

# Meeting minutes

## Audit and Risk Assurance Committee

**Meeting date** Thursday, 09 October 2025

**Meeting location** Podium/MS Teams

**Meeting time** 10:00-13:00

| Members                                | Attendees  | Apologies                               |
|--|--|---|
| Keith Smithson, Committee Chair        | Mike Brown, HS2 Chair                                | David Goldstone, Non-Executive Director |
| Stephen Hughes, Non-Executive Director | Mark Wild, CEO                                       | [REDACTED], NAO                         |
|  | Alan Foster, CFO and Deputy CEO                      | [REDACTED] DfT Representative           |
|  | [REDACTED] Deputy CFO                                |   |
|  | [REDACTED] GIAA                                      |   |
|  | [REDACTED], GIAA                                     |   |
|  | [REDACTED]e, Governance Lead                         |   |
|  | [REDACTED], Governance Manager                       |   |
|  | [REDACTED] NAO                                       |   |
|  | [REDACTED] NAO                                       |   |
|  | [REDACTED], Special Advisor to the CEO               |   |
|  | [REDACTED] Group Finance Director                    |   |
|  | [REDACTED], Head of Counter Fraud and Investigations |   |
|  | [REDACTED], Actual Cost Assurance Director           |   |
|  | [REDACTED], Commercial Delivery Director             |   |
|  | [REDACTED] Taskforce 2B Lead                         |   |
|  | [REDACTED], Head of Enterprise Risk Management       |   |
|  | [REDACTED] Project Representative                    |   |

| Members | Attendees  | Apologies |
|---------|--|-----------|
|         | Jim Crawford, Chief Programme Officer                      |           |
|         | [REDACTED] Improvement Programme for Project Controls Lead |           |
|         | [REDACTED], Mobilisation Phase Programme Controls          |           |
|         | [REDACTED], Head of Information & Cyber Security           |           |

## 1 Welcome, Declarations of Interest and Values Moment

- 1.1 The Chair welcomed members and attendees to the meeting. Apologies had been received in advance from David Goldstone and [REDACTED]. The Chair advised that David Goldstone had provided comments on papers ahead of the meeting, and it was confirmed that these would be raised at the appropriate points throughout the agenda by the Chair on David's behalf.
- 1.2 The meeting was confirmed quorate. There were no new declarations of interest or any changes to existing interests and the meeting commenced.
- 1.3 A values and safety moment was provided by the Deputy Chief Financial Officer who shared a personal reflection on a recent norovirus outbreak in a school setting, emphasising the importance of individual responsibility and collective care. The message reinforced HS2's core value of safety, encouraging everyone to look out for one another.

## 2 Minutes of the previous meeting and review of Action Register (ARAC\_25-052 and ARAC\_25-053)

- 2.1 The Committee **approved** the minutes of the meeting held on 21 August 2025 as a true and accurate record, subject to two amendments made regarding job titles in the list of attendees.

**Action: Company Secretariat**

- 2.2 The Committee Chair provided opening remarks, emphasising the importance of establishing an accurate context of the journey over the last two years that has identified the control weaknesses that have led to the critical need to deliver a comprehensive controls improvement plan. This plan should consolidate existing action plans into a single, coherent framework that clearly outlines responsibilities, specifying who is doing what, and by when. The plan should be further developed and be presented to the Board at its meeting on 29 October 2025. The Chair stressed the need to drive a significant cultural shift, requiring appropriate resources and capabilities to enable rapid and effective change, underpinned by strong collaboration and alignment across the organisation.

**Action: Company Secretariat**

2.3 The Committee reviewed the Action Register (ARAC\_25-053) and requested the following:

2.3.1 Action: 25/022 - The management of professional services perceived or actual conflicts. It was noted that discussions remain ongoing between the Committee Chair and the Chief Financial Officer. [REDACTED]

[REDACTED] A set of principles will be established, with an updated policy developed in collaboration with the Department for Transport (DfT) and the Government Internal Audit Agency (GIAA). This will help ensure future work eliminates potential conflicts and clarifies the target landscape. It was proposed that the updated principles and policy would be presented to the Committee in the new year.

**Action: Company Secretariat**

2.4 The Committee confirmed it was satisfied with the remaining open actions, and it was noted that actions proposed for closure were addressed within the items included on the meeting agenda.

### **3 Control Environment Improvement Plan (ARAC\_25-054)**

3.1 The Committee received a report on the progress of Control Environment Improvement actions and the emerging integrated Control Environment Improvement Plan, which was taken as read.

3.2 The Chair reflected that the background section of the report did not fully represent the journey the Committee had overseen over the last two years and asked management to reflect the progressive identification of control weaknesses and improvement actions more fully in future papers.

3.3 It was noted that the limitations within the control environment, as reflected in both the Executive's 2024/25 Management Assurance Statement and the GIAA Audit Opinion for 2024/25, resulted in a Limited rating. To progress towards achieving a moderate or substantial audit opinion, HS2 must ensure that the Control Environment Improvement Plan, including its development, implementation, and historical context is well evidenced, accurately documented and presented in a fair and transparent manner.

3.4 The CFO acknowledged that the background section had placed too much emphasis on the reassessment of the Management Assurance Statement and that we should put more focus on capturing the full genesis of this work. However, the development of the Control Environment Improvement Plan was fully aligned with the Chair and Committee members expectations. A strategic, elevated perspective is required, with clear focus areas to ensure the plan is taking shape, and the Executive are fully engaged and focused.

3.5 Members discussed the three key stage gates that should be a focus to crystallise step-change progress:

- [REDACTED]

- [REDACTED]
- [REDACTED]

3.6 Members discussed the objective to create an improvement plan to enable HS2 to achieve a Moderate audit opinion by April 2026. It was agreed that further definition was required of the changes being made to the control environment to achieve this objective need to be captured in the Control Improvement Plan. Regular reviews should be undertaken to monitor the pace of improvement across key areas, linked to the IAAP, strategic risks, and objectives. This will help ensure the control environment is sufficiently mature to progress through each stage gate.

**Action: Deputy CFO**

3.7 Members proposed that a checklist be developed for each of the three stage gates, with every block within the Initial Control Improvement Plan supported by a one-page summary. Each summary should clearly outline; the problem being addressed, the proposed resolution, responsible owner, and timeline for delivery.

**Action: Deputy CFO**

3.8 Members reflected on the situation at Notice to Proceed, where over five hundred areas were monitored, required responses and sign-off. It was agreed that lessons learned from that experience must be incorporated into the current approach. The Chair emphasised the importance of answering the “why” question, including what problems are being solved, and the substance of the change being pursued. Assurance activities must be clearly directed at addressing previous audit findings and should identify known weaknesses.

**Action: Deputy CFO**

3.9 Members agreed that a high-level focus discussion on the Control Environment Improvement Plan should be presented and discussed at a Board Briefing or Board Dinner, prior to the October Board meeting.

**Action: Deputy CFO / Company Secretariat**

## **4 Financial Controls Update (ARAC\_25\_055)**

4.1 The Financial Control Update Report was presented to the Committee by the Group Finance Director and was taken as read. The Group Finance Director confirmed that the actions outlined in the main audit action plan scheduled for September 2025 had been completed since the report was written and published.

4.2 [REDACTED]

[REDACTED] They recommended updating the actions with clear target dates, assigned owners, and detailed progress narratives, aligned with the Control Environment Improvement Plan, checklist, and three-stage gate process.

**Action: Group Finance Director**

4.3 The Committee noted the updates and progress against the NAO recommendations.

## **5 Counter Fraud and Investigations Update (ARAC\_25-056)**

5.1 The Committee received an update report from Head of Counter Fraud and Investigations on progress on Counter Fraud and Investigations (CF&I) since the last Committee meeting held in August 2025, which was taken as read.

