TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

Audit and Risk Committee

10 July 2026, 10AM, Pontypridd

Attendees:
Marcia Sinfields (MS), Julian Edwards (JE), Heather Clash (HC), Jeremy Morgan (JM), Josh Hopkins (JH), Lorenzo Visentin (LV), Malcolm Payne (MP), Wilma Thomas (WT) Bronwyn Lillico (BL) (Sec)

Apologies:
Matthew Arthur (MA), Kerry O'Donovan (KO)

Additional:
Mandy Garrett (MG), Stuart Elliott (SE), Adam Jones (AJ), Lowri Joyce (LJ), David Morris (DM) (Deloitte)

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1. Welcome and apologies

1.1 The Chair welcomed attendees. Apologies were noted, and no declarations of interest were raised.

2. Minutes and action items

2.1 The Committee reviewed the minutes of the previous meeting. It was noted that management accounts would be provided to the September ARC, as work was ongoing to consolidate reporting following the implementation of the new system. The minutes of the 17 June 2026 ARC meeting were **APPROVED.**

3. Chair's update report

3.1 The Chair presented her report and reflected on the positive direction of travel in respect of risk and internal controls. She thanked HC, LV and WT for the improvements and constructive discussions being progressed.

3.2 The Committee discussed the ARC Annual Plan of Work. It was agreed that the UK Government late payments consultation should be moved to September, with follow-up to take place with MA regarding the intended discussion **(Action on BL to discuss with MA)**. The Committee also welcomed the inclusion of Carbon Reporting scheduled for December.

3.3 LV confirmed that the development of the risk appetite work should return to the ARC Committee in October, prior to consideration at Board and noted a shift to *separate risk appetite from opportunity appetite.*

3.4 The Committee discussed the document linking Board areas of focus, risks, Board Committee activity and the CEO objectives. JM explained that the document would support Committee planning, reduce duplication, strengthen links between decision making and risk appetite, and contribute to a simpler governance landscape. Members welcomed the approach and highlighted the importance to ensure assurance is focused on key strategic areas, including bus franchising, rail reform, CVL transformation, infrastructure integration, customer growth, data and innovation, and rail performance.

The Committee agreed that the document should be included in the next Board pack, potentially as a sub-item to the ARC Chair's update, and that further columns could be added to track how the Board and Committees fulfil their roles in relation to the areas identified. **Action on JM to progress.**

Committee **NOTED** the ARC Chair's Report, **REVIEWED** the ARC Workplan and **DISCUSSED** the Board, Risk & Sub-Committee Alignment document.

4. Internal Audit quarterly summary report

4.1 WT introduced the Internal Audit Update Report, which provided information on progress against the audit plan, items carried forward, action tracking and overdue actions. WT asked the Committee for feedback.

4.2 Members welcomed the report as a clear snapshot of progress. They noted concern about overdue actions, particularly in relation to significant areas of business change, and asked for assurance on the closure of outstanding actions. WT confirmed that areas of previous significant weakness would be revisited, evidence would be sought before actions were closed, and actions would be closed where changes in the business meant they were no longer valid. HC emphasised the importance of ensuring ELT members were aware of overdue actions, as escalation to the relevant ELT member would help create momentum. The Committee noted that recent activity had already taken place to address actions that had not been actively chased recently due to reporting issues.

4.3 Members suggested that KPIs for internal audit could support escalation, including reporting on management actions not agreed and the time taken from report issue as a draft to finalisation.

4.4 The Committee discussed Pullman-related outstanding actions. [redacted]

Committee **APPROVED** the deferral of the Cyber Security Internal Audit and the Governance Review of Policies and Procedures into the 2026/27 Internal Audit Plan.

Committee **NOTED** the Internal Audit Progress Report and **DISCUSSED** future improvements to the format of the report.

5. Internal Audit reports

5.1 WT presented the following Internal Audit Reports for the Committee to review and note:

- Carbon Emissions Internal Audit – Reasonable Rating
- Governance & Processes for Dealing with Significant Incidents Internal Audit – Substantial Rating
- Commercial Management Controls on Rolling Stock Internal Audit – Reasonable Rating
- Contract Management Internal Audit – Substantial Rating

[redacted]

5.5 The Committee discussed the Commercial Management Controls on Rolling Stock internal audit report. Members noted the organisational question of when new trains should move from project status into BAU. WT explained that current contracts had largely been novated to TfW and negotiated elsewhere, and that future contracts may provide opportunities to influence arrangements more directly.

5.6 The Committee considered the Contract Management internal audit report. HC noted that the audit had delivered against its objectives but was focused on the central contract team. HC highlighted that the next stage should consider how contract owners in the business manage contracts, including practices, training and ownership. The Committee agreed that this distinction should be clearly recorded and that internal audit should advise when this further work could be included **(Action on WT).**

5.7 Members noted recurring gaps in awareness and training across [redacted] contract management and suggested strengthening mandatory manager training in key areas. The Chair asked that file naming and status labels be reviewed to avoid confusion, particularly where papers are marked as draft or final.

The Committee **NOTED** the internal audit reports presented since the last ARC meeting.

6. Internal Control Environment

6.1 AJ joined the meeting and presented the updated plan to support assurance in respect of the Internal Control Environment. The Chair thanked AJ for the clear presentation. HC confirmed that the programme had been reset to make it more achievable. HC highlighted two immediate priorities: influencing controls and mechanisms in real time and providing assurance to ARC and the Accounting Officer. The Committee welcomed the presentation and asked whether the programme was adequately resourced.

6.2 A Member requested that passenger revenue be given appropriate focus. WT and HC acknowledged the point and agreed that passenger revenue, future bus revenue risks and learning from rail revenue controls should be considered as part of the programme and future bus franchising arrangements. LV offered support to align it with strategic risk identification and management.

The Committee **REVIEWED** and **NOTED** the Internal Control Environment Plan.

7. Quarterly risk update

7.1 LV introduced the item and handed over to JH. JH took the report as read and highlighted the enterprise risk management plan, which supported the corporate objective relating to the enterprise risk management framework. He noted good progress against the eight activities, including the recruitment of a new project risk manager and work on risk appetite and opportunity appetite. JH also highlighted the Cardiff Crossrail risk review, which demonstrated the team's work to review and rationalise risks.

7.2 The Committee welcomed the enterprise risk management plan and asked to see continued progress against it. The Chair emphasised that the Board and Committee would provide both support and challenge to the risk team and to risk owners. It was confirmed that the strategic risk register summary would be reported to the Board quarterly, with the next update expected in September.

7.3 LV noted that the team was moving from administering risk to challenging risk management. He highlighted the reduction in Crossrail risks and advised that a similar approach would be taken for the bus portfolio. He also observed that only two strategic risks had moved in the last quarter and asked for the Committee's support in encouraging risk owners to drive movement in risk scores.

7.4 Members supported this approach and stressed the importance of understanding what additional controls or assurance were required to move risks towards target. The Committee discussed whether business continuity should be given greater prominence as a strategic risk. LV advised that business continuity and disaster recovery preparedness were strong in railway operations but less mature across other functions. This would be discussed at ELT, with consideration of whether the gap should be captured as a strategic risk. The Committee noted that business continuity would be subject to internal audit later in the year and that the timing should be reviewed if the programme changed.

The Committee **REVIEWED** and **NOTED** the Quarterly Risk Update and Enterprise Risk Management Plan

8. Annual compliance with Welsh language standards

8.1 LJ joined the call. JE welcomed the progress and suggested a further senior engagement with the Welsh Language Commissioner. He also noted concerns about errors and gaps in bilingual customer information systems on trains and suggested that an audit by train type may be useful. **Action on WT.** Lowri confirmed that the bilingual report would be shared with the Committee and published by Welsh Government. **(Action on LJ).**

The Committee **NOTED** the verbal update on Annual Compliance with Welsh Language Standards.

9. Cyber Security assurance

9.1 MG and SE joined the meeting. MG summarised progress over the previous 18 months, including engaging and onboarding a Security Operations Centre (SOC), CymruSOC, and a Managed Security Service Provider (MSSP) partner, PRISM. This had been alongside and supported, developing threat intelligence capability, fleet penetration testing, and work on human risk and cyber awareness. [redacted]

[redacted]

The Committee:

NOTED and **DISCUSSED** the overall risk cyber posture and underlying drivers.

NOTED and **REVIEWED** progress against the Cyber Roadmap and updated Cyber Strategy.

NOTED the need to support increased organisational focus on governance and accountability, business-led resilience & continuity planning, and supply chain assurance.

NOTED the requirement for sustained investment and cross-organisational alignment.

10. ARC Terms of Reference Update

10.1 The Committee reviewed the updated wording on the ARC Terms of Reference (ToR) to include Procurement as part of its responsibilities and recognised that this amendment would need to be approved by Board. It would then be followed up with a report on Procurement in September ARC. Action on BL to write to JE to confirm his approval of the ToR **(Action on BL).**

The Committee **AGREED**, subject to receiving e-mail confirmation from JE, to recommend to the Board the updated ARC Terms of Reference.

11. Any Other Business

11.1 [redacted]

11.2 The Committee discussed whether an additional independent member with strong IT and cyber expertise should be appointed to provide appropriate challenge and support. The Chair noted that such a role would need to be carefully scoped and that the individual would need to act as a critical friend with the right technical expertise and emotional intelligence.

11.3 JM noted that any such appointment would be a Board appointment and would need to go through NomCo. It was agreed that the Chair would speak to Vernon Everitt and that a short business case would be prepared for NomCo if appropriate. **(Action on MS.)**

The Chair thanked attendees and closed the meeting.