

was held prior to the meeting and, while not formally minuted, attendance was acknowledged.

2 Minutes of the previous meeting and review of Action Register (ARAC_25-066 and ARAC_25-067)

- 2.1 The Committee **approved** the minutes of the 09 October 2025 meeting and reviewed the Actions Register. Two action items relating to IAAP implementation progress were scheduled for discussion at the February 2026 Committee meeting. Twenty one actions were confirmed as complete and/or recommended for closure, as action updates were addressed within the agenda and reports presented.

3 Control Environment Improvement

3.1 Control Environment Improvement Plan (ARAC_25-068)

- 3.1.1 The Committee reviewed progress on the Control Environment Improvement actions and the development of an integrated improvement plan. Members were asked to endorse a single HS2 Ltd Controls Improvement Plan and approve the proposed governance and reporting arrangements, incorporating feedback from the October Audit and Risk Assurance Committee (ARAC) and subsequent Board discussions.
- 3.1.2 The Deputy CFO explained that the plan consolidates previously separate activities into a central repository, providing a structured database to support key outcomes. The update outlined three stage gates [REDACTED] and four control areas with Executive Sponsorship. A milestone tracker is in place to monitor progress, with ongoing work to demonstrate control maturity and assurance growth. Reporting will continue through the Executive Committee and ARAC, aligned with [REDACTED] development.
- 3.1.3 Members welcomed the approach as a significant improvement and recommended simplifying workstreams, clarifying problem statements, and ensuring alignment between control states in the short, medium and long term objectives. Key points included clearer definition of control areas, integration of [REDACTED] risk management, and quantification of controls for measurement. Members stressed the need to demonstrate progress from previous regimes and set green assurance criteria for April 2026, noting that [REDACTED] cannot be accepted unless all areas achieve assurance and green status. Members additionally agreed progress reporting on the Control Environment Improvement Plan would be consolidated into a single action plan.

Action: Deputy CFO

- 3.1.4 The Committee:
- **endorsed** the initial iteration of a single HS2 Ltd Controls Improvement Plan;
 - **noted** the proposed internal governance process to manage and monitor progress; and

- **endorsed** the proposed cadence of reporting to the Committee and HS2 Board.

3.2 Financial Controls Update (ARAC_25_069)

3.2.1 The Group Finance Director presented the Financial Control Update Report. The Chair confirmed no issues and invited questions. The Committee discussed coordination and messaging for the 2025/26 Annual Report and Accounts. The Department for Transport (DfT) representative [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] It was agreed that engagement will be coordinated between the CFO's team, DfT, and the National Audit Office to ensure clarity of metrics and process improvements.

Action: CFO/Group Finance Director

3.2.2 The Committee **noted**:

- the financial control updates, timing and next steps;
- that a further update paper would be prepared for the Committee in February 2026 with more detail on the Annual Report and Accounts 2025/26 (ARA) progress/timescales and the key accounting judgements;
- responses to the FY2024/25 NAO Management Letter Points were being tracked through the Controls Improvement Programme reported to Executive Committee monthly and updates provided at subsequent ARAC meetings; and
- that the proposed SAO tax certificate was included in Annex A (ARAC_25-069a).

3.3 Improvement Programme for Project Controls (IPPC) Update (ARAC_25_070)

3.3.1 The Project Controls Lead reported on the IPPC2 Improvement Programme, outlining progress on audit recommendations, agreed reporting milestones, and plans to support stages three to five of the Reset Programme.

3.3.2 Reporting milestones have been agreed with [REDACTED] and will be monitored weekly, with updates provided in monthly reports to ARAC and the Executive Committee.

3.3.3 Members queried the separate presentation of the Control Improvement Plan (CIP). The CFO confirmed that IPPC is being integrated within the single CIP plan will be maintained, with IPPC integrated into the Programme Controls component of the Control Environment Improvement Plan.

Action: Project Controls Lead/ Deputy CFO

3.3.4 The Committee **noted**:

- progress against IPPC2 reporting milestones and the key achievements of IPPC2.
- progress to the completion and close out of Audit Recommendations; and
- that a paper was submitted to Operational Exec on 17th November 2025 on Reference Case Reporting for FY26/27 (previously Lifecycle Reporting) and approved.

