

**High Speed Two (HS2) Ltd Audit and Risk Assurance Committee
Meeting held on 17 May 2016**

**Minutes
Room 505, Sanctuary Buildings, London SW1P 3BP**

Members	In Attendance	Apologies
Neil Mason (Committee Chair) Non-executive Director	Steve Allen Chief Financial Officer	Jo Valentine Non-executive Director
Roger Mountford Non-executive Director	[REDACTED] National Audit Office	[REDACTED] Risk and Assurance Director
	[REDACTED] Head of Corporate Services Strategy	[REDACTED] National Audit Office
	[REDACTED] Chief Information Officer	
	Nicole Geoghegan General Counsel and Company Secretary	
	[REDACTED] Head of Internal Audit	
	[REDACTED] Director of Finance Operations	
	[REDACTED] National Audit Office	
	Simon Kirby Chief Executive	
	Alistair Kirk Programme and Strategy Director	
	[REDACTED] Assistant Company Secretary	
	[REDACTED] Head of Assurance	
	[REDACTED] Head of Quality	
	Kieran Rix Finance and Corporate Services Director	

1. Declaration of Interests

1.1 There were no declarations of interest other than those already recorded in the register.

2. Minutes of the Previous Meetings and Matters Arising

2.1 The minutes of the meeting held on 26 January 2016 were agreed as a true record and signed by the Committee Chair.

2.2 The minutes of the meeting held on 23 March 2016 were agreed as a true record subject to the below changes and signed by the Committee Chair.

Item 2.1, Page 2: Change 'First Draft 2016/17 Financial Statements' to First Draft 2015/16 Financial Statements; and

Attendance: [REDACTED] was in attendance at the meeting from Item 2 onwards.

2.3 The Committee noted the extract of the minutes from the Executive Assurance Review (EAR).

2.4 **The Committee noted the action tracker and agreed that actions would be tracked and updated ahead of the next meeting.**

Action: [REDACTED]

3. Assurance: Deep Dive Reviews

3.1 Anti-Fraud and Bribery.

3.1.1 The Committee noted the Anti-Fraud and Bribery paper outlining the review piece of work which commenced in December 2015. The following key points were raised:

3.1.2 The Management Committee has agreed to become the sponsoring body for Anti-Fraud and Bribery in HS2 and the business owner will be Steve Allen, Chief Finance Officer;

3.1.3 A new post has been created, responsible for anti-fraud and bribery risks, 'whistleblowing/ raising concerns', development of policies, procedures and business ethics;

3.1.4 The post holder will report to the General Counsel and Company Secretary and in the meantime [REDACTED] will retain control of matters for continuity; and

3.1.5 The policy for 'whistleblowing/ raising concerns' is due to be updated and the Committee discussed the value of an independent route being available to HS2 and the supply chain.

It was agreed that:

3.1.6 **Following the appointment into the new post covering aspects of anti-fraud and bribery, a 6-monthly update will be provided to the Committee. The Committee agreed that the first attendance would be an update from the meeting of 17 May 2016;**

Action: Nicole Geoghegan [REDACTED]

3.1.7 **The job title for the vacant post will be reviewed to incorporate the various aspects of the role;**

Action: Nicole Geoghegan

3.1.8 **The Committee will receive by circulation a copy of the information which will be considered by the Management Committee on 23 May 2016; and**

Action: [REDACTED]

- 3.1.9 The NAO will provide information regarding 'whistleblowing' and what constitutes good practice.

Action: [REDACTED]

3.2 Management Assurance Statement 2015/16

- 3.2.1 The Board received an update following submission of the Management Assurance Statement (MAS) to the Department for Transport (DfT) on 13 May 2016.
- 3.2.2 It was agreed that **Deep dives on key areas flagged by the MAS (Business Continuity Management, Fraud & Bribery, Health and Safety Training and Management of IT assets)** will be planned into the forward agenda for future meetings. A risk flight path is to be included with each Deep Dive. The deep dive regarding the IT assets should be on service procurement and provision in addition to management of assets.

