

# Meeting minutes

## Audit and Risk Assurance Committee

**Meeting date** Monday, 03 June 2019  
**Meeting location** Room 3.12/3.13 Two Snowhill and Room 2.01 The Podium  
**Meeting time** 09:30-13:00

Members	Attendees	Apologies
Ed Smith (Committee Chair) Non-Executive Director	Michael Bradley Chief Finance Officer	
Roger Mountford Non-Executive Director	Allan Cook HS2 Ltd Chairman	
	Nicole Geoghegan General Counsel and Company Secretary	
	██████████ Finance Director	
	Emma Head Safety & Assurance Director	
	██████████ National Audit Office	
	████████████████████ National Audit Office	
	██████████ National Audit Office	
	██████████ Deputy Company Secretary	
	██████████ National Audit Office	
	██████████ Head of Programme and Corporate Assurance	
	Mark Thurston CEO	
	██████████ Head of Internal Audit	

**Signed**

**Chair**

Ed Smith

**Date**

## **1 Welcome, Declarations of Interest and Values Moment**

- 1.1 There were no additional declarations of interest made.
- 1.2 The Committee noted the values moment provided by the Finance Director on the value of collaboration and the year-end process. There had been a number of parties working together to make these products deliverable within the timescales.
- 1.3 The Committee welcomed the Chairman to the meeting.

## **2 Minutes of the previous meeting and matters arising (ARAC\_19-013) and (ARAC\_19-014)**

- 2.1 The minutes of the meeting on 1 May 2019 were agreed as a true record subject to amending minute 2.2.3 to capture this as an action.
- 2.2 The status of the actions were noted with the following updates provided:
  - 2.2.1 Action 18/013: Crossrail Reporting and Lessons: It was agreed that this item will report to the September Committee;
  - 2.2.2 Action 19/024: The Committee noted that a date will be scheduled for the Board to review the Strategic Risks;
  - 2.2.3 Action 18/027: The Committee noted that the Executive are reviewing the response to audit findings and that definitions are to be applied to categories of staff members in order for the Executive to review Directorate resourcing; and
  - 2.2.4 The Committee noted the resourcing activity in the Risk Department and it was confirmed that retention of primary resources and key talent will be crucial so to avoid unnecessary recruitment activities and loss of corporate memory.

## **3 Summary/ key points from the Audit and Risk Assurance Panel (ARAC\_19-015)**

- 3.1 The Committee noted the verbal update from the Audit and Risk Assurance Panel meeting held on 20 May 2019.

## **4 Risk, Control and Assurance Report (ARAC\_19-016)**

- 4.1 The Committee noted the Management Information for April 2019.

- 4.2 The following key points were raised and noted:
- 4.2.1 The Committee noted the Executive Summary and progress in the month relating to the 2019/2020 Integrated Assurance and Approvals Plan, Integrated Management System profile and engagement and Strategic and Core Risks.
  - 4.2.2 The Committee discussed progress with reporting of Programme and Strategic Risks, requesting visibility of the metric based dashboard before this is finalised, as part of Management Information.
  - 4.2.3 Management responded that there is a further paper for Executive review as to the quantity and reporting of Programme Level Risks, which will capture the level and quantum of supply chain risks versus HS2 Ltd risks.
  - 4.2.4 The Committee commented on the Strategic Risk update due to be reported to the Board and that consideration will be given as to how and when these will be reported to the Committee.
  - 4.2.5 The Committee noted the responses to Crossrail findings will be reported to the Committee in September.
  - 4.2.6 The Committee commented on the number of and environment of reviews being conducted regarding HS2 Ltd and the importance for oversight of the various workstreams is needed to avoid duplication.
  - 4.2.7 The Audit and Risk Assurance Panel continues to review the level of engagement with the Integrated Management System (IMS). The April meeting had reviewed the latest update and noted the progress for an engagement programme for full compliance and engagement, which will link in with the all company reinduction activity.
  - 4.2.8 The Committee noted the two recent reviews conducted in preparation for the Rolling Stock Invitation to Tender and the importance of doing this right. It was suggested that this might be an area of deep dive that the Panel will take and report back to the Committee at the appropriate time.
  - 4.2.9 The Committee noted an open action in the Management Information from the National Audit Office. Management confirmed the action as closed and that this was a reporting date cut off factor.
  - 4.2.10 The Committee requested that there be live updates provided at the meetings for any actions which have been closed out following reporting cut off.

