

# Meeting minutes

## Audit and Risk Assurance Committee

**Meeting date** Wednesday, 09 May 2018

**Meeting location** Room 3.9, 2 Snowhill

Members	Attendees	Apologies
Neil Masom (Committee Chair) Non-executive Director	[REDACTED] Head of Counter Fraud	Roger Mountford Non-executive Director
Jo Valentine Non-executive Director	[REDACTED] Phase One Project Controls Director	
	[REDACTED] Head of Project Controls North	
	[REDACTED] Finance Director	
	Nicole Geoghegan General Counsel and Company Secretary	
	[REDACTED] Risk Director	
	Emma Head HSSE Director	
	[REDACTED] National Audit Office	
	[REDACTED] Head of Business Information & Reporting	
	[REDACTED] National Audit Office	
	[REDACTED] Head of Assurance	
	Mark Thurston CEO	
	[REDACTED] Head of Internal Audit	

**Signed**

**Chair** Neil Masom

**Date**

## 1 Welcome Declarations of Interest and Value Moment

- 1.1 There were no additional declarations to those already recorded.
- 1.2 The Committee noted the values moment with regard to respect demonstrated whilst welcoming back a member of staff to the organisation after a period of illness.

## 2 Minutes of the previous meeting and matters arising

- 2.1 The minutes of the meeting of 22 February 2018 were agreed as a true record.
- 2.2 The Committee noted the status of the actions.
- 2.3 It was agreed that action 17/86 regarding undertakings and assurances would remain open with an update of when the review will be available to be presented to ARAC.

## 3 Integrated Assurance and Approvals Plan Schedule and Assurance Dashboard

- 3.1 The Committee noted the paper providing update on key changes since the last review of the HS2 Ltd IAAP Schedule and the March 2018 Assurance Dashboard
- 3.2 The Committee noted the IAAP now captures additional Phase 2 information and technical reviews from Phase 1.
- 3.3 The Committee received an update on the new Management Information due to be reported to the Committee driven by the “risk, control, assure” work.
- 3.4 The Committee will receive an update on the Enterprise Strategic Risks at the next meeting.

**Action: Mark Thurston**

## 4 Audit and Assurance Action Tracking

- 4.1 The Committee noted the paper covering actions from 2016/17 NAO Audit Commitments, GIAA Audit Management Letter, HS2 Ltd Compliance and Contractor Audits and Internal Audits.
- 4.2 The following key points were raised and noted:
  - 4.2.1 The Committee noted that of the 250 people contacted to provide related party information (NAO action 2.4), at the time of reporting there were 20 responses still due;
  - 4.2.2 With regard to NAO action 9.3: communications protocol the Non-Executive Directors offered input;

4.2.3 The National Audit Office confirmed that the review approach taken is as response to recommendations rather than individual actions.

4.2.4 The Committee discussed the GIAA commitments tracker and the actions held by the DfT. It was agreed that the CEO would write to the DfT for an update/ target date.

**Action: Mark Thurston**

4.2.5 The Committee queried whether the DfT internal audit outcome and/ or actions could be shared.

**Action:** [REDACTED]

4.2.6 The Committee requested clarification on the framework on the expectation of government departments regarding shareholders. It was agreed that this would be raised at the Shareholder Board.

**Action: Mark Thurston**

4.2.7 The Committee agreed that the Annual Report and Accounts did not need to cover the DfT actions.

## 5 Internal Audit Activity Report (ARAC\_18-06)

5.1 The Committee noted the paper detailing the activities of Internal Audit in the period February 2018 to April 2018.

5.2 The following key points were raised and noted:

5.2.1 There is one report outstanding at the time of update to close out the 2017/18 audit activity;

5.2.2 The Internal Audit annual opinion will be taken to the June ARAC;

5.2.3 The Committee commended the achievement to close out the activity and noted the improved quality of internal audit and the Executive response. The Committee expressed thanks to the Head of Internal Audit for this;

5.2.4 The Committee noted the Limited rating given at Q4 2017 audit into Financial Controls. The Head of Internal Audit advised that there has been improvement in last 12 months however at present the legacy system continues with a manual work around element. The Committee discussed the Enterprise Resource Planning (ERP) system which will mitigate some of the issues. Continuation of behavioural mitigation will continue in parallel;

5.2.5 The Committee received an update on a deep dive into a duplicated payment noting introduction of additional controls;

5.2.6 The Committee reiterated the importance of the controls and mitigations as the organisation heads into periods of high volume of low level payments;

5.3 The Committee discussed the next financial year and discussed the element of sense checking the amount of audit activity and making sure that this is not too cumbersome on the organisation. The revised IAAP has looked at this as part of the MI review.

## 6 Integrated Management System Update

- 6.1 The Committee received a presentation on the new Integrated Management System (IMS) and were given an opportunity to trial the system after the meeting.

## 7 Counter Fraud Update

- 7.1 The Committee noted the paper providing high level details as to fraud, bribery and corruption allegations that have been received and have been (or are being) investigated since the previous report to the Committee on 08 November 2017.
- 7.2 The Committee noted the high level overview of referrals made to the "Speak Out" whistleblowing service launched in January 2018.
- 7.3 The Committee referenced the Committee effectiveness review action as to whether to assign a Non-Executive Director to Counter Fraud. It was agreed to review this at the August meeting when all actions will be reviewed.

## 8 Senior Information Risk Owner Update

- 8.1 The Committee noted the paper updating on Information Risk Management in HS2 Ltd since the last report on 08 November 2017.

## 9 Annual Report and Accounts Update

- 9.1 The Committee noted the update on the collation of the Annual Report and Accounts and received a summary of the direction of travel, outline structure and draft content.
- 9.2 The Non-Executives agreed to provide specific feedback on the content shared.

## 10 National Audit Office progress on 2017/18 audit

- 10.1 The Committee received a verbal update from the National Audit Office (NAO) on the progress to date into the 2017/18 audit.
- 10.2 The NAO commented on the improved ease for the bank reconciliation.
- 10.3 The Committee will receive the audit completion at the meeting on 06 June and the response to management letter. The Committee requested a check from Management as to the status of response to the 2016/17 letter.

**Action:** [REDACTED]

- 10.4 The NAO commented that the significant risks are well progressed from evidence provided to date.

10.5 The Committee noted the update.

## **11 Any Other Business**

11.1 National Audit Office Value for Money Update: It was agreed that this item will be considered at the August meeting.

11.2 Management Assurance Statement 12 month submission: The Committee noted the formal submission of the annual Management Assurance Statement which had been agreed via correspondence to meet the DfT submission deadline.