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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.

<b>Trust Board Meeting Date</b>	31 July 2025
<b>Committee Meeting Date</b>	24 June 2025
<b>Chair</b>	Peter Curran

### KEY ESCALATION AND DISCUSSION POINTS

#### ALERT

(Alert the Board to areas of attention)

1. The **2024/25 Audited Financial Accounts** were presented and endorsed for approval by the board. Audit Wales were in attendance. The committee noted:
  - Total income was £325.2 million, with a corresponding expenditure, resulting in the break-even position. Key balance sheet items included a small reduction in debtors, a decrease in cash in bank, and a reduction in creditors. The capital expenditure limit was met with a spend of £20.5 million.
  - Audit Wales reviewed the accounts and provided their opinion. They noted the accounts were prepared in accordance with the required standards and provided a true and fair view of the Trust's financial position. A minor adjustment was noted regarding the treatment of benefits in kind for non-executive directors, which would be included in the final version of the accounts. The accounts were found to be robust and compliant with the relevant standards. The detailed work by the finance team was acknowledged and appreciated.
  
2. The **ISA 260** was presented by Audit Wales and the committee noted:
  - Audit Wales intends to issue an unqualified (clean) audit opinion on the accounts, subject to receiving the signed letter of representation.
  - The materiality for the audit was updated to just over £3.2 million, with a clearly trivial threshold of £163,000. Certain areas, such as the remuneration report and related party disclosures, had lower materiality levels due to their sensitivity.
  - No significant issues were identified during the audit. Some misstatements were corrected by management, but none impacted the final figures in the accounts. The corrected misstatements included adjustments to expenditure and income, reclassification within trade and other payables,



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updates to the contingent liabilities note, and inclusion of omitted related party transactions.

- The standard letter of representation was requested to be signed by the Trust Board, with no additional wording required.
  - Audit Wales emphasised the compliance with ethical standards during the audit and thanked the finance team for their cooperation and improvements from the previous year.
3. The **2024/25 Annual Report** was presented and endorsed for board approval. The committee noted:
- The annual report consists of two parts: the performance report and the accountability report, developed in accordance with the Welsh Government Manual for Accounts.
  - The board had an opportunity to review the report in draft form previously and it has undergone scrutiny by Audit Wales and Welsh Government.
  - There are plans to start the report preparation earlier next year to streamline the process and reduce duplication. There is also an intention to coordinate with other end-of-year reports and consider creating an easy-read version for better accessibility.
  - All those involved in the development of this substantial report, showcasing the excellent work of the Trust in 2024/25 was recognised and commended.
4. A **non-compliance with Standing Orders** was reported and is brought to the board's attention. This related to the approval of settlement agreements for two employees in respect of Employment Tribunal cases. Due to an internal oversight, approval in each of these cases was not sought from the Chief Executive, Remuneration Committee or Welsh Government prior to entering into settlement negotiations. Retrospective approval was provided by the Remuneration Committee at its 3 June 2025 meeting. Adjustments have been made to internal controls to avoid future issues.
5. There was one **limited assurance internal audit** presented (Start of Shift Procedure – see paragraph 12).

## ADVISE

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

6. A **pre-meet** was held with Audit Wales, Internal Audit and the committee Chair ahead of the meeting.
7. The **No PO No Pay Policy** was received and will be presented to the Finance & Performance Committee for approval in line with the separate delegations set out in the Terms of Reference for financial policies and those for financial procedures. The national policy changes are intended to enhance compliance and streamline processes.



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8. Members **reflected** that the high standard and quality of work and presentations reflect the professionalism and dedication of the staff involved. Members emphasised the importance of collaborative effort and the professionalism demonstrated by all participants, highlighting the effective teamwork across different roles and departments. They acknowledged the difficulty in achieving a balance between detail and conciseness in the reports and congratulated the team for striking this balance effectively, making the reports both comprehensive and accessible.

## ASSURE

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

9. The Audit **Wales** update report was received. The 2025/26 Structured Assessment brief has been agreed and work 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). The 2024/25 deep dive review of investment in digital systems to support service resilience and transformation is due to be reported to ARAC in November.
10. The **WAST Urgent and Emergency Care – Arrangements for Managing Demand** report was presented by Audit Wales and will be before the board at its July meeting. The UEC work by Audit Wales examined different aspects of the urgent and emergency care system in three parts:
- Part One: Flow out of hospital (not applicable to the Trust)
  - Part Two: accessing urgent and emergency care (this report)
  - Part Three: national arrangements and leadership structures

The committee heard that the report highlighted the positive changes made by the Trust in managing urgent and emergency care demand, but members acknowledged the importance of collaboration with Health Boards to address systemic challenges and improve patient outcomes, expressing concern about the number of patients coming to harm due to handover delays and the need for urgent action. Members noted the need to consider a formal engagement plan to enhance communication and coordination within the wider system and noted the ongoing challenge of fragmented data systems, stressing the need for integrated data to have full visibility of patient pathways. The Committee noted the issue of Health Boards' legal responsibility to trigger the Duty of Candour for patients harmed by handover delays and that the triangulation of the data available could inform future audit activities.

11. The **2024/25 Head of Internal Audit Opinion** was received, and the committee commended the reasonable assurance rating, meaning that the Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Members were assured that sufficient audit work was undertaken during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards. The Head of Internal Audit Report is attached at **Annex 1**, and the board will note there were two substantial assurance audits, 13 reasonable with assurance, and four with limited assurance. Additionally, there was one advisory review. All service performance indicators for 2024/25 were green and members commended both management and Internal Audit for this achievement and for fostering strong, collaborative working relationships.

12. 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 (subject to a clarification on the seasonable forecasting and modelling audit) they were appropriate and timely. There is one review that was slightly delayed (111 Wales Website) which is in draft and will be presented to the next meeting:

- **Start of Shift Procedure – Limited Assurance.** The purpose was to assess compliance with the Shift Start and Finish Standard Operating Procedure (SOP), including the preparation of vehicles and to ensure that key equipment and medicines are available.

The SOP sets out an agreed process for staff during the commencement and completion of operational shifts, which includes coverage to comply with the requirements of the Road Traffic Act 1998. These arrangements exist to ensure increased efficiencies at the commencement of each shift and clearly set out the requirements that should be followed by staff when they start their shift.

The existing vehicle accident management task and finish group will be expanded to address the findings from this audit, given the correlation with the vehicle daily inspection forms. Members heard that vehicle checks are being done, but improvement was needed on the recording and reporting thereof. The task and finish group will work on an alternative system for recording and reporting. Time constraints and the immediate need to respond to calls were identified as barriers to recording checks. The task and finish group will explore solutions to improve efficiency.

One objective was classified as substantial assurance (staff book onto the MDT immediately at the commencement of shift), two as reasonable, and three as limited. Two high and three medium priority management actions were raised. The Finance and Performance Committee has an oversight of the audit actions and will receive this report at its July meeting.

- **Follow Up Audit 2024/25 – Reasonable Assurance.** The purpose of this review was to provide assurance on the status of implemented recommendations on the audit tracker and review the systems and arrangements the Trust has in place to monitor progress with the implementation of actions.

Whilst there was a need to seek further evidence of closure for some actions during the review, testing confirmed that 18 of the 18 recommendations tested as part of the review were appropriately classified as complete on the tracker. The Trust's closure rate in quarter 3 2024/25 of 67.9% is higher than the All-Wales average of 65.1%. There were no recommendations made as part of this review. There will be a new approach to this annual follow up audit in 2025/26, with the review taking place throughout the year.

- **Contract Management – Advisory Review (therefore no rating applied).** The purpose of this review was to assess whether appropriate contract management arrangements were in place within the Trust. This was an all-Wales review and compared the appropriateness of contract management arrangements across eight health bodies, with common issues and challenges noted.

The Trust used this opportunity to assess its own contract management practices, and to develop a centralised contract register in readiness for the audit - the only health body to do so. While a centralised contract management system will not be pursued due to resource implications, the review identified strong pockets of good practice in higher-risk areas. For example, the Digital Directorate has a well-defined supplier contract SOP, and the Finance & Corporate Resources Directorate maintains a comprehensive capital contracts register. These areas demonstrated more advanced and structured contract management processes, reflecting their financial and reputational risk exposure.