## **5 2018/19 Annual Report and Accounts (ARAC\_19-017)**

- 5.1 The Committee received the near final version of the 2018/19 Annual Report and Accounts for recommendation of submission to the HS2 Ltd Board for sign off.
- 5.2 The following key points were raised and noted:
- 5.2.1 Comments have been received from the National Audit Office and these will be incorporated in the next version of the report and accounts;

- 5.2.2 Feedback has been received from the Department for Transport who have confirmed comfort with the current position;
  - 5.2.3 Members of the Committee have provided comments on the report and accounts which will continue to be incorporated in the final version for approval;
  - 5.2.4 There will be further proof readings on the final document;
  - 5.2.5 There will be a paper regarding going concern issued to the HS2 Ltd Board with the Annual Report and Accounts;
  - 5.2.6 The National Audit Office will receive a copy of the Board materials.
- 5.3 The Committee expressed thanks and congratulations to the team for the production of the report and accounts.

## **6 NAO Annual Opinion 2018/19**

- 6.1 The Committee noted the annual opinion of the National Audit Office.
- 6.2 The Committee and National Audit Office thanked the finance team for their input and work to produce the accounts and evidence to support the audit activity.

## **7 Audit and Risk Assurance Committee Chair Annual Report (ARAC\_19-019)**

- 7.1 The Committee noted the first draft of the annual report opinion from the Committee Chair which will receive a further review by the Committee Chair and Committee Member prior to submission to the HS2 Ltd Board.

## **8 Internal Audit Update (ARAC\_19-020)**

- 8.1 The Committee received a verbal update from the Head of Internal Audit with regard to the close out of financial year actions.
- 8.2 Internal audit activity has been predominantly Line of Defence assurance on the HS2 Ltd Improvement Programme.
- 8.3 The Internal Audit activities for the year have been planned however there will be competing priorities as the organisation works toward Notice to Proceed.
- 8.4 The Committee noted the update.

## **9 Counter Fraud Update (ARAC\_19-021)**

- 9.1 The Committee noted the update on the quarterly activities and key issues for counter fraud, ethics and whistleblowing.

9.2 The Committee requested, where possible, [REDACTED]

9.3 The update was noted.

## **10 Senior Information Risk Owner Update (ARAC\_19-22)**

10.1 The Committee noted the six monthly Senior Information Risk Owner (SIRO) Update covering key issues and areas of progress to be aware of covering Information Risk Management in HS2.

10.2 **The Committee noted that the Audit and Risk Assurance Panel had considered the mitigations required on Identity Access Management (IDAM). The Committee requested an update be provided to the September meeting.**

**Action: Company Secretariat to coordinate.**

10.3 The Committee noted measures being put in place by the organisation to mitigate attempts to access HS2 Ltd information. It was agreed that this would be a useful area of training to offer to Non-Executive Directors. The Committee noted that there will also be a review of induction and training activities for Non-Executive Directors, including use of 'buddying' Non-Executives with Executive and Senior Leadership Team Members.

10.4 The update was noted.

## **11 Forward Look (ARAC\_19-23)**

11.1 The Committee noted the forward look for the July Committee meeting.

11.2 The Committee noted the scheduled Board Effectiveness Review, for which the process and methodology has been agreed with the Chairman. The annual review of Board Sub-Committees will follow the conclusion of the Effectiveness Review.

## **12 AOB**

12.1 There were no additional items of business raised for discussion.