

**High Speed Two (HS2) Ltd Audit and Risk Assurance Committee
Meeting held on 13 September 2017**

**Minutes
Room 6.1, 2 Snowhill, Queensway**

Members	In Attendance	Apologies
Neil Mason (Committee Chair) Non-executive Director	Steve Allen Chief Financial Officer	
Roger Mountford (via phone) Non-executive Director	Nicole Geoghegan General Counsel and Company Secretary	
Jo Valentine Non-executive Director	[REDACTED] Risk and Assurance Director	
	Emma Head (item 08 via phone) HSSE Director	
	[REDACTED] Interim HR Director	
	[REDACTED] National Audit Office	
	[REDACTED] Community Engagement Director	
	[REDACTED] Deputy Company Secretary	
	[REDACTED] National Audit Office	
	[REDACTED] Head of Assurance	
	Mark Thurston CEO	
	[REDACTED] Head of Internal Audit	

1. WELCOME AND DECLARATION OF INTERESTS AND VALUES MOMENT

- 1.1 There were no declarations of interest other than those already recorded in the register.
- 1.2 The Committee noted the values moment on the importance of embedding the concept of being a good neighbour.

2. MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING

- 2.1 The minutes of the meeting of 12 July 2017 were agreed as a true record.
- 2.2 The Committee noted the status of the actions.

3. NATIONAL AUDIT OFFICE CORRECTIVE ACTION UPDATE

- 3.1 This Committee noted the paper updating the current status of actions and future plans.
- 3.2 The Committee discussed the action tracker, red, amber, green (RAG) rating, target dates and status. The following key points were raised and noted:

- 3.2.1 Issue 1.2 'processes' has a revised completion date target to the end of the calendar year with [REDACTED] providing support. Issues which have been identified have been arrested in the meantime for control.
- 3.2.2 The Committee noted the RAG rating and commented that whilst the ratings are useful there are some simple/ quick fixes within. Management advised that in order to progress the rating to closed, the evidence needs to be sourced and tested.
- 3.2.3 The Committee suggested that the RAG rationale be changed noting that green identifies an open action.
- 3.2.4 The Committee requested that the quick fixes which can be achieved with the assurance check should be done so promptly. The Committee supported that actions should not be closed without the evidence but expressed frustration as to why some aren't closed already.
- 3.2.5 The Committee requested that with the long stop target dates, there should also be a checkpoint. Management advised that more specific dates will be provided at the next meeting.
- 3.2.6 The Committee discussed the conflict of interest management and actions to implement a firm process to be communicated throughout the organisation.
- 3.2.7 The Committee noted the anticipated closure date on the loan to the college is October 2017.
- 3.2.8 **The Committee requested adding purchase to pay challenges and the control of change into the tracking.**

Action: Steve Allen
- 3.2.9 The Committee noted the outstanding decision with regard to the neutral vendor position.
- 3.2.10 **The Committee requested that the target date for accruals be changed.**

Action: Steve Allen
- 3.2.11 **The Committee Chair offered support in the review/ lessons learned of the IT systems. The NAO also advised that [REDACTED] may also be able to provide some intelligence on this.**

Action: Neil Masom/ Steve Allen
- 3.2.12 **The Committee requested tracking of any actions for aligning the finance and human resources system for HS2 Ltd.**

Action: Steve Allen
- 3.3 The Committee noted the update.

4. INTEGRATED ASSURANCE AND APPROVALS PLAN SCHEDULE AND ASSURANCE DASHBOARD

4.1 The Committee noted the update of the Integrated Assurance and Approvals Plan Schedule and Assurance Dashboard

4.2 The Committee noted the ongoing engagement with the senior leadership team to close out overdue actions more promptly.

5. ASSURANCE CORRECTIVE ACTION TRACKING

5.1 The Committee noted the update on the status of corrective actions.

5.2 **The Committee requested that the reports be published once they have received the Executive sign off to allow more recent data to be visible for members.**

Action: [REDACTED]

6. RISK DEEP DIVE SCHEDULE: COMMUNITY ENGAGEMENT

6.1 The Committee noted paper and presentation of the community engagement strategic risk.

6.2 The following key points were raised and noted:

6.2.1 The Committee requested the heat map be updated;

6.2.2 The Committee recognised the importance of local communities being engaged but commented on the wider impact for Britain and discussed the differing relationships;

6.2.3 The Committee discussed the impact of the “natural negative” HS2 Ltd has as a starting point due to the petitioning and land and property issues;

6.2.4 It is important that local communities and wider should also be viewed as the future customers;

6.2.5 The Committee discussed opportunities where HS2 Ltd is required to replace affected facilities and whether sub-contractors can deliver this through their own community charter for example. Management advised that this is being developed in the community investment programme;

6.2.6 Work is ongoing with regard to undertakings and assurances to identify unintended consequences and management, of which management should avoid unnecessarily driving up project costs;

6.3 The Committee noted the update and agreed that Management should agree the next deep dive topic before it is brought back to the next Committee.

7. NATIONAL AUDIT OFFICE UPDATE

7.1 The National Audit Office (NAO) provided a verbal update on the following:

7.1.1 Preparation has begun for the 2017/2018 audit process.

- 7.1.2 The NAO are continuing dialogue around land and property cash flows.
 - 7.1.3 The Committee noted that there will be a summary of recent work with the commercial and contracting team.
 - 7.1.4 The NAO are involved in the planning and preparation for the Public Accounts Committee session in October.
- 7.2 The Committee noted the update.

8. INTERNAL AUDIT ACTIVITY REPORT JULY - AUGUST 2017

- 8.1 The Committee noted the report for July to August 2017 on internal audit activity.
- 8.2 The Committee noted that the 2016/2017 internal audit programme is complete, with four limited opinions.
- 8.3 The risk and assurance team are in the process of reviewing the findings and recommendations.
- 8.4 The Committee reviewed the four limited audits and raised the following key points:
 - 8.4.1 Integrated Programme Management Office (IPMO) – The Committee noted this as a joint review with DfT. Given that there are changing roles of the PMO in HS2 Ltd the actions will not be tracked currently but rather returned to at a later point if required.
 - 8.4.2 Cyber Security – The Committee noted that the review presented a position as at February 2017 and there has been subsequent work which has taken place. A further review is planned into the 2017/2018 programme.
 - 8.4.3 Management Information – The Committee noted that HS2 will track the actions following this review. HS2 Ltd must be satisfied with the level and detail of information required to manage the programme to then report sufficiently to the DfT.
 - 8.4.4 Governance – The Committee noted that the review of the governance was a creature of time and that further work was conducted to support the new governance processes.
- 8.5 The Committee discussed the wider piece of work being carried out on people matters with regard to reporting at a management level. This will be reviewed and reflected up into Board Sub-Committee if appropriate.
- 8.6 The Committee noted the 2017/2018 programme is in progress.
- 8.7 The Committee requested reporting on earned value.
- 8.8 It was agreed that all limited reports will go into future packs and that the Committee Chair will have access to all reports.

9. COMMITTEE FORWARD LOOK

9.1 The Committee noted the forward look.

10. ANY OTHER BUSINESS

10.1 ***Annual effectiveness review*** – The Committee Chair advised that the Committee will conduct its annual effectiveness following the Board Effectiveness Review.

Signed:

Date: