

Meeting minutes

Audit Risk and Assurance Committee

Date: Monday, 16 June 2025

Time: 10:00 – 13:00

Location: Podium, London

Members	Presenters
Keith Smithson, Committee Chair	<i>Item 3:</i>
David Goldstone, Non-Executive Director	Head of Financial Governance & Controls
Attendees	Actual Cost Assurance Director
Mark Wild, CEO	Head of CFO Office Special Projects
Alan Foster, CFO and Deputy CEO	Business Manager
Deputy CFO	<i>Item 4:</i>
GIAA, Head of Internal Audit	Head of Corporate Quality and Assurance
GIAA	Chief Information Officer
GIAA	Head of Cyber Security
Interim Company Secretary	
Governance Manager	Guest
NAO	– (imminent) Head of Fraud & Whistleblowing
NAO	
NAO	Apologies
DfT representative	Stephen Hughes, Non-Executive Director
P-Rep	DfT representative

1 Welcome and declarations

- 1.1 A values moment was provided by the CFO and Deputy CEO, on Integrity, Honesty, and Compliance.
- 1.2 The Committee Chair welcomed Members and attendees to the meeting.
- 1.3 The meeting was confirmed quorate.
- 1.4 There were no new declarations of interest.

2 Minutes of previous meeting & Matters arising (ARAC_25-012, ARAC_25-025, ARAC_25-026)

- 2.1 The Committee **APPROVED** the minutes of meetings held on 14 April 2025 and 7 May 2025, as true and accurate records.
- 2.2 The action update was reviewed and requested to be complete and simplified in narrative going forward.

3 Annual Report and Accounts 2024/25 Approval (ARAC_25-027, ARAC_25-028, ARAC_25-029, ARAC_25-030, ARAC_25-031)

3.1 The Committee received the final version of the 2024/25 Annual Report and Accounts and supporting annexes, which were all taken as read.

3.1.1 The Deputy CFO and Head of Financial Governance & Controls led the discussion on the annual accounts close out for FY 2024/5, supported by the Actual Cost Assurance Director and Business Manager.

3.1.2 On the statutory accounts, the Committee discussed:

3.1.2.1. Key judgements - which had been previously reviewed and agreed at prior meetings. These were formally endorsed as the items were noted as being unadjusted other than where noted and discussed.

3.1.2.2. [REDACTED]

3.1.2.3. [REDACTED]

3.1.2.4. [REDACTED]

3.1.2.5. [REDACTED]

Action: [REDACTED]

3.1.2.6. [REDACTED]

3.1.3 [REDACTED]

3.2 The Annual Report (ARAC_25-028), NAO Audit Completion Report (ARAC_25-029), GIAA HS2 Annual Opinion & Report (ARAC_25-030), ARAC Chair Annual Report (ARAC_25-031) were all noted and taken as read.

3.2.1 The Head of CFO Office Special Projects provided context on the narrative, that the content and tone had improved following input from the NED's, and the DfT had also commented on the positive amendments and there being no concerns.

3.2.2 Members felt that the following required further review:

3.2.2.1. The Governance section and Risk and Controls Report needed to reflect the status of controls and assurance challenges at the present time and to also include the GIAA opinion, which was now available, as well as mentioning the onboarding of the new chair.

3.2.2.2. That a brief section be added in the ARAC Report to reflect the challenges faced by the Committee regarding management assurance and related assurance action plans; and

3.2.2.3. That following the Spending Review being concluded, this also needed to be reflected within the content and its impact.

Action: [REDACTED]

3.2.3 The Committee discussed [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3.2.4 Members requested that for whistleblowing disclosures, that statements be supported by evidence where assertions were made regarding improvements in fraud capability and resources. That the report needed to be updated to also confirm the value of fraud detected or prevented.

Action: [REDACTED]

3.3 The NAO presented their audit completion report and informed that their work was substantially complete, with materiality and risk remaining the same, but changes being recommended for key audit matters, specifically executive payments. Members appreciated the positive report given the complexity and size of the organisation. That whilst being self-critical on the overall control environment, financial reporting controls were recognised as being in good shape by management, NAO and the Committee.

3.4 The CFO & Deputy CEO agreed to carry out an end-to-end review of the content prior to Board submission, and a holistic review of all the controls/risk/governance sections to reflect all GIAA feedback and plans for assurance.

3.5 The GIAA audit opinion and report was noted, reflecting on the core programme controls audit being more significant than other reports.

3.6 The Committee reviewed the Letter of Representation and judgments made, and **ENDORSED** the 2024/25 Annual Report and Accounts, subject to the above changes being incorporated into the documents before being submission to Board. Members thanked the financial team, the GIAA and NAO for carrying out their respective roles.

3.7 Head of Financial Governance & Controls, Actual Cost Assurance Director, Head of CFO Office Special Projects and Business Manager left the meeting.

4 Corporate Controls & Outlook (ARAC_25-032, ARAC_25-033, ARAC_25-034, ARAC_25-035, ARAC_25-036, ARAC_25-037, ARAC_25-038)

4.1 The Corporate Controls Improvement Plans paper (ARAC_25-032) was noted and taken as read.

- 4.1.1 Members welcomed the plan outlined and prioritisation to support driving improvements by the CEO and the wider Executive Team. It was noted that a more integrated detailed plan would be presented to the next meeting.

Action: Alan Foster

- 4.1.2 The Committee noted the improvement plans related to the Management Assurance Statement provided to the DfT; reiterating the importance of early intervention and oversight in order to make a longer-term impact with thorough and well thought-out plans.