5.2 The Head of Counter Fraud and Investigations provided members with an update on key issues relating to team capacity and capability, increased staffing levels and address gaps through temporary surge resources with a shift from reactive investigations to proactive prevention, building trust and strengthening partnerships. An enhanced resource and capability plan has been agreed to further strengthen the team and organisational resilience.

5.1 The Counter Fraud Steering Group has convened twice to date, conducting monthly reviews of all live red and amber-rated cases. The reviews include action plans for new cases, ensuring appropriate assurance and action at the case level, while also providing strategic visibility to mitigate potential risks.

5.2 Members thanked the Head of Counter Fraud and Investigations for the quality of the report and the progress made. It was noted that the Management Information (MI) report had been received and was currently under full review. Once the review was finalised, the full detailed report would be presented at a future Committee meeting for consideration.

**Action: Head of Counter Fraud and Investigations / Company Secretariat**

5.3 Members acknowledged that both the Board and Executive are fully supportive of the developments and ongoing plans. It was further agreed that a closed session to facilitate a more detailed discussion of the top cases relating to whistleblowing and investigations would be arranged with Committee members prior to the next scheduled Committee meeting in December.

**Action: Head of Counter Fraud and Investigations / Company Secretariat**

5.4 The Committee noted the progress update and **endorsed** the recommendation for mandatory annual training on counter fraud, bribery, and corruption.

**Action: Head of Counter Fraud and Investigations**

## **6 Actual Cost Assurance Implementation (ARAC\_25-057)**

6.1 The Committee was provided with an update on [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] and this was taken as read.

6.2 The Actual Cost Assurance Director confirmed that the [REDACTED] has been reduced to four months, [REDACTED]. Key

improvements include the implementation of a 95% probabilistic sampling methodology, and a best practice framework to support effective implementation of value for money assessment. [REDACTED]

6.3 The Committee noted that the [REDACTED] has reduced to a more manageable level. [REDACTED]

6.2 [REDACTED]

6.3 The Committee received a high-level summary on [REDACTED] which confirmed enhancements to the Controls and Assurance approach within the Cost Verification Audit regime, Accounting Officer and Managing Public Money frameworks, the cost assurance digital platform, and associated cost control and onsite practices.

6.4 The Committee recommended that some of [REDACTED]

6.5 It was noted that [REDACTED]

**Action: Taskforce 2B Lead / Company Secretariat**

## **7 Strategic Risk Development (ARAC\_25-058)**

7.1 The Committee noted the progress made pertaining to the refresh of the Strategic Risk Register and its associated management framework, following consultation with Executive and Board members.

7.2 The Head of Enterprise Risk Management provided members with a high-level summary of progress to date, outlining key management principles and future plans for assurance integration and the development of risk appetite. Subject to the Committee's and Board's approval in principle, it was proposed to pilot the suggested framework using the agreed Strategic Risk Register. A further update will be provided at the next Committee meeting.

**Action: Head of Enterprise Risk Management / Company Secretariat**

7.3 Members emphasised the importance of aligning this work with the Baseline and the broader programme of strategic change, ensuring integration with Improvement Programme for Project Controls and Taskforces. Members recommended that the top risks be subject to continuous review, and it was proposed that risk become a standing agenda item with a one-page dashboard presented to both the Board and the Audit, Risk and Assurance Committee to support an effective risk management approach, including review and horizon scanning. Members additionally proposed involving Non-Executive Directors through scheduled pre-Board briefing sessions and/or Board dinners.

**Action: Head of Enterprise Risk Management / Company Secretariat**

7.4 The Committee noted the progress made to date developing a new Strategic Risk Register. The Committee **approved** the high level management principles proposed and noted the Strategic Risk Team's future plans on assurance integration and risk appetite development.

## **8 P-Rep perspective of Strategic Advisory Recommendations (SARs) progress since June 2025 (ARAC\_25-059)**

8.1 As the report was received by members too late to be properly taken as read and fully considered, a brief summary of its status was provided.

