Betsi Cadwaladr University Health Board (BCUHB)
Confirmed minutes of the Audit Committee
held on 26 June 2026
in the Boardroom, Carlton Court, St Asaph and via Teams

Name	Title
Committee Members Present	
Paul Lambert	Independent Member (Chair of Audit Committee)
Urtha Felda	Independent Member
Dyfed Jones	Independent Member (via Teams)
Rhian Watcyn Jones	Independent Member
In Attendance	
Emma Adamson	Associate Member, Chair Healthcare Professionals Forum (via Teams)
Jeff Brown	Digital Audit Manager, Audit Wales (via Teams)
Russell Caldicott	Executive Director of Finance
Glesni Driver	Head of Statutory Compliance & Inquiries
Dyfed Edwards	Health Board Chair (via Teams)
Dave Harries	Head of Internal Audit, NWSSP
Tom Haslam	Director – NHS Performance, Audit Wales
Nicola Jones	Deputy Head of Internal Audit, NWSSP
Justine Parry	Acting Director Digital (via Teams)
Maeve Puleston-Jones	Senior Auditor – Performance, Audit Wales
Michelle Phoenix	Financial Audit Manager, Audit Wales
Carol Shillabeer	Chief Executive (via Teams)
Pam Wenger	Director Corporate Governance
Peter Milne David Graves	Member of the Public (by invitation via Teams) Member of the Public
Committee Support	
Philippa Peake Jones	Head of Corporate Governance
Diane Davies	Corporate Governance Manager (via Teams)

PRELIMINARY MATTERS

AC26.64 Welcome and apologies for absence

The Chair welcomed all attendees to the meeting and extended condolences on behalf of the Committee to family and friends of Sjef Molmans, Deputy Head of Local Counter Fraud Services whom had sadly passed away. His service to the Committee was recognised with grateful thanks.

Apologies were received from Danielle Timmins, and also Fflur Jones, Andrew Doughton of Audit Wales.

In response to Rhian Watcyn Jones, the Director of Corporate Governance assured that draft minutes of the previous meetings would be discussed at the next meeting, as this agenda was primarily focussed on discussion of the draft 2025/26 Accounts and Annual report prior to seeking endorsement for submission to the next Board meeting.

Unconfirmed

The Committee Chair emphasised the importance of tracking the audit issues and recommendations to avoid repetition in future cycles. He advised that questions that had been received from members of the public prior to the meeting would be dealt with through usual governance procedures, including publication of responses to their individual enquiries on the Audit Committee website page in due course. He recognised the volume of work undertaken across Corporate Teams and Internal & External Auditors to meet designated Welsh Government (WG) timelines.

AC26.65 Declarations of Interest
None were received.

ANNUAL REPORT

AC26.66 Financial Annual Accounts 2025/26

The Executive Director of Finance presented this item and thanked the Finance Team and Audit Wales for their commitment.

He stated that the Final accounts, audited by Audit Wales, confirmed :

- £17.3m deficit (aligned with forecast).
- Unqualified audit opinion (clean) on financial statements which was a strong achievement.
- Qualified regulatory opinion due to failure to meet break-even duty (statutory obligation).
- The mis-statement in regard to Assets was being explored however, this was understood to be a system issue and the net position remained the same.
- Capital performance:
  - Within permitted limit (only £69k below threshold).
- Good performance on:
  - Invoice payment timeliness (~96.9%).

The Chief Executive set out the timeline of further Board discussion and recovery approach to be undertaken to enable the organisation's sustainability, indicating that budget holders would be provided with clear targets in order that a value and sustainability scheme pipeline was operational from the end of June 2026.

In the discussion which followed Committee members raised concerns with the absence of a clear, detailed, robust and deliverable financial recovery plan to date, the need for specific savings plans, opportunities to discuss decommissioning services and having clarity on the repercussions of savings decisions. The Committee emphasised the urgency of ensuring the WG requirement to identify Savings plans to underwrite the deficit was required by 30 June and that delays in enacting savings would increase financial pressure later in the year.

The Executive Director of Finance stated that the recovery approach to be undertaken would include Value and Sustainability programmes, "Grip and control" measures as well as Budget holder savings (initial 2% target). The £46m savings plan would be provided to WG by 30 June 2026 and a further £17m savings plan to address the Welsh Risk Pool would be in place by the second quarter. Members questioned how this might affect the IMTP.

Unconfirmed

It was resolved that the Committee

- **Endorsed for Board approval** the draft Financial Annual Accounts 2025/26
- **Agreed** that a high-level recovery plan overview (to include impacts and timelines) be provided to the next Audit Committee

AC26.67 Annual Report 2025/26

The Director of Corporate Governance presented this item, commending the work undertaken by corporate teams and the constructive relationship with auditors in completing this retrospective annual report which was balanced and honest, reflecting both progress and ongoing challenges. It acknowledged failure against WG's key duties of break even and IMTP planning however, improved progress was also reflected such as governance maturity, workforce stability and retention as well as within areas of planned care (meeting Welsh Government de-escalation criteria).