- 4.1.3 Programme Control deficiencies were briefly considered, and which would be reported on once the results following the IPPC review were available. Members requested for a combined action plan on controls (including programme controls) to be provided, further incorporating changes to governance and developments against the relevant James Stewart Review recommendations (which were not currently provided in the update). The Chief Programme Officer was requested to present on Programme Controls at a future date.

Action: Jim Crawford

- 4.1.4 [REDACTED]

Action: Alan Foster

- 4.1.5 It was noted that the plan to review the 2025/26 strategic risks and risk appetite for the business in July, had been rescheduled for September.

Action: [REDACTED]

- 4.2 The Counter Fraud & Whistleblowing Update (ARAC_25-033) was noted and taken as read.

- 4.2.1 The newly recruited Head of Counter Fraud and Business Ethics was introduced and welcomed by the Committee.

- 4.2.2 The new whistleblowing policy, procedures and new templates were noted by the Committee. It was informed that these documents had been reviewed by Internal Audit and the Public Sector Fraud Authority (PSFA) and their feedback had already been incorporated.

- 4.2.3 Management commented on the newly implemented triage process, and that the 'Speak Out Steering Committee' (SOSC) would support with timely oversight; build confidence; and drive behavioural change in respect of fraud and act as an additional channel for reporting a range of concerns and complaints. Members requested for success stories be communicated widely to the workforce in order to reinforce the importance of deterring fraud and maintaining a strong 'speak out' culture.

- 4.2.4 [REDACTED] It was recognised that enhancing the fraud team and regular reporting against the whistleblowing regime, would be a task for the incoming Head of Counter Fraud and Business Ethics.

Action: [REDACTED]

- 4.2.5 As triage sessions had commenced recently, Members commented on the process of these meetings and its scope, asking for this to be outlined, with data to also be shared on the recent themes of cases and key learnings by management. [REDACTED]

[REDACTED] It was

requested that a briefing session be organised for Members to receive a deeper update on cases and the effectiveness and process of the SOSC.

Action: [REDACTED]

- 4.2.6 Members reflected on the valuable feedback which could be provided by the Head of Counter Fraud and Business Ethics after her initial review, and how she could support achieving a shift from reliance on reacting to whistleblowers to a more pro-active approach in identifying fraud and possibly the use of advanced data analytics and AI. Requesting that data analytics and the challenges with and faced by the supply chain be incorporated into the next update.

Action: [REDACTED]

- 4.3 The Deputy CEO presented the Actual Cost Assurance Implementation and Cost Verification Status (ARAC_25-034) which was noted and taken as read.

4.3.1 [REDACTED]
[REDACTED]
[REDACTED]

4.3.2 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- 4.4 The Committee noted the P-Rep mapping of outstanding actions to Programme Reset (ARAC_25-035) which was taken as read.

- 4.4.1 The DfT Project Representative and CEO commented on the open collaboration to review the outstanding actions, to be useful and healthy. Members endorsed the approach provided, which demonstrated clear mapping of issues and actions required to satisfy the recommendations.

- 4.4.2 That P-Rep had consulted each Taskforce for acceptance of relevant recommendations, and that Appendix D has set out barriers to the Reset.

- 4.5 The Head of Corporate Quality and Assurance joined the meeting to present the IAAP implementation progress report (ARAC_25-036), which was noted and taken as read.

- 4.5.1 The Committee discussed the view of independence of external firms carrying out assurance work, and concerns were expressed regarding overlaps and potential conflicts with firms working on more than one LOD. Whilst acknowledging that conflict management policies operated within professional firms, Members remained concerned that any perceived or actual conflicts should be properly avoided or managed and that there should be transparency on these expectations. Management were requested to review the policy or protocols and report back to Members on the proposed way forward in managing conflicts, which could then be agreed by HS2, the DfT and GIAA. Further requesting that this task be completed prior to completing the LOD assurance work.

Action: Alan Foster

- 4.5.2 The Head of Corporate Quality and Assurance left the meeting.

- 4.6 The Chief Information Officer (CIO) and Head of Cyber Security joined the meeting to present the (SIRO) 6 Monthly Update (ARAC_25-037) which was noted and taken as read.

- 4.6.1 A high-level overview was provided on the new AI policy which would be launched to the wider business imminently.

- 4.6.2 The Committee discussed utilisation of AI technology at HS2 and the data retention rules. It was informed that weakness in this regard were evident and that the organisation required local guidance and a data retention policy for local accountabilities. Management assured that

central oversight on this matter had been delegated to the CIO, and a new data retention policy was being drafted with a view to implementation by end of this year.

4.6.3 On a separate matter, a Cabinet Office mandate had been received, which required HS2 to file a self-assessment and status update to the National Cyber Assessment Framework (CAF). It was informed that the organisation was aiming for a “baseline” status in early 2026, however, the CEO requested for a targeted “enhanced” status instead, due to the business maintaining critical assets very soon.

4.6.4 Members requested that the next SIRO submission (in six months) be accompanied by a deep dive on the adoption of AI technology within HS2; the cyber road; the long-term ambition; and clarity on the self-assessment status.

Action: 

4.6.5 The CIO and the Head of Cyber Security left the meeting.

4.7 The Head of Internal Audit presented the Committee with the HS2 Internal Audit Update on 2025/26 (ARAC_25-038) which was noted and taken as read.

5 Forward Look (ARAC_25-039)

5.1 The Committee reflected on the forward look (ARAC_25-039).

6 Any Other Business

6.1 There being no further business to conduct the meeting closed at 13.02pm.