

Meeting minutes

Audit and Risk Assurance Committee

Meeting date Thursday, 06 October 2022
Meeting location Hybrid: MS Teams / The Podium / Snowhill
Meeting time 10:00-11:45

Members	Attendees	Apologies
Stephen Hughes Committee Chair	[REDACTED] DfT	Mark Thurston CEO
Roger Mountford Non-Executive Director	[REDACTED] Internal Audit Manager - GIAA	
Sir Jon Thompson Non-Executive Director	[REDACTED] NAO	
	Alan Foster (CFO) Chief Financial Officer (Interim)	
	[REDACTED] Risk Director	
	[REDACTED] Chief Security and Resilience Officer	
	Emma Head Delivery Director Technical Services	
	[REDACTED] Quality and Assurance Director	
	[REDACTED] GIAA	
	[REDACTED] Deputy Company Secretary	
	[REDACTED] Finance Director	
	[REDACTED] P-Rep	
	[REDACTED] GIAA	
	[REDACTED] Interim Chief Information Officer	

1 Welcome, Declarations of Interest and Values Moment

1.1 The Chair welcomed members and attendees to the meeting and confirmed 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 on leadership from the Finance Director.

2 Minutes of the previous meeting and review of Action tracker (ARAC_22-024 and 22-025)

- 2.1 The Minutes of the meeting on 9 August 2022 were approved as a true record of that meeting.
- 2.2 The Committee noted the status of the actions.

3 Update from the Audit and Risk Assurance Panel on 20 September 2022 (ARAC_22-026)

- 3.1 The Committee reviewed and noted the minutes of the Audit and Risk Assurance Panel ('ARAP/ The Panel') meeting held on 20 September 2022. The CFO as Chair of ARAP, informed that the Panel had undertaken a detailed discussion on the overdue assurance actions.
- 3.2 The Committee noted the update from the CFO.

4 Risk, Control and Assurance Management Information Report (ARAC_22_027)

- 4.1 The Quality and Assurance Director and Risk Director joined the meeting.
- 4.2 The Committee reviewed and noted the Risk, Control and Assurance (RCA) Report for August 2022.
- 4.3 The Risk Director highlighted the key points for Committee awareness:

4.3.1 Strategic Risks: The risks were being reviewed by Management and a further update would be provided at the next Committee. [REDACTED]

4.3.2 Programme Risks: The Committee noted the value of exposure for phase 1, phase 2a and phase 2b. **The Committee requested that the wording in respect of the risk values be updated as if a risk had materialised this is not a reduction. It was suggested that a gross value to risk be included.**

Action - [REDACTED]

4.3.3 **The Committee discussed the Programme Risk Overview and requested further detail on a reported Phase 2b risk.**

Action - [REDACTED]

4.4 The Quality and Assurance Director presented the assurance activity, where the Committee noted:

4.4.1 The efficiency summary and that the drop below the KPI in period under investigation.

4.4.2 The Committee noted progress to reduce outstanding deliverables across all Phases.

4.4.3 The assurance plan activity, the key progress, successes and the watch list.

4.4.4 The number of assurance actions remains high, however around 29% have been identified to close. There had been an increase in response rate to actions which is positive.

4.4.5 The Committee continue to express that the number of overdue actions is high and further work is required by Management to ensure that further progress was made.

4.4.6 It was noted that in comparison with similar organisations. HS2 tracks actions from a number of sources, which could account for the high number of actions.

4.4.7 **The Committee requested that a deep dive be conducted on assurance actions, reviewing the recurring themes, grading of actions, the volume and impact and the subsequent recommendations.**

Action - [REDACTED]

4.4.8 The top factor which contributes to overdue actions was identified as resource constraint. The Committee suggested that a cultural shift was required when reviewing actions and were informed that this is being reviewed.

4.5 The Committee noted the RCA report.

4.6 The Quality and Assurance Director and Risk Director left the meeting.

5 Indirect Cost Efficiency Assurance (ARAC_22-028)

5.1 The Finance Director presented the paper on Indirect Cost Efficiency Assurance.

5.2 The Committee were informed that an Efficiencies Challenge Project (ECP) Indirects Programme was initiated to review HS2 Ltd workforce and indirect costs. The output from the Programme had been incorporated into Business Plans and budgets for Financial Year (FY) 2022/23.

5.3 Project Representation (P-Rep) queried whether the review had been conducted with consideration of the full HS2 Programme and whether it concluded that the current model adopted was the most cost effective. In response, the CFO informed that the scope of the ECP Programme was not Programme-wide. It was noted that further review on indirect costs would be conducted and be presented to the Executive Committee.

5.4 The Committee noted that when completed, further reviews on indirect spend should be presented to the Executive Committee and HS2 Board, the assurance would be presented to the Committee. The Committee noted that the HS2 Board would determine the process on how

to establish savings from Indirect Costs. Further work was required on identifying savings with the Committee requesting an update once completed.

- 5.5 Following consideration, the Committee approved the assurance progress on Indirect Costs Management following the embedding of the ECP Indirects Programme into business as usual

6 Senior Information Risk Owner – September Update (SIRO) (ARAC_22-029)

- 6.1 The Interim Chief Information Officer and Chief Security and Resilience Officer joined the meeting.
- 6.2 The Committee received and noted an overview of the Senior Information Risk Owner (SIRO) paper, which addressed three actions noted at the ARAP, namely:
- 6.2.1 **Incident Statistics** – incident statistics were being developed and would be incorporated into future SIRO updates.
 - 6.2.2 **Email Retention Policy ('Policy')**– outlined that the HS2 Policy would be to retain emails for a period of 7 years. The Policy would be updated every two years or to reflect legislative changes.
 - 6.2.3 **Resource Update**- recruitment was underway to replace two roles. On a question on how recruitment was progressing, the Committee noted that it was a challenge but was progressing.
- 6.3 The Committee noted the SIRO update.
- 6.4 The Head of Interim Chief Information Officer and Chief Security and Resilience Officer left the meeting.

7 HS2 Internal Audit Update ('Internal Audit Update') (ARAC_22-030)

- 7.1 The representative from the Government Internal Audit Agency (GIAA) presented the Internal Audit Update in the period from 10 August 2022 to 9 September 2022.
- 7.2 In response to a question on resource, the GIAA representative confirmed that there is adequate resource and there was confidence that the timeline would be met. Following a query on the scope of the commercial review, the GIAA advised that the scope was being finalised.
- 7.3 The Committee noted the HS2 Internal Audit Update.

8 Committee Forward Look (ARAC_22_031)

- 8.1 The Committee reviewed and noted the Forward Look.

9 Any Other Business

9.1 There being no further business the meeting was closed.