The report also highlights the significant role of NWSSP Procurement Services in supporting all-Wales improvements. NWSSP is expected to lead on the development of consistent guidance, training, and education to strengthen contract management capabilities across NHS Wales bodies. In the meantime, a joint Siren Notice from the Finance and Corporate Governance Directors will reinforce key principles locally, including the need for designated contract managers, directorate-level registers, and clear reporting and escalation mechanisms.

ARAC noted these local actions and the continued collaboration with NWSSP on centralised improvements and will revisit this in nine months' time.

- **Seasonal Forecasting and Modelling – Reasonable Assurance.** The purpose was to assess the Trust's approach to forecasting and modelling, including a focus on winter resilience planning.

A forecasting and modelling group, established during the COVID-19 pandemic, has become a permanent fixture, coordinating activities across the trust. Management acknowledged the findings and noted that while the structures and culture are strong, the processes need improvement. The desire to have a written framework and SOPs was discussed to ensure the quality and reliability of forecasting and modelling outputs, as well as the need to formalise the analysis of actual performance against forecasted models, which is currently done informally. Further clarity was sought by members as to whether further managerial capacity is required to address the recommendations fully and this will be revisited in September.

Two objectives in the audit were rated reasonable assurance and one limited. Seven medium priority recommendations were raised. The Finance and Performance Committee has oversight of the audit actions and will receive this report at its July meeting.

- **Emergency Nurse Communications System Implementation (ECNS) – Reasonable Assurance.** The purpose was to provide assurance that benefits realised reflect those identified at the outset of the ECNS implementation.

A significant backlog of audits was noted, with over 400 audits pending completion. An uplift of six auditors is expected in Q2 to address this backlog. There were discrepancies in monitoring tools and a lack of routine audits for clinicians, with 44% not receiving monthly audits as expected. No post-implementation review had been conducted, resulting in the absence of an evaluation of benefits realized and identification of lessons learned. There was no evidence of escalation of ECNS non-compliance, which could impact the trust's accreditation status. Reporting arrangements have been refreshed but need time to mature. Management acknowledged the findings and noted that the uplift in auditors and improved processes will address many of the key findings. Members were assured that the benefits of ECNS were realized



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upon implementation and that the project plan pathway framework and templates will help ensure consistent benefits realization and monitoring across projects.

The need for formal evaluation and post-implementation reviews has been a common theme in previous audits, highlighting the importance of pausing to assess the effectiveness and benefits of projects. Oversight of these audit actions are with the Finance and Performance Committee, who are requested by ARAC to discuss further the role that committee has in monitoring the process of such evaluations in the Trust.

Three objectives were rated reasonable assurance, with two being limited. The Finance and Performance Committee has oversight of the audit actions and will receive this report at its July meeting.

- **Capital Systems – Reasonable Assurance.** The audit was focused on the selection, appointment and contractual arrangements applied at Capital and Estates projects. The audit provided substantial assurance for value for money, indicating effective use of resources in capital projects

The audit reviewed the control framework, systems, and processes in place to manage discretionary EFAB and other capital estates funded schemes. While several processes support capital project progression, they are not fully documented, affecting consistency and standardization, and there was a lack of evidence for declarations of interest and non-collusion, particularly from shared services procurement office. One project lacked a signed contract, and contract amendments were not consistently annotated as accepted by both parties. The retention period within the NHS Wales Records Management code of practice is insufficient to cover the liability period for contracts executed as deeds.

Similar reviews at other NHS Wales organizations revealed consistent issues with declarations of interest, non-collusion, and contract retention periods. Management acknowledged the findings and emphasised the need for improved processes with shared services procurement. Actions are in place to address the identified issues. The audit findings will be shared with shared services procurement to ensure compliance and mitigate risks. The policy is due for review in July, and the findings will be reiterated in the updated version.

Two objectives were rated reasonable and one substantial (value for money). The Finance and Performance Committee has oversight of the audit actions and will receive this report at its July meeting.

13. 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.

Key deliverables for 2025/26 include standardised templates and guidance for board and committee papers (Q1), meeting etiquette and a house style for minutes (Q2), an Accountability, Assurance and Governance Handbook (Q3), and the introduction of AI tools to support governance processes (Q4). The programme builds on strong foundations established through previous structured assessments



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and committee effectiveness reviews, with further assurance updates scheduled for December 2025 and March 2026. Members are asked to note progress and the planned timeline for deliverables.

