# Annual Report of Estyn's Audit and Risk Assurance Committee

# 2025-2026

## 1 Purpose

1.1 This report summarises the main work of the Estyn Audit and Risk Assurance Committee during the period 1 April 2025 to 31 March 2026. The prime role of the Committee is to provide independent advice to HM Chief Inspector and Accounting Officer of Estyn. During the year, therefore, the Committee has dealt with the strategic processes for risk, control and governance through the results of the internal and external audits as well as self-evaluation and other processes. The Committee plays a key role in defining aspects of the audit work and monitoring the management responses to the issues raised.

1.2 The report describes how the Committee met these responsibilities during 2025-2026 and the outcome of the work in relation to further improvements in the governance and management of the organisation. The report is intended to inform the Accounting Officer's Governance Statement that will be included in Estyn's Annual Report and Accounts for 2025-2026.

## 2 The Committee during 2025-2026

2.1 Membership of the Committee during the year was as follows:

| | |
|---|---|
| Emyr Roberts | Non-Executive Director – up to 31 August 2025 |
| David Jones | Non-Executive Director |
| Maria Rimmer | Non-Executive Director |
| Charlotte Williams | Non-Executive Director – up to 31 August 2025 |
| John Cappock | Non-Executive Director – from 1 September 2025 |
| Gareth Morgans | Non-Executive Director – from 1 September 2025 |
| Ravi Pawar | Non-Executive Director – from 1 September 2025 |

Estyn management attendees included:

| | |
|---|---|
| Owen Evans | His Majesty's Chief Inspector, Estyn |
| Jassa Scott | Strategic Director, Estyn |
| Claire Morgan | Strategic Director, Estyn |
| Mererid Wyn Williams | Assistant Director, Inspection and Central Services, Estyn and now Assistant Director, Inspection – up to 28 February 2026 |
| Rhidian Dafydd | Strategic Programmes Director, now Assistant Director, Central Services, Estyn – from 1 March 2026 |

The terms of reference for the Committee can be found within Estyn's Corporate Governance Framework and the remuneration of members is shown within Estyn's Annual Resource Accounts (both documents are available on Estyn's website). For part of the year, Mererid Wyn Williams was the key contact and facilitator for the Committee's programme of work, supported by Mark Harris (Head of Finance and Business Services) and Cheryl Davies (Head of Governance). From 1 March 2026, Rhidian Dafydd took on responsibilities as key contact and facilitator for the Committee's programme of work.

2.2 During 2025-2026, Audit Wales (AW) continued to provide external audit service. TIAA provided the internal audit across the year.

2.3 As planned, the Committee met on 13 May 2025, 8 July 2025, 11 November 2025 and 9 February 2026. Three of the four meetings were fully attended by Estyn members. It is normal practice for meetings to consider reports relating to audit work completed both within the current year and previous financial year where the audit field work was completed close to the year-end; this was the case in 2025-2026.

2.4 There was one additional meeting scheduled for 16 September 2025 to agree sign off of the annual report and accounts. Representatives of the external and internal auditors were present at all meetings and Robert Gairey (Estyn) provided secretarial support for the Committee up to 31 December 2025, with Michaela Benjamin (Estyn) taking over responsbilitites for secretarial support for the Committee from 2nd January 2026. Other Estyn staff members attended the Committee when matters related to their responsibilities were discussed.

2.5 The standard of the reports, management response, tracking of recommendations and the contribution of all Committee members were noted at each meeting. The Committee members, functioning well as a group, continued to pose pertinent and timely questions. Members of the Committee have the requisite expertise and experiences.

2.6 The Committee has throughout the year operated electronically with all papers were presented to members via the Estyn extranet or by e-mail attachments. All meetings were held remotely using Microsoft Teams. Those present evaluated all meetings and generally the response was positive. Such end of meetings feedback, a feature of all Estyn governance meetings, enables all present to continuously reflect on their work which results in swift quality improvements where necessary.

## 3 Control environment

### 3.1 Internal Audit

3.1.1 Throughout the year, TIAA has been providing internal audit services, having had its contract extended for a period up to 31 May 2026. Reports have helped to improve risk identification and management processes. This includes finalising the annual plan for 2026-2026 which was was signed off in March 2025.

3.1.2 Based on an agreed programme of work (established following an Audit Needs Assessment process) the Audit and Risk Assurance Committee reviewed the following reports provided by the Internal Auditors (TIAA).

| Reports | Assurance rating | Number of recommendations (priority rating) |
|---|---|---|
| SAGE Intacct | Substantial | 6 (1 urgent, 3 important, 2 routine) |
| Risk management | Substantial | 1 (routine) |
| Project and programme management – website project | Substantial | 3 (1 important, 2 routine) |
| IT support | Substantial | 4 (1 medium, 1 low, 2 operational) |
| Key financial controls | Substantial | 3 (1 low, 2 operational) |
| Impact of professional learning weeks | Substantial | 4 (2 medium, 2 operational) |
| Strategic equality planning | Substantial | None |

3.1.3 Internal Audit coverage is planned in order to provide a reasonable level of assurance that Estyn's key governance and risk management systems are operating effectively and that there are sound internal controls in place. The Internal Auditors have commented that they are satisfied with management's responses to their recommendations.

3.1.4 A further feature of the Internal Audit coverage is to undertake follow-up reviews of previously agreed recommendations together with compliance or spot check reviews. The tracking system for the recommendations in each audit report has continued to be used during the year and includes information such as date for completion for specific actions, ownership, progress reports by management and whether the actions had been completed by Estyn and verified by Internal Audit.

