

Meeting minutes

Audit and Risk Assurance Committee

Date: Thursday, 21 August 2025

Time: 10:00 – 13:00

Location: Podium, London

Members	Presenters
Keith Smithson, Committee Chair	████████ Group Finance Director
David Goldstone, Non-Executive Director	████████ Head of Counter Fraud and Business Ethics
Stephen Hughes, Non-Executive Director	████████ Taskforce 2A Lead
Attendees	Commercial Delivery Director
Mike Brown, HS2 Chair	████████ Taskforce 2b Lead
Mark Wild, CEO	████████, Senior Quality and Assurance Planning and Reporting Manager
Alan Foster, CFO and Deputy CEO	████████ Partner Consulting, Ernst & Young
████████ Deputy CFO	Jim Crawford, Chief Programme Officer
████████ GIAA	Apologies
████████, GIAA	████████ GIAA, Head of Internal Audit
████████ Interim Company Secretary	
████████ Governance Manager	
████████ NAO	
████████, NAO	
████████ NAO	
████████ DfT Representative	

1 Welcome and Declarations

- 1.1 The Chair welcomed members and attendees to the meeting. Apologies had been received from ██████████ GIAA, Head of Internal Audit.
- 1.2 Mike Brown, Non-Executive Director and the new Chair of the HS2 Ltd Board, was welcomed by the Committee.
- 1.3 The meeting was confirmed quorate. There were no new declarations of interest or any changes to existing interests.
- 1.4 The values moment was provided by the Group Finance Director on Respect and Leadership.

2 Minutes of previous meeting & Matters arising (ARAC_25-040)

2.1 The Committee queried [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

2.2 The Committee APPROVED the minutes of the meeting held on 16 June 2025 as a true record, subject to [REDACTED] being removed from the list of attendees.

Action: Company Secretariat

2.3 The Committee reviewed the Action Register (ARAC_25-041) and requested the following:

2.3.1 Action (25/014) – Actions pertaining to the Annual Report and Accounts (ARA) 2024/25 to be readded to the Actions Register with updates to confirm all action(s) have been addressed and included within the final ARA that was approved by the Board.

Action: Company Secretariat / [REDACTED]

2.3.2 Actions (25/015) and (25/016) - The Committee agreed the integrated plan and individual components would be compiled by the CFO setting out differentiation, role and responsibilities to form a cohesive picture to enable the Committee to focus on the right priorities including oversight to Improvement of the Controls Environment and thresholds, with oversight from the Board by October 2025.

Action: Alan Foster

3 Close out of FY24/25

3.1 The Committee received the Finance Update (ARAC_25-042) which was taken as read. Progress was noted on actions taken by management to support the NAO Management Letter findings, which would be tracked through the Controls Improvement Programme. Members asked for a schedule to be provided, to ensure Committee oversight and assurance on how management were tracking lessons learnt from the last accounting cycle and how improvements were being implemented for the year ending 2026.

Action: [REDACTED]

3.2 The National Audit Office (NAO) presented their update (ARAC_25-043) on the HS2 Management Letter and IT Audit Management Letter for the year ended 2024-25. Members asked for any actions contained in these letters also be included in the tracker and reported at meetings going forward.

Action: [REDACTED]

3.3 Members queried [REDACTED]
[REDACTED]
[REDACTED]

■ The DfT Representative highlighted that clarity and alignment was required on the approach going forward, via this Committee and the People Committee. Members agreed that a clear framework of criteria needed to be established and visible with appropriate oversight to be agreed between this Committee and the People Committee.

Action: Alan Foster

4 Bridge Year Controls

4.1 The CFO provided a verbal update on controls improvement and the strategic aspirations for HS2. ■ and a plan would be presented to the Committee in October 2025.

Action Alan Foster

4.2 The Committee received an update report from the newly appointed Head of Counter Fraud and Business Ethics on progress on Counter Fraud (ARAC_25-044) and Investigations since the last Committee meeting held in June 2025, which was taken as read.

4.2.1 Members commended the work, in particular the positive engagement with the Public Sector Fraud Authority (PSFA) and HS2's commendation for progress made in the latest High Risk Fraud Portfolio review. However, whilst noting the progress made, Members emphasised that there was still much to do to resource and implement the revised strategy and procedures.

