

**High Speed Two (HS2) Ltd Audit and Risk Assurance Committee
Meeting held on 03 May 2017**

Minutes

The Boardroom 19th Floor - One Canada Square, Canary Wharf, London E14 5AB

Members	In Attendance	Apologies
Neil Mason (Committee Chair) Non-executive Director	Steve Allen Chief Financial Officer	
Roger Mountford Non-executive Director	Nicole Geoghegan General Counsel and Company Secretary	
Jo Valentine Non-executive Director	[REDACTED] Head of Internal Audit	
	[REDACTED] Risk and Assurance Director	
	[REDACTED] Director of Finance Operations	
	[REDACTED] National Audit Office	
	[REDACTED] Government Internal Audit Agency	
	[REDACTED] Deputy Company Secretary	
	[REDACTED] National Audit Office	
	[REDACTED] Head of Assurance	
	[REDACTED] Head of Quality	
	Mark Thurston CEO	

1. WELCOME AND DECLARATION OF INTERESTS

1.1 There were no declarations of interest other than those already recorded in the register.

2. MINUTES OF THE PREVIOUS MEETINGS AND MATTERS ARISING

2.1 The minutes of the meeting of 11 January 2017 and 07 February 2017 were signed by the Committee Chair.

2.2 The minutes of the meeting 09 March 2017 were agreed as a true record subject to correction of minute 4.1.4. These will be presented for signature at the next Committee meeting.

3. ASSURANCE DASHBOARD

3.1 The Committee noted the paper presenting the key changes since the last review of the HS2 Ltd Integrated Assurance and Approvals Plan (IAAP) Schedule, the March 2017 Assurance Dashboard and an update on the planned improvements

3.2 The following key points were raised and noted:

3.2.1 The Committee noted the timing of the data presented to the meeting which was the latest approved version of management information. **The Committee will be provided with a verbal update at the time of the meeting for information on any updates since publication of the data;**

3.2.2 **The Committee requested clarification on stages of the works being reported, for example procurement stage for better context of the work streams being reported and the red, amber, green (RAG) against this;**

3.2.3 **The Committee requested that where there was no third line of defence requirement, it be stated as not applicable;**

3.2.4 **The Committee requested a forward look of resources required to match the delivery of outputs going forward;**

3.2.5 **The Committee requested that there is alignment of data from the internal audit actions/ recommendations reported by the Head of Internal Audit with the assurance dashboard;**

3.2.6 **The Committee discussed the “generic risks” section of the assurance dashboard and agreed that this should instead be titled as Management Assurance Statement (MAS) areas with sense check/ horizon scan to identify which areas are additional/ missing; and**

3.2.7 The Committee noted the dashboard plan for improvements and received a tabled paper showing the split of the top CEO risks, strategic and programme risks.

Actions: [REDACTED]

3.3 The Committee noted the changes to the IAAP.

4. DEEP DIVE: PHASE TWO

4.1 The Committee noted the paper and presentation on the deep dive into the Phase 2b affordability risk.

4.2 The Committee suggested the following to the template:

4.2.1 Key control number 08: “review implementation of scope reductions” is not inadequate but rather, undesirable;

4.2.2 The Committee noted that the forward election timetable doesn't feature in the risk flightpath and should be added;

- 4.2.3 The Committee asked for a review of additional management actions in respect of relationships with political leaders, and also a test that all of the stakeholders we deal with are captured appropriately;
- 4.2.4 Management will review further the impact of foreign exchange and were recommended to speak with [REDACTED] of Network Rail;
- 4.2.5 Management advised that the deep dive template will become more useful and real following a Quantitative Risk Analysis (QRA) which will provide more granular detail;
- 4.2.6 It was agreed that for future deep dives there would also be a recap of the usefulness for the management teams using them and their suggestions to improve; and
- 4.2.7 The next deep dive for the Committee is to be agreed following review with the Executive.

Actions: [REDACTED]

5. INTERNAL AUDIT

- 5.1 The Committee noted the paper reporting progress against identified Internal Audit findings and report progress resulting from the Management Assurance Statement and the National Audit Office.
- 5.2 The following key points were noted:
 - 5.2.1 The Committee discussed the remaining six actions to close on enterprise resource planning (ERP) and the Development Agreement (DA) refresh;
 - 5.2.2 The Committee discussed the actions associated with the DA refresh noting that these will be rebaselined rather than closed as the approach to the DA has moved on since the initial actions were assigned. The DA Refresh actions are anticipated to be rebaselined/ closed out in July;
 - 5.2.3 The Committee noted that the 16/17 programme was rear loaded and that there is disparity between the internal audit reporting and that presented by the Head of Internal Audit;
 - 5.2.4 **It was agreed that a direct correlation of the 129 Government Internal Audit Agency (GIAA) actions to the 34 internal actions will be provided to the Committee.**

Actions: [REDACTED]

6. GOVERNMENT INTERNAL AUDIT AGENCY: INTERNAL AUDIT PROGRESS REPORT AND 2016/17 INTERNAL AUDIT ANNUAL REPORT AND OPINION

- 6.1 The Committee noted the internal audit progress report and draft internal audit report and opinion.

- 6.2 The following key points were raised:
- 6.2.1 The Committee noted that the annual opinion for the draft report is 'limited' from the previously RAG rated 'moderate';
 - 6.2.2 **The Committee noted management prioritisation to be on main works civils contract (MWCC), realisation benefits and management information and requested a follow up on progress in these areas.**
Action: Steve Allen
 - 6.2.3 **The Committee noted the update on internal audit progress and the Committee Chair flagged the importance to formally close out the 16/17 plan, requested this for the next meeting.**
Action: [REDACTED]

7. ANNUAL REPORT AND ACCOUNTS

- 7.1 The Committee noted the draft Annual Report and Accounts.
- 7.2 Overall the Committee were satisfied with the tone, content and themes of the report.
- 7.3 All members of the Committee agreed to feed back to the Director of Finance Operations directly to develop the content.

8. NATIONAL AUDIT OFFICE AUDIT UPDATE

- 8.1 The Committee received a verbal update from the National Audit Office (NAO) with regard to the progress on the annual reports and accounts.
- 8.2 Due to the early stages of the audit, a view of emerging themes was provided.
- 8.3 It was noted that the NAO was only 7 days into the audit and progress so a verbal of emerging themes was given.
- 8.4 Thanks were given to the Director of Finance Operations and General Counsel for their help to date with the audit.
- 8.5 The NAO commended the quality of work given the challenge of staff movement in the relocation of the head office.

9. INTRODUCTION TO THE NEW HEAD OF INTERNAL AUDIT AND 17/18 GIAA

- 9.1 The Committee welcomed the newly appointed Head of Internal Audit.
- 9.2 The Committee noted the paper of the draft 17/18 plan and advised that this would be a key piece of work to deliver to avoid the challenges experienced to close out the 2016-17 activity.
- 9.3 The Committee received an update on the key activities/ priority projects noting that an update will come to the July meeting with an updated model via the Executive Committee.

10. ANY OTHER BUSINESS

10.1 There were no additional items raised for discussion.

11. DATE OF THE NEXT MEETING

11.1 The date of the next in cycle meeting is 31 May 2017.ⁱ

Signed:

Date:

ⁱ Post meeting note – the 31 May 2017 meeting was subsequently deferred to 23 June 2017.