3.1.5 The Head of Internal Audit is Elan Parry who took on the role from September 2024. TIAA has provided an assurance that there are no conflicts of interest that they wish to report and that they have complied with Public Sector Internal Audit Standards in undertaking their audit work.

3.1.6 TIAA's annual opinion for the 12 months ended 31 March 2026 states that **"TIAA is satisfied that, for the areas reviewed during the year, Estyn has reasonable and effective risk management, control and governance processes in place."**

### 3.2 External Audit

3.2.1 Audit Wales (AW) presented the Audit Deliverables document at the May 2026 meeting for the auditing of the 2025-2026 Estyn Annual Report and Accounts. This document clarified the relative responsibilities of Estyn and AW.

3.2.2 The Audit work for 2025-2026 accounts was reviewed in the July 2026 meeting of the Audit and Risk Assurance Committee. Within the ISA 260 report to those charged with governance, AW **issued an unqualified audit opinion**, stating that they were satisfied for HMCI as Accounting Officer to sign off the 2025-2026 accounts. AW indicated that there were no conflicts of interest on their part.

3.2.3 AW noted an improvement in the quality of the draft accounts in 2025-2026 and did not identify any material misstatements in the financial statements or any significant weaknesses in the related control environment.

## 4 Co-operation between Internal and External Audit

4.1 The Committee has discussed how the Internal and External Auditors are communicating and working together to minimise the level of any duplicated work. TIAA and AW have advised the Committee that continued dialogue and co-ordination has taken place this year.

4.2 The Committee is satisfied with the quality of service provided by the Internal and External Auditors.

## 5 Corporate Governance

5.1 The quality of the audit work and that of the Committee has been evaluated during the year using several different methods:

- end of meeting evaluation and an annual self-evaluation by members
- tracking of the actions agreed in each Committee meeting
- annual appraisal of Non-Executive Directors by HMCI/Accounting Officer
- annual review of the Terms of Reference
- annual meeting with the Internal and External Auditors

5.2 In the spring of 2026 a self-evaluation exercise took place regarding the effectiveness of the committee and its arrangements. Following feedback from last year, a simpler and shortened form was developed for use by both ARAC and Strategy Board members. The results were considered in a separate meeting held by the non-executive directors with Michaela Benjamin present to take notes of recommendations. There was overall satisfaction with the arrangements.

5.3 The terms of reference of the Committee have been circulated to all members with the papers in order to ensure that the Committee is focused on its prime responsibilities. Estyn's Corporate Governance Framework is also reviewed by the Committee, with updates carried forward by Michaela Benjamin for publication on Estyn's website, and the Committee's Terms of Reference also updated as appropriate.

5.4 The quarterly assurance statement continued to be a central part of the Committee's deliberations and provides detail of Estyn's governance, risk management and internal controls. This statement informs the Governance Statement, which has been on the Committee's agenda throughout 2025-2026.

5.5 The standing item on legal and regulatory updates from the Internal and External Auditors ensures that the members are fully appraised on any changes affecting Estyn's legal, reporting, or compliance position, in so far as it affects the work of the Committee. The Assistant Director, Inspection and Central Services also provides regular updates from WGSB Heads of Resources Group, and its Finance Officers Sub-Group, including any relevant DAO correspondence. HMCI provides an oral update in each meeting on the developments within Estyn and any external changes that might have a bearing on the Committee's work and responsibilities.

## 6 Risk and Fraud

6.1 With Estyn having refined its approach to risk management in 2023-2024, the Committee is satisfied that Estyn has an appropriate Risk Management Policy, which is overseen by the Board, and that its risk register adequately reflects the risks that Estyn faces and their likely impact. The risk register also notes the management actions that have been taken to mitigate and eliminate the risks. As Committee members also serve as non-executive directors on the Strategy Board, they have high visibility of risks and direct involvement in discussions of risk management strategies and actions.

6.2 The Committee is also satisfied that there is an adequate process in place to inform of cases of fraud or potential fraud as and when they arise and that Estyn has provided staff with sufficient visibility and training as to how to deal with such instances. We are also advised by our External and Internal Auditors where detected fraud has been identified and an appropriate liaison arrangement has been established with the fraud expert support office in the Welsh Government. The assurance reports provided confirmation to ARAC that no instances of fraud or suspected fraud had arisen during the year.

## 7 Additional matters

7.1 During the year the Committee has received information and reviewed the following matters:

- Details of all waivers and departures
- Legal and consultancy fees
- AW return – Audit enquiries to those charged with Governance and Management
- Various papers and updates provided by TIAA and AW

- The Committee has additionally had updates on various enhancements to financial reporting and forecasting which have been implemented during 2025/26. The Committee welcomes these developments and looks forward to seeing further enhancements put in place during the coming financial year under the leadership of the newly appointed Financial Controller.

## 8 Conclusion

8.1 The Committee has operated to an acceptable standard during the year and has received appropriate, regular and timely information about the production of Estyn's resource accounts and in particular about Estyn's control environment. **The Committee remains satisfied that, when completing the Governance Statement, the Accounting Officer can be substantially assured that Estyn's control, risk and governance position in 2025-2026 was sound**.

## 9 Acknowledgements

9.1 I am grateful to all those attending the Committee for their work and contribution during the year. I want to acknowledge the significant contribution of Mererid Wyn Williams to the work of the Committee and particularly wish to thank Robert Gairey and Michaela Benjamin for their work in providing support to the Committee and ensuring the timely circulation of high quality papers, as this is an important feature of good governance. The work of Estyn staff has been central to the Committee's work and their contributions are valued. I am also grateful to Gareth Lucey and Lucy Evans from Audit Wales and Elan Parry from TIAA for their support and advice during the year.

John Cappock
Chair of the Estyn Audit and Risk Assurance Committee
July 2026