

**High Speed Two (HS2) Ltd Audit and Risk Assurance Committee
Meeting held on 14 November 2016**

Minutes

The Boardroom 19th Floor - One Canada Square, Canary Wharf, London E14 5AB

Members	In Attendance	Apologies
Neil Mason (Committee Chair) Non-executive Director	Steve Allen Chief Financial Officer	[REDACTED] Director of Finance Operations
Roger Mountford Non-executive Director	Nicole Geoghegan General Counsel and Company Secretary	
Jo Valentine Non-executive Director	[REDACTED] Head of Internal Audit	
	[REDACTED] Risk and Assurance Director	
	Roy Hill Interim Shadow Chief Executive Officer	
	[REDACTED] [REDACTED] Interim Head of Security	
	[REDACTED] National Audit Office	
	Alistair Kirk Programme and Strategy Director	
	[REDACTED] DfT	
	[REDACTED] ERP Implementation Manager	
	[REDACTED] Assistant Company Secretary	
	Kieran Rix Finance and Corporate Services Director	
	[REDACTED] National Audit Office	
	[REDACTED] Head of Assurance	
	[REDACTED] Head of Quality	
	[REDACTED] [REDACTED] Deputy CIO	

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, Matters Arising & Actions**
 - 2.1 The minutes of the meeting held on 07 September 2016 were agreed as a true record and signed by the Committee Chair.

- 2.2 The Committee noted the status of the actions. The Committee requested that minutes 11.3 and 11.4 be referenced as actions and that the action tracker include a reference to the minute.

Action: [REDACTED]

- 2.3 The Chair summarised the content of the agenda and it was agreed that the presentation of the agenda and the running order of the meeting would be amended.

Action: [REDACTED] Neil Masom

3. Security six monthly update

- 3.1 The Committee noted the first six monthly security update covering the period from 01 May to 01 November 2016.

- 3.2 The Committee welcomed the newly appointed Interim Head of Security and received a summary of his skills and background. The post holder has taken oversight of assurance at corporate level of matters including security for people, information assurance, cyber security, railway operations, business continuity and incident response.

- 3.3 The Committee discussed the challenge involved in security in finding the right balance of HS2 Ltd protecting itself but also managing the potential risks brought to those on and around the route as a result of the works, e.g. metal theft from sites leading to other stakeholders being vulnerable.

- 3.4 It is key to have stakeholders along route alerting HS2 of any issues also and the Committee noted there is a security operations group which will attempt to establish what provisions to give to stakeholder wide.

- 3.5 The Committee discussed physical security versus cyber security and the differing disciplines. In general the recovery on a physical risk impact is a lot quicker.

- 3.6 HS2 Ltd must also vet those working alongside the organisation and be prepared for breaches, building on how to respond and deal with them.

- 3.7 The Committee requested a risk flightpath to be introduced to the six monthly report.

4. Enterprise Resource Planning and Deep Dive Scope

- 4.1 The Committee agreed to conduct a deep dive on subject of ERP by the end of the year and the Committee discussed what it hopes to achieve from the deep dive.

- 4.2 The Committee discussed the risks within the various IT activities and requested a landscape view of the suite of IT project activities with a view on risk with a RAG rating.

- 4.3 The Committee discussed the importance of being clear on what capability was required for March 2017 and May 2018 and requested a road map.

- 4.4 It was agreed that a deep dive on ERP would be presented to the Committee in the January meeting presenting a March 2017 position with a summary of the risks and how they are being managed/ mitigated.
- 4.5 Terms of reference for the deep dive scope will be considered and agreed by correspondence ahead of the meeting.

Action: [REDACTED] Alistair Kirk

- 4.6 The Committee also expressed interest in how the suite of systems will support supply chain, whilst keeping control of the design, understanding levels in the supply chain and pressures such as demand for timely payment.

5. **Integrated Assurance and Approvals Plan**

- 5.1 The Committee noted the cover paper, the draft Integrated Assurance and Approvals Plan (IAAP), draft IAAP schedule and response to feedback further to the previous Committee meeting.
- 5.2 The Committee discussed at length the progress and the ambition for what the IAAP should do.
- 5.3 The IAAP is due to be presented to the HS2 Ltd Board and should present an aggregated picture with a stakeholder strategy.
- 5.4 The Committee support the content of the IAAP but requested more work on the presentation to link to benefits at a macro level to the organisation and draw out why stakeholders would react positively to it.
- 5.5 The management have been testing the approach to ensure stakeholders are part of the process and get the comfort.
- 5.6 The Committee requested the IAAP be presented at the next Committee and were happy to input into this before the meeting.