4 Control Environment Improvement Plan Deep Dives

4.1 Counter Fraud and Investigations Update (ARAC_25-071)

- 4.1.1 The Committee received an update on progress since the October 2025 meeting. The Head of Counter Fraud and Investigations reported significant developments, including progress toward meeting Government standards, with confidence that most targets will be achieved. Additional capability will be introduced in January through new appointments, enabling a more proactive approach. The Government Internal Audit Agency (GIAA) is reviewing the whistleblowing service, focusing on counter-fraud, health and safety, and HR. Work has commenced on the 2026–2029 Counter Fraud Strategy, which will require agreement on strategic objectives and collaboration with partners.
- 4.1.2 Members highlighted gaps in benchmarking and recommended engagement with the Mega Programmes Group (e.g. Sizewell) and escalation to the DfT Senior Responsible Owner via the Infrastructure Group, and subsequent reporting to the Committee. The DfT representative also suggested seeking support from NISTA.
- 4.1.3 Members recommended counter fraud controls, standards, and metrics should be incorporated into the Commercial Reset, ensuring [REDACTED] includes safety and counter-fraud measures such as proactivity, incentivisation, and reporting.

Action: Head of Counter Fraud and Investigations

- 4.1.4 The Chair welcomed progress on resourcing but noted ongoing challenges in securing appropriate expertise. Management information continues to improve, with greater emphasis on root cause analysis and thematic trends.

4.2 Actual Cost Assurance (ACA) Implementation (ARAC_25-072)

- 4.2.1 The ACA Director reported progress on implementing the February 2025 strategy, with emphasis on backlog clearance, lessons learned from [REDACTED], and process improvements. [REDACTED]
[REDACTED] Artificial Intelligence enhancements are underway. A cost assurance management plan has been approved, and Cost Verification Auditing (CVA) has been introduced across Main Works Civils Contracts and stations, with cost finalisation procedures extended to additional contracts. The first Managing Public Money (MPM) pilot assessment is in progress, with evidence-based reviews scheduled every six months. A GIAA audit will commence this week.
- 4.2.2 The Chair requested that Managing Public Money be a focus topic at the February 2026 Committee meeting to clarify the methodology and mechanism of Managing Public Money for cost assurance. The Committee noted progress on Actual Cost Assurance priorities and CVA activity.

Action: ACA Director/Company Secretariat

4.3 Assurance Transformation Phase 2 (ARAC_25-073)

- 4.3.1 The Deputy CFO provided an update on the [REDACTED], one of twelve initiatives within the Controls Improvement Plan approved in December. This workstream addresses priority recommendations from the June 2025 assurance diagnostic.

4.3.2 Phase One focused on diagnostic findings. Phase Two is now underway, incorporating executive one to one sessions and workshops. The Integrated Assurance Group will ensure [REDACTED]

4.3.3 Responsibilities remain clear, [REDACTED] Interim chairing of the Integrated Assurance Group will be shared between the CFO and Deputy CFO, with future consideration for the Head of [REDACTED]. The Committee highlighted the need for enhanced capability, particularly in railway construction expertise, and endorsed both the Integrated Assurance Group and the year-end Management Assurance Statement process. It was further agreed that the Management Assurance Statement process will be included on the February 2026 Committee agenda.

Action: Deputy CFO/Company Secretariat

4.3.4 The Committee noted progress on the [REDACTED] and supported its continued implementation.

4.4 Strategic Risk Development (ARAC_25-074)

4.4.1 The Head of Enterprise Risk Management provided an update on the Strategic Risk Management process and Top Risks, outlining the approach for ongoing management and related requirements. This initiative is one of 12 control improvement areas within the Controls Improvement Plan presented to the Committee for approval in December 2025. Alignment between strategic risks is required, supported by the visibility of programmatic risk indicators.

4.4.2 The Chair commended the risk framework as meeting expectations but noted the need for further maturity. The Chair also confirmed preferring the 'alternative' scoring method presented out of the two options presented within the papers and emphasised the importance of strong risk governance and timely decision-making for a programme of this scale.

Action: Head of Enterprise Risk Management

4.4.3 The Committee:

- **endorsed** the initial iteration of a single HS2 Ltd Control Environment Improvement Plan;
- **noted** the proposed internal governance process to manage and monitor progress; and
- **endorsed** the proposed cadence of reporting to the Committee and Board.