She highlighted key challenges and pressures in the areas of access, digital provision, finance and workforce and provided a brief overview of some of the work being undertaken to address these areas such as governance processes to improve the timeliness of papers which had lead to regular breaches of standing orders and the commissioning of additional assurance work in relation to procurement and capital governance.

The Committee was keen to be provided with more forward looking trajectories and forecast into the coming year including Benchmarking against other similar organisations and improved insight into complaints trends (not just response times).

The Chief Executive advised discussion of the Annual report would take place at the Annual General Meeting, providing the opportunity for members of the public to submit questions. She stated that Access to Planned and Emergency Care performance was regularly discussed at each Board meeting throughout the year and the Board was also focussing upon procurement contracting. Whilst People indicators were improving due to investment, the Board was directing attention to Culture to enable longer term improvements and stability. She advised, as Accountable Officer, that she was satisfied with the infrastructure of systems of control, risk-based planning and that key development areas were identified and being dealt with in a transparent manner.

Rhian Watcyn Jones commended the improved standard of coherent report drafting, Dyfed Jones complimented the 'easier read' style of the report. He also emphasised the need for the NHS to balance the need for financial control and savings restraints with meeting performance targets to ensure it meets the needs of the population. He felt it important to understand the effective ratios of employees to ensure the right blend of workforce for the community they serve.

The Health Board Chair thanked all involved in preparation of the report and the growing relationship with internal and external audit. He stressed the Board's ambition to be a high performing deliverer in all areas of the organisation, improving on scrutiny of the benefits realisation of all investment decisions. It was important to look at everything 'in the round' and ensure effective governance, finance and performance was always considered.

It was resolved that the Committee

Unconfirmed

- **Endorsed for submission to Board** the draft 2025/26 Annual Report
- **Agreed** that forward projections be included alongside retrospective reporting in future.
- **Agreed** that improved comparable benchmarking analysis (internal and external) be provided in future reporting.
- **Agreed** that further insights be developed into monitoring Complaint themes and trends.

INTERNAL AUDIT

AC26.68 Head of Internal Audit (IA) Opinion & Annual Report 2025/26

The Head of Internal Audit presented this item advising that the annual opinion for 2025/26 was of **Limited Assurance.**

He highlighted that the overall audit programme had delivered 33 of 35 reviews and commended the first substantial assurance review rating in years, which was an internal audit review of asbestos management. However, there were significant concerns regarding

- Procurement non-compliance with Standing Financial Instructions (SFIs).
- Continued weaknesses in capital governance (second year unsatisfactory opinion).
- Poor management response rates (down to ~64%).
- Failure to provide evidence in some cases (SFI breach).
- Only 58% of follow-up actions closed.

In discussion of the report, the Committee received the following assurances:

- The Chief Executive had instigated discussion to improve executive response times, albeit acknowledging their significant capacity issues
- Digital procurement and governance was improving under the acting leadership of Justine Parry and was continuing to be an area of focus within Executive team meetings.
- Improvements to capital schemes and their management was currently receiving high priority focus by the Executive Director of Finance.
- The remaining IA reports would be discussed at the August Audit Committee meeting.

The Committee Chair emphasised that improved governance would lead to better schemes which could be well served with effective monitoring and follow up reporting. Dyfed Jones commended the internal audit service in providing opportunities to make improvements whilst the organisation was on its improvement journey.

It was resolved that the Committee

- **Noted** and **received** the Head of Internal Audit opinion and annual report for 2025/26
- **Agreed** the following **actions**:
  - Chief Executive to hold Executive Directors to account for response timeliness and improve close-out rates of audit recommendations.
  - Director of Corporate Governance to provide breakdown of response rates by Executive.
  - Consider digital data governance oversight and structure at a future Committee meeting.

EXTERNAL AUDIT

Unconfirmed

AC26.69 ISA 260 Audit of Financial Statements

Michelle Phoenix, Audit Wales presented the Audit of Financial Statements advising the key findings were:

- **Unqualified** opinion (true and fair).
- **Qualified** Regulatory opinion due to failure of financial duty.
- Key issues were weaknesses in Performance report quality and Governance of executive remuneration.

The Committee Chair welcomed the Director of Corporate Governance's assurance that she had taken steps to improve and strengthen governance of the Remuneration Committee.

It was resolved that the Committee
Recommended approval of the Annual Report and Accounts to Board (for submission and Auditor General sign-off).