4.2.2 Management advised on the contractual position for receiving data from the supply chain and assured that negotiations were underway in how data could effectively be captured to support HS2 risk assessments. Management were working on a plan for new contractual arrangements but retaining existing rights of audit, to reestablish the required levels of co-operation and what was required as part of the Reset.

4.2.3 Members reflected on the low numbers of fraud identified within the supply chain when compared to the key high-risk level. It was requested that management work with the supply chain to identify relationships, connections, and conflicts, as well as who is working on what project, to ensure proactive interventions were applied prior to contract negotiations. That this approach would support the validity of data and metrics to help detect levels of fraud.

4.2.4 The Committee thanked the Head of Counter Fraud and Business Ethics and acknowledged that reports on counter fraud and investigations would be a standing agenda item going forward.

Action: Company Secretariat

4.3 The Committee received an update on Actual Cost Assurance Implementation from Taskforce 2A (TF2A) and Taskforce 2B (TF2B) (ARAC_25-045).

4.3.1 ■
■
■

4.3.2 [REDACTED]

[REDACTED] | The CFO confirmed that a detailed brief would be provided to Members for the next meeting.

Action: Alan Foster/ [REDACTED]

4.3.3 [REDACTED]

4.3.4 Members queried the end to end process of cost control prior to spend at HS2. Management confirmed that site controls for labour, plant, equipment, and materials had been subject to review and work was underway following the review. Members requested for key metrics to be provided which would track all cost verifications.

Action: [REDACTED]

4.4 The Committee noted the progress of Assurance actions (ARAC_25-046) within the Bridge Year Improvement plan, which was taken as read.

4.4.1 The Deputy CFO provided a verbal summary of the function's reinvigoration of the action status reporting process to ensure Executive visibility and collective ownership of actions status, with an increase in response rate. However, there was further work required to reach the required levels of engagement to achieve zero tolerance on overdue and outstanding actions.

4.4.2 The Committee agreed this was the right course of action to enable a rhythm of agreed principles and enhanced visibility with action plans escalated to future Executive and Committee meetings.

4.5 The Committee noted the GIAA Update Progress Report (ARAC_25-047), which was taken as read.

4.5.1 The GIAA informed that counter fraud and whistleblowing engagement was now planned for the end of this year. An interim review of the internal audit plan was being considered, to ensure alignment with reset planning and management activities. Members agreed with the approach and appreciated that enhanced engagement was required with management, to enable internal audit to plan and allocate the appropriate level of resource against priorities for the business. Any revisions to the internal audit plan would be reviewed and approved by the Committee in October.

Action: [REDACTED] GIAA,

5 Transformation

5.1 The Committee received a report on plans to refresh HS2 Ltd Strategic Risks (ARAC_25-048), which was taken as read.

5.1.1 It was noted that engagement with the Executive Committee and the HS2 Ltd Board had begun to refresh the strategic risk register and appetite. Working level workshops had convened in preparation for the next Board meeting in October, with a plan to develop a fit for purpose strategic risk register and plan for the in-year priorities of control, productivity and reset.

5.1.2 [REDACTED]

Action: Alan Foster

5.1.3 Members reflected on the past and current risk appetite discussions and agreed this be further discussed at a future Board meeting to form the whole strategic risk management process as the Board were responsible for approving HS2 risk appetite. It was agreed that Strategic Risks would be a standing agenda item for meetings going forward.

Action: Company Secretariat

5.2 The Committee noted the report on the findings of the Assurance Transformation (ARAC_25-049), which was taken as read.

5.2.1 The CFO introduced [REDACTED]

5.2.2 Members acknowledged [REDACTED]

5.2.3 The Committee agreed [REDACTED]

[REDACTED] The Committee suggested sequencing the priorities and incorporating this into assurance plan reporting.

Action: [REDACTED]

5.3 The Committee noted the IPPC Actions (ARAC_25-050) update for August 2025, which was taken as read.

5.3.1

[REDACTED] Members asked for the report to be reviewed and submitted with a clear concise narrative and purpose.

Action: Jim Crawford

6 Forward Look (ARAC_25-051)

6.1 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: Keith Smithson/Alan Foster

7 Any Other Business

7.1 There being no further business, the Chair thanked Members and Attendees for their valued input and closed the meeting.