report included a summary report from the NHS Counter Fraud Authority (NHSCFA) engagement visit in March 2025 and a related action plan. This engagement report provided assurance to the committee on the proposed actions to be completed by the Local Counter Fraud Service to address the NHSCFA recommendations from this visit. The counter fraud update included a summary of ongoing investigations: 11 cases have been closed in this period, with seven new referrals having been received. Additionally, **the tender update and single tender awards** were also received in private session, as was the audit tracker related to the Technical Resilience and Cyber Security Internal Audit recommendations.

RISK MANAGEMENT

19. The risk report was received which describes key elements of the **2025/26 risk management work programme** for committee's oversight. Members were assured in respect of the **Trust's principal risks** with no material changes this period. The full Board Assurance Framework (BAF) is available in the reading room.
20. Triangulation of the Manchester Arena Inquiry (MAI) Internal Audit Report against **Risks 594 and 641** were included noting ongoing discussions with the Joint Commissioning Committee to resolve the outstanding recommendations from the MAI Inquiry. Similarly, the Organisational Change Internal Audit Report was contextualised against **Risks 160, 163 and 558** in relation to sickness absence, trade union relationships, staff wellbeing and burnout seen as key factors in change management.
21. Members were assured that, despite multiple issues including patient harm and broader reputational and stakeholder risks, affecting the high rated score of **Risk 201**, these areas will be disaggregated into separate risks for more accurate scoring and future management. **Risk 542** will be presented utilising the new manage and monitor template at the December 2025 meeting.
22. In private session, Members received assurance on the detail of **Risk 620** and **Risk 260** noting that there were no material changes during this period. A focus on the likelihood score for both risks will be included at the closed FPC in September 2025.



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23. The six **risk appetite statements** will be presented at the Board Development Day on 19 September 2025 ahead of Board approval.
24. Members welcomed Dan King, the Trust's **new Risk Manager** who is supporting the enterprise risk management programme and is exploring options for a new electronic risk management system for 2026/27.

COMMITTEE AGENDA FOR MEETING IN JUNE

Standing Financial Instructions Changes	Internal Audit: - Progress report - MAI Audit - OCP Audit - Amendments to 25/25 plan	Audit Wales Update Report
Risk Management and BAF	Risk Management Policy	2025/26 effectiveness reviews
Integrated Governance Programme	Mid year review of changes to board and committee operating arrangements	Audit tracker
Bi-annual policy report	Assurance to ARAC on Speaking Up Safely Framework	Assurance to ARAC on Near Misses
Losses and special payments		

COMMITTEE ATTENDANCE

Name	1 May 2025 ¹	24 Jun 2025 ²	2 Sep 2025	2 Dec 2025	2 Mar 2026	
Peter Curran						
Ceri Jackson						
Rhiannon Beaumont-Wood						
Chris Turley						
Audit Wales	Fflur Jones	Fflur Jones	Fflur Jones			
Julie Boalch						
Judith Bryce	Jon Sweet		Pete Brown			
Christian Fox						
Carl Kneeshaw						
Osian Lloyd						
Trish Mills						
Liam Williams		Wendy Herbert				
Carl Window						
Damon Turner						

	Attended
	Deputy attended
	Apologies received
	No longer member

¹ The chairs of the Finance and Performance Committee (Jayne Beeslee) and QUEST (Bethan Evans) were in attendance for the committee effectiveness reviews

² Jason Killens, CEO, joined for the presentation and endorsement of the annual report and audited accounts