

Meeting minutes

Audit and Risk Assurance Committee

Meeting date	Wednesday, 07 May 2025
Meeting location	Hybrid: MS Teams / The Podium / Snowhill
Meeting time	13:00-15:00

Members	Attendees
Keith Smithson, Committee Chair David Goldstone, Non-Executive Director Stephen Hughes, Non-Executive Director	Alan Foster, CFO and Deputy CEO [REDACTED] GIAA, Head of Internal Audit [REDACTED] Senior Governance Manager [REDACTED] (item 3), Head of Financial Control & Governance [REDACTED] (item 3), Business Manager [REDACTED] NAO [REDACTED] interim Company Secretary [REDACTED] NAO [REDACTED] NAO [REDACTED] Deputy CFO [REDACTED] GIAA [REDACTED] Head of CFO Office Special Projects [REDACTED] Head of Corporate Quality and Assurance [REDACTED] DfT representative [REDACTED] DfT Project Representative

1 Welcome, Declarations of Interest and Values Moment

- 1.1 The Chair welcomed members and attendees to the meeting.
- 1.2 No apologies were received and the meeting was quorate.
- 1.3 Members each confirmed that there had been no additional or change to their existing interests.
- 1.4 The Committee received a values moment from Stephen Hughes.

2 Minutes of the previous meeting and review of Action tracker (ARAC_25-012 and ARAC_25-013)

- 2.1 The Chair confirmed that minutes of the meeting held on 14 April 2025 would be submitted for review to the next meeting.

ACTION: [REDACTED]
- 2.2 The Committee reviewed the actions schedule and discussed the status of Risk Controls, Cost Assurance, Cost Verification, alignment with Task Forces 1 and 2 and how the Committee could monitor progress going forward:
 - 2.2.1 That consideration was required on how NEDs could interface with Task Forces at an early enough stage in order to add independent oversight and value.
 - 2.2.2 That ongoing improvements for corporate controls would be reported under and monitored via the CEO’s controls improvement plan paper which would be a standing item.

ACTION: [REDACTED]

2.2.3 The Committee requested that the Programme Controls Director attend a future meeting to provide insight into the control environment in the context of current activities, and the progress to improve project controls alongside Task Force 2.

ACTION: [REDACTED]

2.3 The Committee requested that future actions be defined more clearly with actions owners, with robust timescales.

ACTION: [REDACTED]

3 Annual Report & Accounts (ARA) 2024/25 (ARAC_25-016)

3.1 The Committee was asked to note the progress made in developing the ARA and provide early comment on the current draft provided.

3.2 It was noted that early engagement from Board Members should be sought, specifically from Committee chairs, in order for them to review their individual sections and to ensure alignment in tone and theme with the Board Chair and CEO.

3.3 Management informed that the incoming Chair would draft the Chair's Summary with assistance from management. That the CEO Summary should set the scene for all and which should be provided for circulation as soon as practicable. Further, there was a future development section where the Chair and the CEO Statements could benefit from being aligned in important engineering achievements and construction milestones that were delivered during the period. The Chair suggested that a clear narrative should be provided around the Reset KPIs to demonstrate continuity.

ACTION: [REDACTED]

3.4 The Head of Financial Control and Governance provided a summary on key accounting issues:

3.4.1 [REDACTED]
[REDACTED]
[REDACTED]

3.4.2 [REDACTED]
[REDACTED]

3.4.3 [REDACTED]
[REDACTED]
[REDACTED]

3.5 [REDACTED]
[REDACTED]
[REDACTED]

3.6 The Committee noted:

3.6.1 [REDACTED]
[REDACTED]
[REDACTED]

3.6.2 [REDACTED]
[REDACTED]
[REDACTED]

3.6.3 [REDACTED]
[REDACTED]

3.7 The Members were satisfied with the accounting judgments presented and the rationale to only exclude costs which were disallowed. It was agreed that the accounts be ENDORSED and submitted to the Board for review and approval in due course.

- 3.8 Management were requested to provide a schedule of appended papers and accounting judgements, including: An analysis of broader contingent liabilities summary; totality of provisions; summary of impairments; disclosure of financial commitments and method of calculations; appropriate draft minutes; and reflection of the going concern statement and a review of the narrative.

ACTION: [REDACTED]

- 3.9 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- 3.10 Management clarified that this contingent liability would be captured in the appropriate Notes to the Accounts, since the amount was not deemed likely to be paid. Members considered the going concern status and that this item would not present a material liability.

- 3.11 There were no identified insurance contracts that required disclosure.

4 Bridge Year Corporate Controls (ARAC_25_017)

4.1 Controls Improvement Plan

- 4.1.1 The Deputy CEO, CFO highlighted that this paper would be a standing item.
- 4.1.2 The Committee discussed the need for oversight and how Members could monitor progress of improvements in corporate controls. And noted that there should be identified measures to define success. It was noted that two critical areas were not included in the paper, specifically project controls under Task Force 1, and Cost assurance work, which should be incorporated into the update going forward.

ACTION: Alan Foster

4.2 Whistleblowing Policy Verbal Update

- 4.2.1 The Committee noted that HS2 Ltd continued to review its whistleblowing procedures with a view to accelerating high risk cases and embedding a higher detection and prevention focus. The Deputy CFO, CEO assured that steps had been taken to recruit expertise to bolster the function, and that robust assurance could be provided to the Committee in due course.
- 4.2.2 The Chair advised that he had reviewed and commented on an updated whistleblowing policy and procedure. He requested that this be formally reviewed and endorsed by ARAC at the next meeting.

ACTION: [REDACTED]

- 4.2.3 The Committee requested for five key cases to be provided as samples to the next meeting, as well as a second line review for lessons learned and the interim measures.

ACTION: [REDACTED]

- 4.2.4 The DfT representative informed the Committee that new the Shareholder Board would also look at this topic and the Permanent Secretary planned highlight the importance of this issue to the incoming Chair.

4.3 Integrated Assurance and Approvals Plan (IAAP) 25/26 Development

- 4.3.1 The Committee noted that the counter-fraud transformation plan remained a significant priority and that a triage was in place to deal with the backlog of cases. It was noted that 50 out of 136 cases remained and that this was a positive result.
- 4.3.2 It was noted that The IAAP has been endorsed by the CEO and the CFO. The Committee discussed organisational capability and that LOD2 assurance would be competently provided in-house. Members were content with the live document and agreed to ENDORSE the IAAP subject to the discussed clarifications.

4.4 Management Assurance Statement 24/25

- 4.4.1 Following challenge from the Committee at the previous meeting, the MAS had been further reviewed and identified fundamental weaknesses related to programme controls, cost and schedule estimations and risk management which were being addressed through the Reset programme.
- 4.4.2 The Committee endorsed the updated MAS assessment.
- 4.4.3 The Committee commented that this work would benefit from further improvement and recommended that a matrix be developed to align with Task Force 1 and 2, and any other relevant areas. This would create a more concise, focussed document with a comprehensive action plan.

5 Any Other Business (ARAC_25-020)

- 5.1 The Head of Internal Audit provided the Committee with a verbal update.
- 5.2 The Committee noted that the GIAA Internal Audit Update Report May 2025 was in the Reading Room.
- 5.3 There being no further business the meeting closed.