8.2 The Committee noted the status of the P-Rep Strategic Advisory Recommendations (SARs) in the context of the Programme Reset and Bridge Year activities. This followed on from the original paper presented in June 2025. Members acknowledged that management would undertake a full review of the status update and associated recommendations, with responses to be consolidated into a single management action plan within the Cost Improvement Plan. This will enable focused monitoring and oversight in one place.

8.3 Members queried how this could be integrated into Line of Defence 3 (LOD3) assurance, using the Reset Delivery Office framework. It was agreed that the Project Representative would liaise with the Deputy CFO and Special Advisor to the CEO to provide clear direction, incorporating elements of the Programme Reset, Improvement Programme for Project Controls, and Control Improvements to be presented to the next Committee meeting.

**Action: Project Representative / Company Secretariat**

## **9 Improvement Programme for Project Controls (IPPC) Update (ARAC\_25-060)**

9.1 The Chief Programme Officer provided an updated report on the status of the Improvement Programme for Project Controls (IPPC), and the proposed interventions to support a pivot to an evolving Improvement Programme for Project Controls version 2 (IPPC v2) that meets the emerging demands of stages three (3) to five (5) of the Reset programme.

9.2 Members were introduced to the Project Programme Controls Director and the IPPC v2 Team Leader. It was noted that IPPC v1 operated largely in isolation and lacked integrated controls. The status of IPPC v2 was outlined, with emphasis on the development of four key

emerging principles underpinning the new approach, which aim to enhance cross-functional collaboration. One of the key emerging principles is to verify that the necessary capability exists to resume EAC/DIS reporting by April 2026, and to deliver essential capability improvements to support the delivery of Baseline 8.0. The intent of IPPC v2 is to ensure strategic alignment across the programme.

9.3 The Chair welcomed the concept of IPPC v2 and emphasised the need for a single overarching framework and action plan. This should clearly demonstrate where focused attention is being applied and how it aligns with the broader Controls Environment Improvement Plan.

**Action: Chief Programme Officer**

9.4 The Committee noted the original purpose and context of IPPC v2, recognising it as a crucial intervention for an improvement in the Control Environment and a successful completion of Stages 3-5 of the Reset.

## **10 GIAA Update (ARAC\_25-061)**

10.1 The Head of Internal Audit presented an update report on internal audit work undertaken in the period since the Committee last met on 21 August 2025.

10.2 Members were alerted to emerging concerns that [REDACTED]

[REDACTED] GIAA is working with management to share the results within the coming weeks.

10.3 The CFO confirmed that this issue is being treated as a high priority, with efforts focused on understanding the issues, implementing quick wins and testing against the ongoing improvement plan to ensure all risks are identified and to develop a roadmap of activity to remediate them. The CEO echoed the importance of us getting to the root cause of these issues and resolving them swiftly. These issues [REDACTED] would be considered at the November Executive team meeting ahead of an update to the December ARAC.

**Action: Special Advisor to the CEO**

10.4 Members agreed that immediate triage is urgently required to understand the broader threats within the wider landscape, particularly in relation to Taskforce 3.

10.5 Members recommended that management, with support from GIAA, prepare a concise assessment of the controls environment, specifically evaluating whether the planned actions and progress against the three pillars of Risk Management, Governance, and Internal Controls are sufficient to support a more positive assurance rating by April 2026. It was agreed an update would be presented at the next Committee meeting.

**Action: Deputy CFO / Company Secretariat**

## **11 Committee Forward Look (ARAC\_25-062)**

11.1 The Committee reflected on the forward look (ARAC\_25-051). The Chair and CFO jointly agreed to shape the overarching direction of priorities for future meetings.

**Action: Committee Chair / CFO**

## **12 Any Other Business**

12.1 Members reflected on the Chair's opening remarks and emphasised the importance of integration and collaboration to ensure alignment across all control environment activity. The Chair encouraged members to consider whether actions are aligned with the organisation's strategic objectives, particularly in relation to the development of IPPC v2.

12.2 There being no further business, the meeting closed.