4.5 Cyber Security (SIRO) 6 Monthly Update (ARAC_25-075)

4.5.1 The Head of Information and Cyber Security reported [REDACTED]

4.5.2 Following the recent GIAA audit, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

4.5.3 Members requested visibility of the overall cyber maturity assessment and its integration into the Control Environment Improvement Plan. It was agreed to review the maturity framework, define success criteria, and include updates presented to the Committee at its February 2026 meeting. Regular Committee updates were recommended given the increasing risk as the programme transitions to an operational railway. Compliance requires defined cyber roles, which are being developed using a templated approach.

Action: Head of Information & Cyber Security/Deputy CFO

4.5.4 Incident volumes remain low; however, reporting should reflect HS2's high threat profile. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

5 GIAA Update (ARAC_25-076)

5.1 The Committee received an update on internal audit activity and progress against the 2025/26 plan. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

5.2 The Committee noted progress in addressing audit recommendations and GIAA's approach to planning for 2026/27, with an emphasis on Quarter one audits. Supporting materials included the GIAA Audit and Risk Assurance Committee pack supplement.

5.3 GIAA continue to maintain a [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] The audit programme remains largely in progress, with key governance and control areas yet to be reported.

5.4 GIAA confirmed confidence in delivering the 2025/26 plan to support a robust annual opinion. Early planning for 2026/27 is underway to improve programme delivery and efficiency, focusing on Quarter one audits (April to June). Input and approval for Quarter one topics will be sought outside the Committee, with a full draft plan presented at the February 2026 committee meeting for approval.

5.5 The Chair noted that Consents Management had been a key focus earlier in the year and requested a one-page update report for the Environmental Sustainability Committee meeting in February 2026.

Action: Environment Director

- 5.6 The Chair requested a targeted review of the management assurance process, ensuring any key risk areas, such as [REDACTED] are included. Clarity was sought on the approach for preparing the Management Assurance Statement, with priorities for March and April 2026 to be presented at the February Committee meeting.

Action: Deputy CFO/GIAA

6 P-Rep perspective of Strategic Advisory Recommendations Update (ARAC_25-077)

- 6.1 The Committee received an update on actions to address P-Rep SARs within the Programme Reset and Bridge Year activities. P-Rep engaged with Task Force Leads and the Bridge Senior Leadership Team during October and November to review outstanding SARs and agree SMART closure actions.
- 6.2 The Committee noted positive progress in key areas, including Commercial Management Leadership, Main Works Civils Contracts, Commercial Strategy, and Cost Assurance. Several working sessions were held to monitor progress and embed SMART actions into business-as-usual processes.
- 6.3 The Committee agreed the need for a single, consolidated action tracker across P-Rep, IPPC, and controls. It was further agreed to develop a comprehensive list of Specific Measurable, Achievable, Relevant and Time-bound (SMART) action plans and establish unified management information to ensure effective monitoring and eliminate duplication.

Action: [REDACTED] - P-Rep/ Deputy CFO / Chief Programme Officer

7 National Audit Office Update (ARAC_25-078)

- 7.1 The NAO Engagement Director presented the audit planning report for the 2025–2026 financial statements, outlining the proposed approach. Members were asked to confirm whether the risk assessment for material misstatement is complete, including any areas requiring additional audit procedures or particular attention. They were also invited to assess the adequacy of management’s responses, the suitability of the proposed audit plan, and the potential for material misstatement due to fraud. Finally, members were requested to communicate any concerns to management and the audit team and to consider the fraud risk assessment.

- 7.2 The NAO Engagement Director noted that [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
- 7.3 The Committee confirmed its satisfaction with the risk assessment and management's response regarding potential fraud risks. The CFO outlined management's approach to acknowledging these risks and implementing mitigation plans. The Committee also noted the update on the NAO's value-for-money review and related work.

8 Committee Forward Look (ARAC_25-079)

- 8.1 The Committee reviewed the forward look. The Chair confirmed the regular meetings with the CFO and Governance Manager ahead of each meeting to agree priorities and shape meeting agendas. Members noted improvements in report quality but observed that reports remain lengthy, recommending that detailed content be included as appendices to the main cover reports.

9 Any Other Business

- 9.1 There being no further business, the meeting closed.