

Betsi Cadwaladr University Health Board (BCUHB)
Confirmed Minutes of the Audit Committee
held in Public on 24 June 2025
in the Boardroom, Carlton Court, St Asaph and via Team

Committee Members Present	
Name	Title
Karen Balmer	Independent Member (Chair of Audit Committee – via Teams)
Urtha Felda	Independent Member (Vice Chair of Audit Committee)
Dyfed Jones	Independent Member
Rhian Watcyn Jones	Independent Member (<i>via Teams</i>)
In Attendance	
Tehmeena Ajmal	Chief Operating Officer (<i>via Teams</i>)
Russell Caldicott	Executive Director of Finance
Andrew Doughton	Performance Audit Manager, Audit Wales
Dyfed Edwards	Chair of the Health Board
Dave Harries	Head of Internal Audit
Nicola Jones	Deputy Head of Internal Audit
Stuart Keen	Director of Environment & Estates (<i>via Teams</i>)
Michelle Phoenix	Financial Audit Manager, Audit Wales
Denise Roberts	Head of Capital
Carol Shillabeer	Chief Executive
Danielle Timmins	Head of Counter Fraud
Simon Weaver	Head of Financial Control
Pam Wenger	Director of Corporate Governance
Committee Support	
Philippa Peake Jones	Head of Corporate Affairs
Laura Jones	Acting Corporate Governance Manager

PRELIMINARY MATTERS
<p>AC25/98 Welcome and Apologies</p> <p>Apologies were received for Sreeman Andole.</p> <p>Urtha Felda as Vice Chair of the Audit Committee chaired the meeting on behalf of Karen Balmer.</p>
<p>AC25/99 Declarations of Interest</p> <p>No declarations of interest were raised at the meeting.</p> <p>The Director of Corporate Governance referred to the External Audit Report and highlighted reference to the contract related to the Director of Corporate Governance role within the report.</p>



ANNUAL REPORT

AC25/100 Annual Financial Statements 2024/2025

Members received the report and the Executive Director of Finance highlighted:

- The accounts submitted in draft have previously been shared with the Audit Committee and have been attached as an appendix.
- The outturn for the year from the draft to the final position remains consistent however some adjustments have been made through the ISA 260.
- The Annual Accounts will receive an unqualified true and fair opinion.
- Two unadjusted statements have been identified related to capital assets in terms of the Health Board's profiled expenditure close to year end and evidence to support the receipt of capital equipment.
- A contractual payment has been identified and discussions have taken place in relation to the reporting element, it was confirmed that the Health Board will report this as an asset under construction.
- Materiality has been set as 1% of the gross expenditure and the Health Board achieved 99.9% accuracy in relation to transactions.
- Significant progress has been made in relation to the Remuneration Report and it was noted that this is a key component in the ISA 260.
- The accounts will receive a qualified regulatory opinion as the Health Board did not achieve its first financial duty to break-even over the period 2022-23 to 2024-25.
- The Health Board have set a balanced Integrated Medium Term Plan which will contribute to the aim of reaching a break-even position as we move forward.
- There has been an improved position in terms of resource allocation and the Health Board will receive recurrent conditional resource for the next two years.
- The teams were thanked for their engagement and open relationships to reach this position.

In discussing the report, the Committee:

- Queried the issue relating to goods received, it was stated that managers are either not retaining the delivery notes or the systems being used are moving towards a digital platform. It was confirmed that this is being reviewed to ensure improved processes are developed in this area.
- Highlighted the significant amount of spend during the end of the financial year and queried whether any of the spend is being apportioned into the next financial year. It was confirmed that testing has been completed and assurance was provided that the assets have been received. The team will provide the required evidence to support the receipt and accounting for capital equipment and goods in the 2024/25 financial year to Audit Wales and this process will be refined and improved going forward. It was also noted that late allocations were received and this has been highlighted with Welsh Government to provide more oversight on resource allocation in the future.
- Noted the Letter of Representation that is required to be signed by the Chair and Chief Executive highlighting that the letter contains narrative to support the issues discussed and refers to working with Audit Wales colleagues to strengthen internal procedures during 2025/26. It was agreed that the Letter of Representation would be shared with Audit Committee members for information.

- Thanked the team for the progress made and stated the importance of building on the improvement journey and taking time to reflect on the process and the wider learning attained. It was confirmed that the learning will identify areas of focus, similar sessions have previously taken place with Audit colleagues and a mapping tool will be created going forward.
- Referred to the use of pooled budgets, it was confirmed that a legal framework is in place, resources can be combined however there is a need to move away from contractual arrangements. The team are reviewing the legal framework and this is an area that requires further detailed review. It was agreed that pooled budgets and partnerships should be discussed further by the Planning, Population Health and Partnerships Committee.
- Highlighted the issue relating to the capital payment made to Scottish Power, it was confirmed that the opinion shared by Audit Wales was that the payment should have been accounted for during 2025/26. The Executive Director of Finance confirmed that as the Health Board are contracted to make the payment to Scottish Power it was deemed as an asset under construction rather than a prepayment, it has been agreed that this is noted as a non-material adjustment. The Chair of the Audit Committee agreed that this was not a finished good and has been accounted for correctly.
- Acknowledged the progress made over the past two years, the receipt of an unqualified true and fair opinion for the second year running and the approval of a balanced Integrated Medium-Term Plan. All the teams involved were thanked for their hard work in reaching this position.

