AUDIT, RISK AND ASSURANCE COMMITTEE (ARAC)

CONFIRMED MINUTES OF THE MEETING HELD ON 23 JUNE 2026
HELD VIA MICROSOFT TEAMS

MEMBERS		
Steve Elliot	SE	Independent Member (Finance) (Chair)
Ronnie Alexander	RA	Independent Member (General)
Rhiannon Beaumont-Wood	RBW	Independent Member (General)
Mick Giannasi	MG	Independent Member (General) (Vice Chair)
Rhobert Lewis	RL	Independent Member (General)
IN ATTENDANCE		
Helen Bushell	HB	Director of Corporate Governance/Board Secretary
Andrea Calise	AC	Internal Audit
Carl Cooper	CC	PTHB Chair
Bethan Hopkins	BH	Audit Wales
Phoebe James	PJ	Audit Wales
Beth Jones	BJ	Corporate Governance Officer
Mike Jones	MJ	Audit Wales
Claire Madsen	CM	Executive Director of Allied Health Professions, Health Sciences and Digital
Beth Powell	BP	Corporate Governance & Risk and Assurance Officer
Sarah Pritchard	SP	Assistant Director of Finance
Hywel Pullen	HP	Deputy Director of Finance (Deputising for Pete Hopgood)
Hayley Thomas	HT	Chief Executive
Ian Virgil	IV	Head of Internal Audit
APOLOGIES FOR ABSENCE:		
Pete Hopgood	PH	Executive Director of Finance, Capital and Support Services and Deputy Chief Executive
Cathie Poynton	CP	Independent Members (General)
Ian Thomas	IT	Independent Members (General)
Chris Walsh	CW	Independent Member (General)

1. PRELIMINARY MATTERS

1.1 WELCOME AND APOLOGIES FOR ABSENCE (ARA/26/026)

As the Chair experienced technical difficulties which prevented them from chairing the meeting, the Vice Chair (MG) assumed the role of Chair. Attendees were welcomed and apologies for absence were received and recorded as noted above.

1.2 DECLARATIONS OF INTEREST (ARA/26/027)

The Vice Chair NOTED the attached Register of Interests and provided an opportunity for the declaration of any further interests pertaining to the meeting agenda.

HB noted a declaration on behalf of all Board and Executive Members in relation to the information presented within the PTHB Final Accountability Report and Financial Accounts (Item 3.3), specifically acknowledging the inclusion of remuneration disclosures pertaining to all Board members, including her own position. The Committee **NOTED** the declaration.

2. CONSENT AGENDA BUSINESS

No items were requested for inclusion in the main agenda.

3. ITEMS FOR APPROVAL / DECISION / RATIFICATION

3.1 MINUTES OF PREVIOUS MEETING (ARA/26/028)

The minutes of the meeting held on the 12 May 2026 were **CONFIRMED** as an accurate record.

3.2 COMMITTEE ACTION LOG (ARA/26/029)

The Committee **RECEIVED** the Action Log, and the following updates were provided:

HB noted that four actions are currently reported as on track. Members were reminded that the update reflected a relatively short period since the previous meeting. Two actions were recommended for closure.

The Financial Grip and Control Point was included on the agenda and would be addressed as part of the internal audit update. the Regional Integration Fund follow-up had been shared with RBW. A discussion would take place to determine any necessary subsequent actions.

The Committee **ACCEPTED** the Action Log along with the recommendations contained within it.

3.3 PTHB FINAL ACCOUNTABILITY REPORT AND FINANCIAL ACCOUNTS (INCL ISA 260 AND LETTER OF REPRESENTATION) (ARA/26/030)

HB informed the Committee that revised documents had been issued to members late the previous afternoon due to a technical accounting issue which would be explained during this meeting.

HB advised that the draft Accountability Report was considered in May and following members feedback, had been updated to reflect members' comments.

It was confirmed that the Accountability Report comprises three key components: the Corporate Governance Report, the Remuneration and Staff Report, and the Parliamentary Accountability and Audit Report, all of which form important elements of the overall document. The Financial Statements represented the second component of the Annual Report.

HB expressed thanks to IV for his review from a Head of Internal Audit perspective and noted that Audit Wales and Welsh Government had undertaken a review. Minor comments were received and subsequently incorporated, particularly within the Remuneration Report. Thanks, were also extended to Welsh Government colleagues for their review and feedback.

HB confirmed that all comments had been incorporated into the documents presented. It was noted that the preparation of the report represents a significant cross-organisational effort involving multiple teams, including Corporate Governance, Workforce, Finance, Estates and Performance. HB expressed thanks to all those involved for their contributions.

HT thanked HB and acknowledged the significant effort across teams and partners in preparing the report. HT set out her position as Accountable Officer, and confirmed that, based on review and consideration of earlier drafts and wider assurances, she was satisfied that the report and supporting arrangements were robust.

Committee Members noted that, while the report was accurate and supported sign-off, the narrative could better integrate performance achievements of the underlying financial position to reflect affordability and sustainability challenges. This was considered important given the scrutiny associated with the organisation's escalation status.

HT welcomed the observations made and noted the importance of ensuring that the report presented a balanced reflection of the Board's decision-making and the balance between organisational performance and the financial challenges faced, particularly in the context of the Level 4 escalation. The Committee agreed that these decisions and trade-offs should be more explicitly articulated, particularly in the presentation of the report at the AGM, to ensure clarity of context and understanding.

RA noted the importance of maintaining an appropriate balance in the framing of the AGM discussion. He emphasised that, where there are grounds for confidence, the organisation should be clear in communicating its achievements. He cautioned against an overly negative framing and highlighted that considerable progress has been made, which should be acknowledged and communicated with confidence.

FINANCIAL ACCOUNTS

HP presented the financial accounts, noting no changes from those previously presented in draft to the Audit Committee in May. HP highlighted a technical adjustment involving a transfer of £11.073 million between the general fund and revaluation reserve, reflected within the statement of financial position. The adjustment related to the treatment of asset revaluations and impairments.

HP confirmed that this was the only change to the accounts and expressed his thanks to the finance team for their considerable work, particularly in relation to continuing healthcare accounting, as well as to Audit Wales for their constructive engagement in finalising the accounts.

MJ presented the external auditor's report (ISA 260), advising that:

- An unqualified “true and fair” opinion would be issued, alongside a qualified regularity opinion consistent with previous years due to failure to meet financial targets;
- One significant issue had been identified in relation to the accounting treatment of asset impairments, which had been addressed by management;
- One uncorrected misstatement of £2.4 million remains, which management has elected not to adjust in the current year. The auditor confirmed this would not prevent sign-off of the accounts;
- Subject to final review, the accounts were expected to be certified in line with the statutory deadline.

HB clarified that acceptance of the uncorrected misstatement formed part of the Committee’s recommendation to the Board to approve the accounts.

The technical nature of the impairment issues was acknowledged, which arose in part from increased recent capital expenditure. The Committee agreed to monitor progress in addressing these matters and requested a future update on actions taken in response to the audit findings.

MG thanked the external auditors for their contribution and advised that, due to time constraints, the Committee would proceed to consider the recommendations. He confirmed that the Committee had reviewed and noted the contents of the report, including that the accounts had been subject to statutory external audit by Audit Wales. It was noted that the outstanding matter previously identified had now been satisfactorily resolved from an accounting perspective.

The Committee:
- **NOTED** the content of the report;
- **NOTED** the accounts have been subject to a statutory audit by Audit Wales (External Audit) with just one remaining area of Work on Property Plant and Equipment to be concluded
- **NOTED** the £2.4m uncorrected misstatement and **SUPPORTED** the decision not to amend the accounts, given the limited overall impact and the complexity of the adjustment process and;
- **RECOMMENDED** to the Board at its meeting on 24 June 2026 for approval and signature of the Annual Report and Financial Accounts for year ended 31 March 2026

4. ESCALATED ITEMS

There were no items for inclusion in this section.

5. ITEMS FOR ASSURANCE

5.1 ENQUIRIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE (ARA/26/031)

MG confirmed that the Enquiries of Management and those Charged with Governance would be incorporated within the overall recommendation within the Accounts for subsequent submission to the Board for approval.

The Committee **RECEIVED** the Enquires of Management Report.
5.2 HEAD OF INTERNAL AUDIT OPINION FINAL 2025/26 (ARA/26/032)
IV confirmed the report was presented to the May Committee in draft form, and briefly outlined the key changes since that version. It was noted that the overall Head of Internal Audit Opinion for 2025–26 remains **Reasonable Assurance**, consistent with the draft position. At the time the draft report was presented in May, four audits had not progressed sufficiently to be included in the overall opinion for 2025–26. Of these, three have now reached at least draft report stage and have therefore been incorporated into the final opinion, bringing the total number of audits informing the 2025–26 opinion to 20. The remaining audit was still in progress and would inform the opinion for 2026–27. The Committee **CONSIDERD** and **NOTED** the Head of Internal Audit Opinion Final and Annual Report for 2025/26.
5.3 INTERNAL AUDIT PROGRESS REPORT (ARA/26/033)
The Committee **NOTED** the Internal Audit Progress Report, including the findings and conclusions from the finalised audit reports
5.4 INTERNAL AUDIT REPORTS (ARA/26/034)
The Committee **RECEIVED** the following Internal Audit Reports: • Budget Setting • Mortality Reviews Due to time constraints, the committee **AGREED** to defer both Internal Audit Reports to the next Committee meeting in July to allow for full consideration. The Committee **NOTED** receipt of the reports.
6 ITEMS FOR DISCUSSION (ARA/26/035)
There were no items for discussion.
7 CONSENT AGENDA (ARA/26/036)
There were no items for inclusion within this section.
8 OTHER MATTERS
8.1 ANY OTHER BUSINESS (ARA/26/037)
No other business was raised.
8.2 ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND/OR OTHER COMMITTEES (ARA/26/038)
No items were raised
8.3 COMMITTEE REFLECTIONS (ARA/26/039)
Feedback would be provided to HB outside of the meeting.
8.4 DATE OF NEXT MEETING (ARA/26/040)
07 July 2026 via Microsoft Teams
8.5 CONFIDENTIAL MATTERS
The following motion was passed:

"Representatives of the press and other members of the public shall be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest"

Meeting closed at 10:04.