

Audit and Risk Committee Meeting Minutes

12 June 2025, 13:00 – 15:15 on Teams

Audience	Alun Bowen (AB) (Chair), Louise Cheeseman (LC), Julian Edwards (JE)
Additional	Heather Clash (HC), Andrew Williams (AW), Bronwyn Lillico (BL) (Sec), Ellen Filor (EF), Josh Hopkins (JH), Kerry O'Donovan (KO'D), Laura Jones (LJ), Lowri Joyce (LoJ), Malcolm Payne (MP), Mandy Garrett (MG), Matthew Arthur (MA), Steve Cole (SC), Suky Bains (SB), Tiffany Wang (TW), Wilma Thomas (WT) KMPG representative was Rees Batley (RB)(KMPG)
Apologies	Bethany Wheatcroft (BW), Jeremy Morgan (JM), Seamus Scallon (SS), Sue Ruddock (SR)

1. Introductions and Apologies

AB welcomed attendees and welcomed Julian Edwards to his first meeting as a member of the Committee.

2. Safety & Customer Moments

The importance of safety was acknowledged.

3. Minutes and Actions

The minutes and actions for the previous meeting held on the 14 March 2025 were agreed as a true record. The action log was noted.

4. Annual Report

EF reported that the team remains on schedule with the report, pending completion of the sustainability section, which is expected to be available for review shortly. **MA to share a copy of the report with AB, who has also requested that RB (KPMG) submit comments.** AB extended his thanks to EF, noting the improved conciseness of the report. JE raised whether the report should incorporate recent Network North Wales announcements; **EF will follow up with Sam Hadley on how to reflect this content.** In addition, EF will send the latest version of the report to AB, specifically regarding page 5 and the Chair's letter. **MA noted some corrections were needed.**

5. Representation Letter

AB noted that the representation letter had no specific representations and was in line with his expectations and confirmed, as did the other members of the Committee that they are comfortable recommending it to the Board.

6. Memorandum to the Board

AB invited comments from the Committee on the memorandum. The Committee agreed that the memorandum is suitable for recommendation to the Board.

7. Draft Subsidiary Financial Statements – Rail

MA provided an update on the three subsidiary financial statements, noting that there were no specific issues to highlight. All statements will be presented to their respective Boards. The Pullman audit is scheduled to begin shortly and will take place over the summer as Pullman is not material to the Group accounts.

8. Draft TWF Fiber Financial Statements

The committee noted the Ffeibr Financial Statements.

9. TISL Financial Statements

The committee noted the TISL Financial Statements.

10. KPMG Audit Completion Report

RB confirmed there were no significant issues and expressed overall comfort with the findings. He did, however, highlight some recommendations regarding control points, noting these were opportunities for improvement but not considered material concerns. AB and RB engaged in further discussion regarding the narrative on valuations outlined on page 7, particularly around the documentation of decision-making processes. The Committee noted an update on the AI scoring tool utilised during the KPMG process. The Chair thanked KPMG for their work to date. The Committee agreed KPMG's independence from TfW and that all the requisite information had been communicated with those responsible for governance.

11. ISA 240

LJ presented the paper on International Standard of Auditing 240, which is one of the requirements that is needed by KPMG to fulfil its obligations. RB said that he was satisfied with the responses made by LJ and the Committee.

12. Counter Fraud Strategy – paper for approval

LJ provided an update on the organisation's transition toward a more proactive approach to fraud prevention. The Committee discussed the rollout and embedding of this initiative, which has been underway for the past 18 months. It was agreed that this material should be included as an appendix and submitted as a paper to note for the Board. Julian Edwards asked the Committee to ensure that the paper is sufficiently broad and adaptable to align with all parts of TfW.

13. Insurance Update

HC provided an update and asked the Committee to note two key points: firstly, the current report is under review to ensure it takes a more strategic approach; secondly, the Internal Audit (IA) report has recommended that the strategic approach to Insurance be shared with the TfW Board. AB noted that this work aligns with the broader discussion around the organisation's risk appetite.

LC and HC discussed the current insurance policies and highlighted the advantages of brokers having a clear understanding of TfWs' operations. They also reflected on the implications of climate change and considered opportunities to collaborate more closely with brokers to develop mutually beneficial solutions.

14. Risk Management Update

JH and KO'D provided an update on Risk Management, confirming that the risk management policy has been reviewed to ensure it remains aligned with organisational objectives. JE expressed appreciation for the report but observed that it does not adequately connect with the four-weekly TfW Rail reports. He emphasised the need to strengthen this alignment by enhancing the content of the four-weekly reports accordingly. JH and KO'D agreed that this would be done.

15. Enhanced Internal Control Environment

HC and SB provided an update on process development work, noting that the next step involves identifying end-to-end processes and establishing clear ownership. The Committee acknowledged the challenges in progressing this work, given resources and the time constraints posed by day-to-day responsibilities.

SB emphasised the importance of incorporating both a date-based and role-based perspective—ensuring that roles are clearly defined and individuals are appropriately trained. It was noted that the first part of the year focused on setting the methodology and timeframe, with significant progress made. The next phase will prioritise key processes and the implementation of RACMS.

The Committee is satisfied with the progress being made and the pace and quality at which the work is now being carried out.

16. Internal Audit Dashboard

The Committee noted

- Internal Audit Dashboard

WT provided an update on the Audit Dashboard – a tool designed to track and display recommendations arising from audit reports. WT noted that, as part of the transformation programme, there is ongoing exploration into automating reminders for outstanding action items.

- **HIA Annual Control Report**

WT noted that the Annual Control Report is due for approval and asked AB whether he was comfortable proceeding with the approval. AB and the Committee confirmed their approval. LC inquired whether there is a way to compare audits year-on-year to identify changes or trends. WT responded that the Audit Dashboard offers a useful starting point for this, and that the summary provided includes relevant detail. WT also confirmed that this summary is circulated to the Welsh Government.

Internal Audit reports

WT provided an update, and the following Internal Audits were presented to the Committee and were approved:

- IA Review of Transport for Wales Operational Readiness
- IA Review of Bus Programme
- IA Review of Risk Management
- IA Review of Insurance
- IA Review of Pilot - Internal Controls Questionnaire
- IA Review of AIW Stock Management Processes
- IA Review of Business Continuity
- IA review of HR KPIs
- IA Review of CRM Complaints Process
- IA Review of Management Override of Controls
- IA Report on Delegations
- IA Review of Electric Vehicle Programme

17. Business Continuity

JH provided an update on business continuity, noting that the team includes both a Business Resilience role and a Business Continuity Manager. He then handed over to SC, who reported on the status of risk assessments—many of which have been completed, while others remain ongoing due to their complexity. SC highlighted that key high-risk areas ("big ticket items") are being thoroughly examined, including analysis of which departments would need to be stood up earlier than others. It was also noted that future contractual arrangements—particularly those classified as Gold or Silver—will carry more stringent business continuity requirements.

The Committee was updated on progress toward finalising Business Continuity Plans, with six plans completed and 11 Business Impact Assessments (BIAs) in progress. It was noted that organisational awareness needs to be strengthened, with the use of iLearn identified as a tool for training and communication. Departmental exercises will be conducted to help identify and address any remaining gaps within continuity planning.

Emerging threats were discussed, including cyber-attacks and vulnerabilities within critical supply chains. The Committee noted that SC should attend all future ARC meetings. **Action: BL to issue a standing invitation to Steve.**

LC raised a query regarding the introduction of bus franchises and hydrogen as a fuel source—highlighting safety considerations as well as the potential risk associated with hydrogen supply. LC inquired whether these factors had been incorporated into the continuity planning. SC confirmed that discussions have taken place with Transport for London and that this remains an area under active review.

18. IT Update including Cyber Security

[REDACTED]

MG welcomed Andrew Williams (Technology Service Operations), who provided an update on cyber security developments. AW highlighted an opportunity to build stronger and more integrated connections across teams. [REDACTED]

[REDACTED] A Cyber Managed Security Service Provider (MSSP) is currently being procured.

AW advised that a new cyber security strategy has been proposed and is in the process of being signed off. [REDACTED]

[REDACTED] noted a significant increase in the speed and efficiency of penetration testing activities.

19. Annual Compliance with the Welsh Language Measures

LoJ provided an update, highlighting this year's commitment to the Welsh Government's requirements as well as compliance reporting. LoJ noted a range of initiatives undertaken by TfW throughout the year to enhance the bilingual services offered to customers, demonstrating continued progress in supporting the Welsh language.

There being no further business, the Chair thanked attendees for their contributions and closed the meeting.