Actions:

- **AC25/100.1** Share a copy of the Letter of Representation with Committee members.
- **AC25/100.2** It was agreed that pooled budgets and partnerships should be discussed further by the Planning, Population Health and Partnerships Committee.

It was resolved that the Committee:

- **RECOMMENDED ADOPTION** of the 2024-25 Annual Accounts to the Health Board following consideration of Audit Wales findings on their review of the Financial Statements.

AC25/101 Annual Report 2024/2025

Members received the report and the Director of Corporate Governance highlighted:

- The report demonstrates an improvement in the level and flow of information being provided. The Remuneration Report provides an element of transparency and the Annual Report provides an accumulation of performance analysis, the Annual Governance Statement and the accounts.
- The key highlights include receiving a true and fair opinion which has been validated by Internal and External Audit including progress in terms of grip and control relating to Audit recommendations to provide assurance to the Committee.
- There has been progress in relation to the management of risks and board assurance noting that the Health Board have recently been shortlisted for the Risk Management Awards.

- An assessment has been completed against the Corporate Governance Code and self-assessments are being completed at both Board and Committee levels.
- A number of breaches relating to the Standing Orders and Standing Financial Instructions have been reported to the Audit Committee and work is taking place with the Finance team to refine the processes and strengthen governance arrangements.
- The structured assessment, although not reasonable, provides a number of positive assurances and is important for the Board and Committees to recognise the narrative in terms of the progress made.

In discussing the report, the Committee:

- Recognised that focus has been required in relation to strengthening internal controls, the Corporate Governance Directorate are able to demonstrate progress in this area and there is a need to continue to build on the foundations developed for the organisation.
- Stated that the Annual Report provides an overview to the public of the position in terms of performance, the Health Board are aware of the operational issues and the improvements required by the Health Board. It was noted that the areas of focus are set out across five strategic objectives within the Integrated Medium Term Plan which includes delivery of services to the population of North Wales. Significant progress has been made, foundations are being established and the aim going forward is to ensure the organisation becomes more effective and considerably improves performance by moving towards an efficient and sustainable model of care.
- Suggested that the narrative within the introduction of the Annual Report highlights the improvements made to date and the aims of the organisation going forward to ensure the population of North Wales are able to understand the improvement journey of the Health Board. It was agreed that this would be reviewed and the Chief Executive would provide a verbal narrative during the Board meeting.
- Queried whether a user-friendly version is being developed to share the key messages with staff, it was confirmed that the Communications team are producing a user-friendly annual review and this will be launched at the Annual General Meeting and shared with the Committee in advance.

It was resolved that the Committee:

- **RECEIVED** and **CONSIDERED** the Annual Report 2024-25, Part 1 and 2 and the Annual Governance Statement.
- **RECOMMENDED** to Board at its meeting on 26 June 2025 the approval and signature of the Annual Report and Financial Accounts for year ended 31st March 2025.
- **NOTED** that the components parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.

INTERNAL AUDIT

AC25/102 Head of Internal Audit Opinion & Annual Report 2024/2025

Members received the update and the Head of Internal Audit highlighted:

- This will be the last report issued under the Public Sector Internal Audit Standards as there will be a move to the new standards from 1 April 2025.
- Twenty-Eight reports have been issued during 2024/25 with fifteen receiving reasonable assurance and seven receiving limited assurance. There were two reports that received unsatisfactory assurance and these were related to Consultant Job Planning and the Orthopaedic Surgical Hub Llandudno Hospital.
- Four follow up reviews were undertaken however an opinion does not get issued in relation to follow ups and these are listed as advisory. It was noted that one report had been issued without an opinion as there had been an issue in relation to receiving the required evidence and the planned review on the Civil Contingencies Act had been deferred.
- The key points taken into consideration when developing the Opinion were highlighted and included evidenced improvement in the system of internal control and risk management. It was noted that there is a need to ensure these improvements are embedded and sustained within the relevant areas.
- In relation to the unsatisfactory assurance assigned to the Llandudno Hospital Orthopaedic Hub, it was noted that critical matters within the gateway review had not been addressed and some significant issues had been identified.
- As part of the follow up reviews, one hundred and forty-five executive approved recommendations and actions were reviewed for closure however 55% were returned due to insufficient evidence provided.
- A penalty was incurred by the Health Board in relation to the Health and Safety at work Act and a Public Services Ombudsman for Wales report was published relating to the findings linked to the 2022/23 review on Contracted Patient Services: Quality and Safety arrangements.
- It was concluded that the Health Board is progressing well however challenges remain in embedding systems of internal control.

In discussing the report, the Committee:

- Queried how the organisation can improve and maintain the need to embed actions, it was confirmed that sustaining improvement is a key marker for the Health Board to ensure progress and performance are maintained.
- Discussed the review based on commissioning, it was confirmed that the follow up review on Contracted Patient Services: Quality and Safety was received by the Committee and the outputs from the review will be dealt with by the Quality, Safety & Experience Committee. Work is also taking place to collate a baseline position in terms of commissioning and incorporate this within the Integrated Performance Framework.
- Referred to the issue raised in relation to providing evidence, this issue has been addressed and it was confirmed that relevant information will be shared in future.
- Thanked the Internal Audit team for all the hard work and levels of engagement, this was reciprocated to the teams within the Health Board.

It was resolved that the Committee:

- **NOTED** and **RECEIVED** the Head of Internal Audit opinion and annual report for 2024/25 and associated Briefing Paper detailing the rationale for the 2024/25 Opinion.

EXTERNAL AUDIT

AC25/103 ISA 260 Audit of Financial Statements

Members received the update and the Financial Audit Manager, Audit Wales highlighted:

- The outcome provides an unqualified true and fair opinion on the accounts with an adjustment agreed.
- There have been notable improvements in governance arrangements however an issue had been identified with the contract of employment for the Director of Governance, this has now been rectified.
- The declarations of interest process has been identified as an area of inconsistency in the way Board Members submit declarations, this issue has been discussed and it has been agreed that there is a need to review the current process.
- An issue was highlighted in relation to evidence to support the receipt of capital equipment, this has been discussed by the Committee and will be addressed.
- As part of the review of pharmacy expenditure, the pharmacy journals caused concern in terms of the complexity and time required to audit this area of work. The Finance team are aware of the issue and will work to streamline the process.
- Thanks were extended to all the teams for working well together and providing a more efficient process than in previous years.

In discussing the report, the Committee:

- Acknowledged the issue relating to the declarations of interest process stating this is a priority area going forward.
- Thanked the teams for all the work completed in this area.

It was resolved that the Committee:

- **NOTED** and **RECEIVED** the Audit Wales findings on the review of the Financial Statements.

Following discussion of items AC25/100 through to AC25/103 the Audit Committee accepted the recommendations and noted that the final comments would be reflected in the Annual Accounts.

Subject to the above, the Audit Committee approved the Annual Report and Accounts for 2024/25 for onward approval by the Board.

COUNTER FRAUD

AC25/104 Local Counter Fraud Annual Report 2024/2025

Members received the update and the Head of Counter Fraud highlighted:

- The appendices to the report are determined by the Local Counter Fraud Standards.
- There has been a lack of proactive work conducted during the financial year due to staffing shortages, moving forward the team aim to meet the duty to undertaken proactive work.
- In relation to reactive work, there have been issues with governance and management of investigations, improvements have been made however further work is required in this area.

- A full review of staffing levels within the team is being conducted to ensure there are no risks related to resource.
- The Local Counter Fraud, Bribery and Corruption Policy was approved in March 2025 which includes the forthcoming legislation relating to “Failure to Prevent Fraud” which is due to be operational by September 2025.
- An Audit Committee Development Session was held in February 2025 providing information to the Committee on areas including duty and legislation.
- The Counter Fraud Functional Standards Return for 2024/25 received an overall ‘Green’ rating and going forward the team will focus on areas including prevention and culture.

In discussing the report, the Committee:

- Queried how the resource within the team compares to other Health Boards. It was confirmed that, in terms of budget the figures are low and the staffing review being completed will potentially highlight that additional resource is required.
- Referred to the nine risks listed on the Corporate Risk Register relating to Counter Fraud and the need to identify appropriate risk owners. It was confirmed that work is taking place to score the risks and assess appropriate risk owners.
- Confirmed that Counter Fraud links to the systems of internal control, there is a need to prioritise key areas, ensure staff throughout the organisation have an understanding of bribery and corruption and identify areas of Counter Fraud that require action.
- Suggested the need to be proactive in raising awareness of Counter Fraud and ensuring new employees are educated around processes and policies.
- Thanked the team for all the hard work completed.

It was resolved that the Committee:

- **NOTED** the need to track progress of the annual workplan through progress reports by the Head of Local Counter Fraud.
- **NOTED** that an action plan will be created by the Head of Local Counter Fraud for the implementation of recommendations made in the NHSCFA Engagement Visit report and the action plan will be monitored by the Committee until implemented.
- **NOTED** that the Head of Local Counter Fraud will review the Counter Fraud resource alongside the Executive Director of Finance as per Audit Wales recommendation from September 2020.

CLOSING BUSINESS

AC25/105 Date of Next Meeting

Tuesday 19 August 2025, 9.30-2pm