Bwrdd Iechyd Prifysgol Betsi Cadwaladr University Health Board

Health Board

AUDIT COMMITTEE ASSURANCE REPORT

Committee Name	Audit Committee
Dyddiad y Cyfarfod Date of Meeting	23 June 2026
Statws Cyhoeddi Publication Status	Open/ Public
	Not Applicable
Chair	Paul Lambert
Executive Lead	Russell Caldicott, Executive Director of Finance
Report Author name and title	Philippa Peak-Jones, Head of Corporate Governance

Agenda Item	AC26.66 Financial Annual Accounts 2025/26
Level of Assurance (Third Line)	The Committee provides moderate assurance to the Board. Whilst there are areas of strong financial control and improvement, delivery against statutory financial duties has not been achieved, and there remain ongoing structural financial pressures and risks to sustainability
Summary of Key Messages	• Accounts were submitted ontime • The first financial duty to break even had not been achieved. • The net deficit was reported as £17.3m, contributing to a 3-year cumulative deficit of £49.2m. • The total gross expenditure was approximately £2.6bn (net operating costs ~ £2.46bn). • Capital underspend of £65k was within tolerance limits. • There had been strong payment performance of 96.9% of invoices paid within 30 days. • Agency spend had reduced significantly (approx. £72.7m → £36.6m). • Medical agency costs had increased • Expenditure increases had mainly been driven by substantive staff costs and clinical supplies and services

	• There had been limited shift toward community care despite policy ambition. • Significant costs had been incurred in Primary care (notably GMS and prescribing) and also commissioned services (notably Joint Commissioning Committee and Continuing Health Care/Funded Nursing Care)
Escalation of Risk and issues	• Financial Pressure Risk: Ongoing concern regarding the disproportionate growth in acute expenditure relative to primary care, with additional uncertainty around increasing non-Welsh provider spend (cost versus activity drivers not fully understood). • System Partnership Risk: Pooled budget arrangements are limited in scope (primarily community equipment) and offer minimal practical risk-sharing, reducing the system's ability to mitigate financial and demand pressures collaboratively. • Demand and Capacity Risk: Insufficiently developed long-term demand modelling, particularly in relation to Continuing Healthcare and the ageing population, presents a risk to future financial sustainability and service planning. • Procurement and Governance Risk: Weaknesses in forward procurement planning and supply chain management increase the likelihood of reactive decision-making, including reliance on Chair's Actions, potentially undermining governance controls and compliance expectations.
Recommendation to Board	The Committee approved the Annual Report and Accounts for onward submission to the Board.

Agenda Item	AC26.67 Annual Report 2025/26
Level of Assurance (Third Line)	Overall assurance is assessed as Limited, reflecting strengthening governance arrangements but continued delivery challenges, sustained risks above appetite, and the need for further improvement in control effectiveness and implementation.
Summary of Key Messages	• Governance and Board Effectiveness: Governance arrangements are assessed as sound and continuing to strengthen, supported by Audit Wales and Internal

	Audit. Further improvements are expected through the Board development programme. • Progress and Maturity: Positive progress has been made in strengthening governance frameworks, risk management, and Board transparency and effectiveness. • Risk Profile and Delivery Gap: Despite improved frameworks, impact is not yet translating into reduced risk exposure, with 10 of 11 corporate risks remaining above appetite and limited movement in risk scores. • Operational and Financial Performance: Significant challenges remain across key performance areas (urgent and emergency care, planned care, cancer, diagnostics), alongside ongoing concerns regarding financial sustainability and the absence of a balanced plan. • Assurance and Control Environment: Internal Audit continues to report a number of limited assurance opinions, with recurring challenges in the timely closure of recommendations. • Compliance and Responsiveness: Persistent issues in procurement compliance and delays in reporting and organisational responsiveness are noted, with actions being progressed through the Chief Executive and Executive Team.
Escalation of Risk and issues	• Performance & Delivery: Ongoing challenges across UEC, planned care, cancer and diagnostics. • Corporate Risk: Majority of risks remain above appetite with limited reduction. • Assurance & Controls: Multiple limited assurance findings and delays in closing audit actions. • Procurement Compliance: Continued breaches of SFIs and weaknesses in planning and contract management. • Governance Effectiveness: Strengthening frameworks not yet consistently delivering measurable impact.
Recommendation to Board	The Committee approved the Annual Report and Accounts for onward submission to the Board.

Green – Substantial / Adequate Assurance		*Aligned to "on target" and routine monitoring where milestones are being achieved without significant outliers*
Amber – Moderate / Partial Assurance		*Reflects "risk to delivery", where targets may not be fully met but there is an agreed improvement trajectory and aligns with "limited assurance" where more significant management attention is required*
Red – Limited / No Assurance		Aligned to "not on target", persistent failure and escalation requiring detailed action plans