14. The **Losses and Special Payments** were reviewed for the period from 01 April – 31 May 2025 and noted as being -£1.248 million. The total net losses and special payments made during the period 01 April 2024 to 31 March 2025 amounted to £0.668. The committee acknowledged the importance of learning from these incidents to prevent future occurrences and emphasised the need for robust processes to manage and mitigate such losses.

15. The committee received the **Q4 2024/25 Audit Tracker update**, noting strong progress with 51% of internal audit actions closed 0 up from 27% in Q3, and 89% of remaining actions scheduled for closure by September 2025. Revised deadlines have decreased, and the ELT has removed the option for third extensions. 85% of external audit actions were also closed. One ARAC-related action remains open, due by Q2.

Four actions remain open from the 2023/24 Electronic Patient Clinical Records (ePCR): Clinical Compliance internal audit and are on their third and final date. These actions, originally assigned to the Clinical Directorate, were transferred in March 2025 to the Digital Directorate. They relate to training validation, competency testing, module engagement, and data structure improvements. While interface enhancements have been made, clinician feedback highlighted usability issues, prompting the development of a new learning module. A review meeting between the Digital Directorate and Internal Audit was held just prior to this committee meeting with some deadline extensions and reframing of actions for the committee to review in September.

16. The Committee's **cycle of business monitoring report** was reviewed with no matters to escalate. Its priorities are on track.

17. In private session the Committee received **the Local Counter Fraud Service Annual Report** for 2024/25, the update report and work plan for 2025/26. The annual report and workplan for 2025/26 were approved by the committee. **The tender update and single tender awards** were also received, as was the audit tracker related to the Technical Resilience and Cyber Security Internal Audit recommendations.

## RISK MANAGEMENT

18. 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.

19. The discussion primarily focused on the **repositioning of Risks 223 and 224** which separates the controls, assurances and gaps into internal and external themes and categories. There are plans to score the effectiveness of internal controls and assurances, which have been mapped against the three lines of assurance, and to introduce internal and external risk scores to demonstrate the impact of actions taken to mitigate the risk. Members were assured about the new approach, which supports the early identification of any gaps, and any escalations required, and which has already supported more



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focused discussions on Risk 223 particularly in the areas of assurance. This approach could be implemented for other principal risks such as the Decarbonisation risk.

20. The **risk appetite statements** are being finalised in readiness for sign off by the Board and the development of a strategic BAF will be the focus for this year, including the creation of one or two strategic risks to be piloted in readiness for the Board Development Session in February 2026.
21. Interviews for the **Risk Manager** are scheduled for 11 July 2025 with the aim to support the enterprise risk management programme and to **explore digital solutions** for risk management as key pieces of work.
22. New tools have been developed to support continued effective risk management including dashboards describing trend data and mitigating actions impacting target scores.
23. Members agreed to support flexibility on the outline timings for the risk management work programme whilst new ways of working, processes and outputs are explored.

#### COMMITTEE AGENDA FOR MEETING IN JUNE

Internal Audit: - Head of Internal Audit Opinion - Follow Up Audit - Contract management audit - Seasonal modelling and forecasting audit - Start of shift procedure audit - ENCS implementation audit - Capital systems audit	Audit Wales Report Urgent and Emergency Care Review	Risk management report
Audit tracker	Losses and special payments	NHS Wales No PO no pay policy
Integrated Governance Programme	Non-Compliance with SO	2024/25 Annual Accounts and Annual Report

#### COMMITTEE ATTENDANCE

Name	1 May 2025 <sup>1</sup>	24 Jun 2025 <sup>2</sup>	2 Sep 2025	2 Dec 2025	2 Mar 2026	
Peter Curran						
Ceri Jackson						
Rhiannon Beaumont-Wood						
Chris Turley						
Audit Wales	Fflur Jones	Fflur Jones				
Julie Boalch						
Judith Bryce	Jon Sweet					
Christian Fox						
Carl Kneeshaw						

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

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



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### COMMITTEE ATTENDANCE

Name	1 May 2025 <sup>1</sup>	24 Jun 2025 <sup>2</sup>	2 Sep 2025	2 Dec 2025	2 Mar 2026	
Osian Lloyd						
Trish Mills						
Liam Williams		Wendy Herbert				
Carl Window						
Damon Turner						

	Attended
	Deputy attended
	Apologies received
	No longer member