AC26.70 Audit Wales progress report

Tom Haslam was welcomed to his first BCUHB Audit Committee as Director, NHS Performance for Audit Wales to present the Audit Update and Strategic Funding letter. He outlined the changes being made to future Structured Assessments in regard to governance including deeper dives focussed on arrangements, implementation and delivery as designed. The Foundations for the Future (FftF) programme would be monitored closely, the Chief Executive sought early discussion with Tom Haslam and Andrew Dougton, Audit Wales at an early stage as she stressed the importance of ensuring the effectiveness of the programme in delivering sustainable and long term success. The Director of Corporate Governance welcomed working together with the new approach, particular in regard to the focus on outcomes.

In regard to the **Strategic Funding letter**, whilst Tom Haslam explained there had been no fraudulent use of strategic funding, there was weakness in tracking part of the expenditure which he acknowledged had been spent on service delivery and was now addressed with more robust processes. The Executive Director of Finance outlined the improved approach being undertaken with strengthened business cases and benefits realisation at the Performance, Finance and Information Governance Committee. **The Chief Executive undertook to address this with a formal management response.**

The Health Board Chair emphasised the importance of ensuring that BCUHB's governance structure ensured that benefits realisation was integral and visible. He stressed the importance of the Board's need for clarity on the improvements and benefits delivered on any investments made and ensure this was demonstrated to the Public.

In response to Urtha Felda, Tom Haslam advised that all benefit realisation (not only financial benefits) should be incorporated and monitored from the inception of any programme management approach to investments. He undertook to contact WG for any further beneficial evaluations that might be helpful to gain further learning in this area.

It was resolved that the Committee
Noted the Audit Update and Strategic Funding letter

Unconfirmed

(Dyfed Jones left the meeting)

The **Quality Governance report** was presented by Maeve Puleston-Jones, Audit Manager, Audit Wales. She highlighted the progress made in areas of governance structures, complaints and mortality as well as gaps in areas such as lack of clarity on quality priorities, leadership consistency, learning from incidents and assurance on commissioned services.

In the discussion which followed the Committee expressed their disappointment in the failures to embed learning and the Quality Management System (QMS). The Chief Executive provided assurance on the steps being taken to address the report findings and the intention to improve the organisation's effectiveness through ensuring these were co-existent with the Foundations for the Future improvements. The Executive Director of Finance also provided assurance that, having had the Commissioning Framework endorsed by the Board, strengthened improvements were being moved forward. Progress on the report findings would be monitored by the Quality, Safety and Experience Committee. The Committee Chair was keen to ensure that oversight of the QMS system and lessons learned were addressed within the committee governance system.

It was resolved that the Committee
Noted the Quality Governance report

The **Digital Transformation Review** was presented by Jeff Brown, Digital Audit Manager, Audit Wales. Whilst he reported that there had been significant digital delivery activity, there were weaknesses in not having a fully aligned/Board approved strategy and unfunded roadmap. The governance and oversight was not sufficiently robust, with a limited understanding of digital skills capability within the workforce and low digital maturity baseline that encompassed in excess of 400 legacy systems. The Acting Digital Director provided a brief overview of actions being undertaken to address these areas, highlighting priority focus on clinical systems and the significant impact of inflationary costs, despite significant investment being allocated to digital resources.

The Chief Executive provided context of the national environment which was constrained by a lack of fully funded all-Wales digital strategy and "Once for Wales" approach which impacted local flexibility.

In conclusion the Digital Audit Manager advised there was a likelihood of an all Wales report being drawn together to provide a national context. The Committee Chair emphasised the need for digital systems which were fully integrated to provide safe, effective and timely healthcare.

It was resolved that the Committee
Noted the Digital Transformation Review report

COUNTER FRAUD

AC26.71 Local Counter Fraud Annual Report 2025/26

Unconfirmed

The Executive Director of Finance presented this item. The Local Counter Fraud Service had delivered a consistent and effective level of activity throughout 2025/2026, demonstrating improvements in investigation outcomes, fraud prevention, and staff engagement. Overall assurance remained acceptable, with no issues requiring escalation and continued evidence of strengthened organisational fraud control arrangements.

In respect of the annual Counter Fraud Functional Standard Return (2025/2026), the self assessment had been rated as GREEN and submitted on time.

The Committee commended the standard of report writing and, whilst acknowledging the imbalance of service costs against financial recovery, commended the service provided to the organisation. It was suggested that future reporting should also quantify the benefits of non-financial costs especially in regard to value provided in areas such as workforce education.

It was noted that the Director of Corporate Governance was working with the Head of Counter Fraud to prioritise improvements to the Declarations of Interest and Gifts and Hospitality processes.

It was resolved that the Committee
Noted the Local Counter Fraud Annual Report 2025/26 and submission of the Counter Fraud Functional Standard Return (2025/2026).

CLOSING BUSINESS

AC26.72 Date of next meeting - 18.8.26

Unconfirmed