6. **Assurance Dashboard**

- 6.1 The Committee noted the dashboard and raised the following key points:
- 6.1.1 Community engagement should be included;
 - 6.1.2 Differing stakeholders have differing needs and so the Committee recommended caution not to confuse them; and
 - 6.1.3 The dashboard is delivered as part of the review of reporting and so is a live document which will evolve.

7. **Consolidated 2016/17 Audit Schedule**

- 7.1 The Committee noted the revised integrated audit schedule which has expanded the dimensions and areas considered when planning the schedule.

- 7.2 The Committee were encouraged to see the inclusion of Lloyd's Register Quality Assurance (LRQA) but asked for confirmation that the business continuity planning should be deferred again.

Action: [REDACTED]

- 7.3 The timing of the governance review will be reviewed.

Action: Nicole Geoghegan [REDACTED]

- 7.4 The Committee endorsed the schedule.

8. **Management System Certification to BS EN ISO 9001 and BS OHSAS 18001**

- 8.1 The Committee noted the result of the recent ISO 9001 and OHSAS 18001 surveillance audit conducted by LRQA and noted the recertification visit is in March 2017.

- 8.2 The Committee noted the good news story that HS2 level one controls, satisfy the requirements of these industry recognised international standards. It further provides an assessment of the suitability of our management system to effectively manage the delivery of this complex project.

- 8.3 The Committee suggested a slight amendment to the final bullet point of the paper.

Action: [REDACTED]

9. **Compliance Audit Update**

- 9.1 The Committee noted the update.

10. **Internal Audit, Management Assurance Statement and National Audit Office and Infrastructure Projects Authority**

- 10.1 The Committee noted the update.

11. **Regular GIAA Update Report**

- 11.1 The Committee noted the update.

12. **NAO Audit Planning Report 2016-17**

- 12.1 The Committee noted the audit planning report from the National Audit Office (NAO) for 2016-17.

- 12.2 As the organisation is growing and entering into property transactions the NAO will be looking to spend more time reviewing, using more senior teams to support this.

- 12.3 The Committee members discussed the importance to plan for the Annual Reports and Accounts and the narrative aspect.

- 12.4 Land and Property will remain an area of focus due to the relatively low value but high volume stream, which differs from the highly controlled procurement environment.

- 12.5 There will be some complex deals with the potential for error leading to reputational risk and scrutiny therefore that there are systems in place to protect.
- 12.6 Human Resources will be likely remain an area of focus and the Committee agreed to request an update from HR.

Action: Peter Gregory

13. **National Audit Office Update**

- 13.1 The NAO advised that Her Majesty's Treasury are due to release their minuted response on the Value for Money report shortly.

14. **Deep Dive Strategy**

- 14.1 The Committee reviewed the forward look of proposed deep dives to be conducted.
- 14.2 The Committee agreed that there should be flexibility to move the topics across the Board Sub-Committees as appropriate to avoid duplication.
- 14.3 The Committee requested additions of: what keeps CEO awake and what people have got right and opportunities.
- 14.4 The Committee agreed to receive deep dives in January on ERP, HR and Land and Property. Economic risks would be moved to March 2017.
- 14.5 The template for deep dives should include a section to cover dependencies/ collateral and secondary impacts.

Action: [REDACTED]

- 14.6 Management will consider risk scenario planning with the Board in the future.

Action: Roy Hill [REDACTED]

15. **Transition of Banking to Government Banking Service**

- 15.1 The Committee noted the paper but commented that the financial implication data had not been completed.

16. **Any Other Business**

- 16.1 ***ARAC Effectives Review*** - The Committee agreed that it would conduct a light touch internal review on its own effectiveness with an external audit to be scheduled in a year. The NAO will provide their process for HS2 to use.

17. **Date of the next meeting**

- 17.1 The date of the next in cycle meeting is 11 January 2017.

Signed:

Date: