TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

Audit and Risk Committee Minutes

17 June 2026, 8:00 to 10:00 on Teams

Attendees:
Marcia Sinfield (MS) (Chair), Rees Batley (RB), Bethany Wheatcroft (BW); Ellen Filor (EF), Heather Clash (HC), Ifan Williams (IF), Julian Edwards (JE) (NED), Lorenzo Visentin (LV), Matthew Arthur (MA), Natalie Rees (NR), Wilma Thomas (WT)

Additional:

Apologies:
Jeremy Morgan (JM)

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1. In- Camera Session with External Auditors

An in-camera session was held with KPMG before the ARC meeting to update the Chair and NED Member on audit progress. It was confirmed that remaining matters were expected to be resolved through finalisation, and the auditors raised no concerns that would prevent the accounts being signed as planned.

2. Welcome and Apologies

2.1 The Chair welcomed attendees and noted that, due to pre-existing commitments, ARC business had been split across two meetings, with a second meeting scheduled for 10 July. The June meeting would focus on the financial statements and annual reporting matters.

2.2 Heather Clash advised that the Management Accounts were expected to be included on a quarterly basis, subject to confirmation and agreement on the appropriate level of detail.

2.3 No new declarations of interest were raised.

3. Minutes and Action Items

3.1 The Committee reviewed the minutes of the March meeting for accuracy which were agreed subject to minor amends.

Subject to these amendments, the minutes of the March meeting were APPROVED.

4. External Audit Completion Report

4.1 KPMG presented the external audit completion report. RB advised that the audit was in a good position and that KPMG expected to issue a clean audit opinion, subject to completion of the remaining outstanding matters.

4.2 KPMG noted continued improvement in the valuation of rail infrastructure assets, with more activity now being led in-house by TfW and less reliance on external support. The valuation remained an audit risk due to the scale and sensitivity of the assumptions, although the overall process had continued to improve. HC provided background on the CVL asset transfer and explained that TfW had started from scratch following transfer from NR. Knowledge, rates and valuation capability had been built over time, and TfW was now in a much better position.

4.3 The Committee discussed abbreviated accounting processes during the rail system transition. Members noted that, given the predictability of many rail costs and the visibility of the TfW Rail Ltd Board, this did not cause concern.

4.4 The Committee recorded its thanks to MA, HC, the finance team, EF and KPMG for the work undertaken on the audit, the financial statements and the annual report.

The Committee NOTED its review of the external audit report for the consolidated financial statements for the year ended 31 March 2026.

5. External Audit Management Representation Letter

5.1 KPMG introduced the Letter of Representation, confirming that it was a standard representation letter with no TfW-specific or unusual representations. The Chair reminded the Committee that its role was to consider whether it was comfortable recommending the representations to Board for approval and signature. Heather Clash confirmed that officers had been open and transparent with KPMG, that there had been no restrictions on access to information, and that normal processes had been followed. Committee members noted officers' comfort with these representations.

The Committee AGREED to recommend the Letter of Representation to Board for approval and signature.

6. TfW Annual Report

6.1 Ellen Filor introduced the Annual Report and advised that the front end was largely complete. The report was due to go to Board and then to Welsh Government, with signing anticipated on 23 June, subject to final checks. The main outstanding area was climate reporting, which was being finalised following KPMG review comments.

6.2 HC explained that Welsh Government would be sent the version reviewed by Board as close to final as possible. The purpose was to provide Welsh Government with an opportunity to acknowledge the report and raise any concerns, rather than a formal sign-off process.

6.3 The Committee provided several comments on the annual report.

6.4 LV confirmed that the risks reflected in the report were a good reflection of the evolution of risk management over the previous 12 months.

6.5 The Committee discussed climate reporting. Members noted improvements in the process compared with previous years. However, the Committee also noted that some material had

not been available early enough, and that late changes to figures during audit had caused process challenges.

6.6 The Committee asked that feedback be passed to the relevant teams, recognising the continued improvements made but setting an expectation that climate reporting content should be prepared earlier for next year, that substantive changes should not be made late in the process without appropriate visibility, and that an early view of the proposed disclosure format for 2026-27 should be brought to an appropriate ARC meeting. The Committee also noted the need for the Carbon Management Plan to update metrics and targets.

The Committee AGREED to recommend the TfW Group Annual Report to Board for approval.

7. Letter of Comfort from Welsh Government

The Committee NOTED the letter of comfort included in the pack.

8. Annual Internal Audit Opinion

8.1 Wilma Thomas presented the Annual Internal Audit Opinion. The report followed the format used in previous years and included additional detail on the pattern of substantive, reasonable, limited and minimal assurance reports.

8.2 Regarding Internal Audits, the year showed both the highest number of substantive assurance reports [redacted] reflecting both business-as-usual areas and newer or developing parts of the organisation. Wilma confirmed that, overall, the internal audit opinion supported a reasonable level of assurance.

8.3 Committee Members asked for assurance that internal audit recommendations were followed through and closed appropriately. It was confirmed that audit actions were followed up monthly and reviewed quarterly with ELT members. The Committee noted that a summary report on internal audit recommendations would be provided at each future Committee meeting to allow check and challenge.

8.4 The Committee recorded its thanks to the Internal Audit team for their work.

The Committee NOTED that the Internal Audit report concluded that Transport for Wales had appropriate systems of internal control which should provide reasonable assurance to the Accounting Officer in his reporting role to Welsh Government.

9. Subsidiary Financial Statements

9.1 MA noted the statements included in the pack- these covered Wales Infrastructure Manager Last Resort, which is dormant, and TfW Fibre, which remained in draft with some outstanding audit queries. TfW Rail was not included as it would be finalised after the Group accounts.

9.2 The Committee noted that the subsidiary accounts would go through their own governance routes for approval and that the Committee was not being asked to make a formal recommendation as the external audit reports had not been completed.

The Committee agreed that ARC should only review these accounts if they had been finalised and external audit reports provided.

10. Any Other Business
Annual Report of the Audit and Risk Committee

10.1 The Committee considered the tabled Annual Report of the Audit and Risk Committee which set out the major points considered at the June Meeting.

On this basis the Committee:

AGREED to advise Board that, based on the work undertaken during 2025/26, it could provide reasonable assurance that the framework of governance, risk management and internal control was effective and supported achievement of the organisation's objectives.

Subject to conclusion of the external audit, the Committee AGREED to recommend to the Board that the Financial Statements for the year 31 March 2026 and the Letter of Representation be approved.

Procurement

10.2 The Committee discussed whether procurement should be brought more explicitly within ARC's terms of reference. HC advised that ARC should have a role in assurance around procurement compliance, the Procurement Act, good practice and related risks, while avoiding detailed oversight of procurement pipelines. MA noted that emerging late payments legislation may also place monitoring expectations on ARC. WT noted that internal audit work had identified procurement processes starting late, which could limit the ability to undertake the pre-market engagement required under new procurement legislation and to achieve best value.

10.3 The Committee agreed that the matter should be considered further at the second July meeting, including ARC's role and how these fit with other governance responsibilities.

11. Meeting reflections

The committee discussed minor amends to meeting administration.

Committee Members noted the high quality of outputs, good progress on the external audit, continued progress on internal audit and the annual report, and identified procurement as an important area for future consideration.

BL raised the timing of the 2027 Board meeting and the potential impact on scheduling the year-end ARC meeting. It was agreed that Bronwyn would discuss timings with Matthew Arthur and Heather Clash and bring forward a proposed approach, ensuring sufficient time for both account preparation and Committee assurance.

The Chair thanked attendees for their time and contributions and closed the meeting.