Action: [REDACTED]

4. 2015/16 Year End

4.1 2015/16 Financial Statements

- 4.1.1 The Committee noted the interim draft of the High Speed Two (HS2) Ltd Financial Statements and the following key points:
- 4.1.2 At the time of reporting, no comments had been received from the DfT or Special Parliamentary Advisors (SpAd's);
- 4.1.3 Draft Period 12 accounts have been presented to the National Audit Office (NAO) and the NAO expressed their commendation for its early submission and the working relationship throughout the audit;
- 4.1.4 There are some outstanding queries raised from the audit process which are being dealt with;
- 4.1.5 Following receipt of Royal Assent and as the project becomes more heavily involved with procurement and construction phases, considerations to accounting standards for a project of this size are being considered;
- 4.1.6 Discussions are live with the DfT and the NAO have a Practice and Quality team who will become more involved in the auditing process; and
- 4.1.7 The Committee noted the schedule to resubmit the Financial Statements at the meeting on 03 June 2016 together with the letter from

the NAO, the Board will then be invited to approve the statements on 15 June 2016 and Parliament submission is due by 30 June 2016.

- 4.1.8 **The Committee will receive an updated version of the 2015/16 Financial Statements at the next meeting incorporating the comments made in the meeting of 17 May 2016 and sent to [REDACTED] following the meeting**

Action: [REDACTED]

4.2 **Internal Audit Progress Report and Interim Internal Audit Opinion**

- 4.2.1 The Committee noted the Internal Audit Progress report and the summary of progress to date on completion of the 2015/16 internal audit programme.

4.3 **IT Assets**

- 4.3.1 The Committee noted the internal audit report on HS2 mobile IT assets. The following key points were raised:

- 4.3.2 Positive progress has been made to provide assurance on mobile IT assets following the initial audit findings and the pending transfer of the IT asset database; and

- 4.3.3 The Committee noted the update on the retender of the Fujitsu contract, the proposed move to more common technology services and the preparatory actions including the relocation of the disaster recovery site.

- 4.3.4 **A follow up audit will be carried out to assess the progress with implementation of actions identified in the 21051/16 audit of IT assets and report by the end of June.**

Action: [REDACTED]

4.4 **National Audit Office Audit Progress Report**

- 4.4.1 This item was dealt with whilst reviewing the 2015/16 Financial Statements.

4.5 **Compliance Audits Progress 2015/16 conclusions**

- 4.5.1 The Committee received a tabled update of the High Speed Two (HS2) Internal Audit Findings Tracker 2015/16 which was completed in the last week of April and had no overdue findings.

- 4.5.2 **It was agreed that the ability to metricate the effectiveness of corrective actions will be explored.**

Action: [REDACTED]

4.6 Compliance Audits Progress

- 4.6.1 The Committee noted the paper reviewing the audits conducted over the previous twelve months, and the audit worked planned over the next three months.
- 4.6.2 The Management Committee have approved the three month audit plan but have asked for wider understanding of the assurance plan;
- 4.6.3 The Committee asked for demonstration of integration between compliance and internal audit when developing the update to Management Committee; and
- 4.6.4 **The Committee will receive 6-monthly updates/ reports on the outcomes of the compliance audits such as the recent ISO 9001 and BSOHSAS 18001 audits.**

Action: [REDACTED]

4.7 2016/17 Audit Programme Proposals

- 4.7.1 The Committee received an update on the 2016/17 Government Internal Audit Agency (GIAA) plan and noted the proposed plan circulated with the pack.
- 4.7.2 The Committee discussed the proposal and it was agreed that:
 - 4.7.2.1 **The 2016/17 plan will be reviewed and brought back to the next meeting and will include the Integration Assurance Plan, a risk assurance map to illustrate the three lines of defence and how the internal audit plan is co-ordinated and integrates with the compliance audit plan and other assurance activities; and**

Action: [REDACTED]

- 4.7.2.2 **There will be discussion on the proposed timing and scope of the Governance review.**

Action: [REDACTED] Nicole Geoghegan

5. National Audit Office Value for Money Review

5.1 Initial Findings

- 5.1.1 The Committee received a verbal update from the National Audit Office (NAO).
- 5.1.2 Emerging findings were submitted to High Speed Two (HS2) on 19 April and a letter of response has been received which provided further clarity on issues raised.
- 5.1.3 The NAO have approached the review from points of cost, benefits and schedule and that no one aspect should sacrifice the other.

5.1.4 A draft report is being prepared for submission to the DfT and HS2. A five to six week clearing process will follow and the report is scheduled to be made public on 11 July 2016.

5.1.5 **The Committee will be kept informed of progress with the Value for Money review.**

Action: 

6. **Any Other Business**

6.1 There were no other items of business raised for discussion.

7. **Date of the Next Meeting 03 June 2016**

Signed:

Date: