

Meeting minutes

Audit and Risk Assurance Committee

Meeting date Wednesday, 06 June 2018
Meeting time 10:00 – 13:00
Meeting location 3.9 Two Snow Hill, Birmingham and 3.01, The Podium

Members (those who make the quorum of the forum)	Attendees (presenters/additional attendees)	Apologies
Neil Masom (Committee Chair) Non-Executive Director	Nicole Geoghegan General Counsel and Company Secretary	
Roger Mountford Non-Executive Director	██████████ Finance Director	
Jo Valentine Non-Executive Director	Emma Head HSSE Management Director	
	██████████ National Audit Office	
	██████████ Deputy Company Secretary	
	██████████ National Audit Office	
	██████████ Head of Assurance	
	Mark Thurston CEO	
	██████████ Head of Internal Audit	

Signed

Chair Neil Masom

Date

1 Welcome, Declarations of Interest 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 given by the Roger Mountford on Respect with an example of being aware and respectful of culture and that it is key to listen and observe on an individuality basis.

2 Minutes of the previous meeting and matters arising

- 2.1 The Committee approved the minutes of the meeting of 9 May 2018 as a true record.
- 2.2 The Committee noted the status of the actions.

3 2017/ 2018 Annual Report and Accounts

- 3.1 The Committee received the working draft of the 2017/18 Annual Report and Accounts prior to submission the HS2 Ltd Board for approval.
- 3.2 The Committee approved the Letter of representation to the Comptroller and Auditor General prior to Mark Thurston signing as Accounting Officer.
- 3.3 The Committee noted that the version will continue to receive proof read prior to submission to the Board.
- 3.4 The Committee commended the report and accounts as a fair, balanced and understandable document presented in a single voice.
- 3.5 Version 8.0 of the report and accounts was endorsed subject to comments due for incorporation and a tracked change document comparison will be provided for ARAC members.

4 National Audit Office Completion Report

- 4.1 The Committee received an update from the National Audit Office (NAO) on the findings from the audit of 2017/18 financial statements.
- 4.2 The Committee noted the anticipated recommendation to the Comptroller and Auditor General (C&AG) that he should certify the 2017-18 financial statements with an unqualified audit opinion, without modification.
- 4.3 As at the time of the meeting the audit of the financial statements was substantially finalised subject to: one outstanding evidence requests, the NAO internal review processes, review of the annual accounts to ensure all required changes have been made and review of the annual report based on the version submitted to audit committee.
- 4.4 Since the issue of the report the outstanding evidence request has been closed.
- 4.5 The Committee noted that remaining testing is due for completion by the committee meeting on 6 June.

- 4.6 The NAO advised that there have been no substantial issues and there has been evidence to show the control environment trending in the right direction.
- 4.7 The NAO discussed the main finding in Land and Property which is a shared issue between the DfT and HS2 in terms of requirements for accounting as this is recorded on the DfT accounts.
- 4.8 The Committee noted that this will be included in the Land and Property review.
- 4.9 The Committee:
- 4.9.1 Reviewed the findings including the draft letter of representation and audit certificate;
 - 4.9.2 Considered the unadjusted misstatements, and endorsed management's reasons for not adjusting misstatements;
 - 4.9.3 Considered the adequacy of the going concern disclosures included in the draft financial statements and concluded this as a fair assessment; and
 - 4.9.4 Noted the adequacy of other disclosures raised in the NAO management letter.
- 4.10 The NAO and Committee expressed thanks to [REDACTED] and her staff for their assistance during the audit process.

5 Internal Audit Annual Reporting Opinion

- 5.1 The Committee noted the annual opinion to be read with the internal audit summary
- 5.2 The Committee noted the moderate opinion given.
- 5.3 The Committee noted the importance of the activity anticipated in the next financial year therefore there should be strive for continuous improvement.
- 5.4 The Committee noted the audit summary and opinion for the financial year however requested a review of the wording for a balanced view.
- 5.5 The Committee thanked the Head of Internal Audit for the work over the financial year.

6 ARAC Chair's Report

- 6.1 The Committee noted the draft annual Chair report which will be further reviewed to reflect the strengths and weaknesses over the year and summarise the meeting.

7 Integrated Assurance and Approvals Plan Schedule

- 7.1 The Committee noted the revised approach for the Integrated Assurance and Approvals Plan (IAAP).

- 7.2 The Committee noted the revision is resultant of a top down review to integrate assurance and bake into the audit programme.
- 7.3 Management will review how to build in culture and behaviour aspects as part of the year-end review.

8 Assurance Action Tracking and Assurance Dashboard

- 8.1 The Committee noted the action tracker and assurance dashboard and were encouraged to see the dashboard becoming more user friendly.

9 Strategic Risks – Verbal Update

- 9.1 The Committee noted that following an Executive review there is ongoing work to identify strategic issues over the next 6-12 months. There will be a refresh of the deep dives for risk for these to be taken to the relevant governance forums.

10 Forward Look

- 10.1 The Committee noted the forward look.

11 AOB

- 11.1 There were no additional items of business raised for discussion.