

Meeting minutes

Audit and Risk Assurance Committee

Meeting date Monday, 24 May 2021
Meeting location MS Teams Virtual Meeting
Meeting time 14:00 - 17:00

Members	Attendees	Apologies
Ed Smith Committee Chair	[REDACTED] Internal Audit Manager, Government Internal Audit Agency	Nicole Geoghegan General Counsel
Stephen Hughes Non-Executive Director	[REDACTED] Consultant – Construction	Mark Thurston CEO
Roger Mountford Non-Executive Director	David Bennett (item 5) Delivery Director	[REDACTED] Head of Internal Audit
	[REDACTED] Programme Assurance Manager	
	Michael Bradley Chief Financial Officer	
	[REDACTED] Phase Two Delivery Director	
	Allan Cook Board Chair	
	[REDACTED] Finance Director	
	[REDACTED] P-Rep- Observer	
	[REDACTED] Senior Project Manager – Development- Phase 2b	
	Emma Head Safety and Assurance Director	
	[REDACTED] P-Rep – Observer	
	[REDACTED] Director, UK National Audit Office	
	[REDACTED] Director, UK National Audit Office	
	[REDACTED] National Audit Office	
	Non Owen (minutes) Company Secretary	

	[REDACTED]	
	[REDACTED] Project Representative	
	[REDACTED]	
	[REDACTED]	
	[REDACTED] Senior Project Manager - Readiness	
	[REDACTED]	
	Tim Smart (Item 3) Managing Director Phase 2	
	[REDACTED] Head of Programme and Corporate Assurance	
	Jon Thompson (to item 4) Non-Executive Director	

1 Quorum, Declarations of Interest and Values Moment

- 1.1 The Chair noted apologies received and that a quorum was present.
- 1.2 Each Member of the Committee confirmed that there were no additional conflicts of interest to be declared.
- 1.3 The Committee received a values moment from the Company Secretary regarding respect and the perceptions of complex matters.

2 Minutes of the Previous Meeting and Matters Arising (ARAC_21-013 and ARAC_21-014)

- 2.1 The minutes of the meeting held on 26 April 2021 were approved as an accurate record of that meeting.
- 2.2 The Committee reviewed the Action Schedule, as included in the meeting papers, and noted the updates provided for open actions and those actions which had been closed.

3 Phase 2b Baseline 2.1 (Western Leg) (ARAC_21-015)

- 3.1 The Head of Programme and Corporate Assurance, Phase Two Delivery Director, Senior Project Manager – Development- Phase 2b, the Managing Director of Phase 2, the P-Rep – Observer, and representatives from PwC joined the meeting.

3.2 The Committee reviewed the draft Phase 2b Baseline 2.1 West (BL2.1 W), Business Assurance Statement (the "Assurance Statement") and the PwC Phase 2b BL2.1 W Line of Defence (LoD) 2 Assurance Final Draft Report (the "PwC Report"), as included in the meeting pack and noted that

[REDACTED]

It was reported that it was proposed that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

It was explained that the recommendation [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.5 It was requested that confirmation of whether factors were considered on a portfolio or full route basis and whether the benefits of diversification were taken into account within the assessments.

Action: [REDACTED]

3.6 The Committee discussed in detail the Assurance Statement and PwC Report findings and, whilst acknowledging the quality of the work and the method by which the Phase 2b BL2.1 W had been constructed, it was agreed that it was not appropriate to [REDACTED]

[REDACTED]

3.7 It was confirmed that updated version of the Business Assurance Statement was to be received in due course prior to formal presentation of BL2.1 W to the Board which will be accompanied by the LOD3 report from the Committee.

Action: [REDACTED]

3.8 The Committee thanked the assurance team and PwC for the work done to date.

3.9 Jon Thompson, the Phase Two Delivery Director, Senior Project Manager – Development- Phase 2b, the Managing Director of Phase 2, the P-Rep – Observer, and representatives from PwC left the meeting

4 Annual Integrated Assurance and Approvals Plan (ARAC_21-016)

- 4.1 The Programme Assurance Manager joined the meeting.
- 4.2 The Committee reviewed and noted the HS2 Ltd Integrated Assurance & Approval Plan for 2021/22 paper (IAAP), as included in the meeting pack.
- 4.3 It was reported that the Audit and Risk Assurance Panel (ARAP) had endorsed the IAAP to the Committee, subject to the IAAP being reviewed following six months to assess alignment to strategic risks and deliverability.
- 4.4 The Committee noted the comprehensive approach taken to develop the IAAP and considered whether there were any further topics for which an assurance review would be appropriate. It was agreed that no changes to the IAAP would be requested at this time.
- 4.5 **The 'Purpose' section in the IAAP was drawn attention to and it was requested that the wording be updated to clarify that the purpose was to provide assurance to the HS2 Board in the first instance.**

Action: [REDACTED]

- 4.6 **It was agreed that the demonstration video of the IAAP would be shared with Committee Members.**

Action: [REDACTED]

- 4.7 The Programme Assurance Manager left the meeting.

5 Deep Dive – Assurance in IPTs (ARAC_21-017)

- 5.1 The Delivery Director, Consultant for Construction, Senior Project Manager for Readiness and P-Rep Observer joined the meeting.
- 5.2 The Committee reviewed and noted the Deep Dive: Assurance in Integrated Project Teams (IPTs) presentation, as included in the meeting papers.
- 5.3 The slides were presented to the Committee, which outlined:
 - 5.3.1 The Quality & Assurance Governance Structure;
 - 5.3.2 The Risk Control Assure (“RCA”) Framework;
 - 5.3.3 The three Lines of Defence Model for IPTs, with LoD1 (operational assurance) being HS2 Ltd in Delivery within the IPT, LoD2 being HS2 Ltd as Client, and LoD3 being HS2 Board or ARAC;
 - 5.3.4 An outline of the approach to Operational Assurance, incorporating the construction directorate matrix and swim lanes;
 - 5.3.5 Reporting through Horace; and

5.3.6 The improvements and programme development activities.

5.4 It was noted that a separate session would be arranged with the Project Representative to answer certain specific questions they had regarding assurance in IPTs.

5.5 In response to a question regarding continual learning and improvements, the Committee were informed that the capability was now in place to be able to produce the appropriate management information and that, once the information was received and reviewed, improvements could be identified and implemented.

5.6 The Committee discussed the presentation and agreed that the sample checking provided a level of assurance; however, it was requested that further consideration be given to reporting and oversight of actions to mitigate any issues identified.

5.7 **The Committee requested that a further update be provided in Q4 2021 to understand the process post-implementation and to consider the reporting outcomes of the process and whether this provides the management information required to provide confidence to the Board and Committee.**

Action: Project Integration Office

5.8 The Head of Programme and Corporate Assurance, the Delivery Director, Consultant for Construction, Senior Project Manager for Readiness and P-Rep Observer left the meeting.

6 ARAC Effectiveness Review (ARAC_21-018)

6.1 **It was agreed that consideration of the outcomes from the ARAC effectiveness review would be deferred to the meeting scheduled for 9 June 2021.**

Action: Non Owen

7 Forward Look (ARAC_21-012)

7.1 The Committee reviewed the Forward Look paper, as included in the meeting pack, and noted the items scheduled for discussion at future meetings.

8 Any Other Business

8.1 FY21 Annual Repost and Accounts

8.1.1 It was reported that a draft of the FY21 Annual Report and Accounts would be circulated to the Committee for review and comments ahead of the meeting scheduled for 9 June 2021

8.2 There being no further business to discuss, the meeting was closed.