



TRINITY HOUSE

Minutes of Trinity House Audit and Risk Assurance Committee – 8 March 2022

Present:

Mrs Margaret Amos (NED) (ARAC Chair) (Via remote media)

Mr Alan Moore (NED)

Mrs Valerie Owen (NED)

Vice Admiral Sir Alan Massey (Lighthouse Board Chairman) (Via remote media)

In attendance:

Captain Ian McNaught (Chief Executive/ Accounting Officer)

Mr Ton Damen (Director of Business Services)

Mrs Rebecca Roberts (Audit and Performance Manager)

Mr Kevin Dace (Head of IT) (Via remote media)

Mr Thomas Arculus (Head of Legal and Risk) (ARAC Secretary)

Mr Attul Sharma (GIAA) (Via remote media)

Mr Marc Chang (NAO) (Via remote media)

1. Apologies

Mr James Baldwin (GIAA)

2. Declarations of Interest

None.

3. Minutes ARAC – 1 December 2021

The minutes of the meeting on 1 December 2021 were approved for publication.

[Action: ARAC Secretary publish minutes of ARAC 1 December 2021]

4. Log of Actions

Agreed.

5. Matters Arising

None.

6. Report on Implementation of Matters Arising from Audit Reports

Mrs Roberts presented the report the purpose of which is to update the ARAC on progress with regard to implementation of the audit issues arising from the Government Internal Audit Agency (GIAA) internal audits, Trinity House (TH) Management System audits, NAO audits and Third Party Certification audits.

In relation to the Internal Communications Audit, the ARAC agreed that this needs to be de-coupled from the TH2040 project to allow progress to be made with implementation of the audit recommendations independently of TH2040. The ARAC expressed concern that some of the comments on the due dates are *still to be confirmed* after more than 3 months. Noted some were delayed due to resourcing issues in the Health & Safety department. Mrs Roberts will send further reminders.

[Action: Mrs Roberts will send further reminders to colleagues relating to outstanding due dates from audit reports]

6.1 Schedule of NCN's and Overdue PINS Annex 1

ARAC noted overdue ones in red. Mrs Roberts advised some updates had been received since the report was submitted.

7. Memorandum of Understanding for Provision of Internal Audit Services with GIAA

Mrs Roberts outlined the main changes to the Memorandum of Understanding.

The ARAC clarified that TH does contribute to Mr Baldwin's performance appraisal.

The MoU was approved subject to assurance that any changes required to section 8.5, where it reads 'click or tap here to enter text' do not have any material impact.

[Action: Mrs Roberts to check matters relating to IA Services MOU with Mr Baldwin]

[Action: Mrs Roberts and Mr Baldwin to sign the Memorandum of Understanding, once checked above]

8. Internal Audit Plan 2021-22 Progress Report

The last of the audits on the 2021-22 plan are in the process of being finalised; on track for completion by the end of March with the exception of the work equipment and lifting equipment audit. This audit has been deferred to the 2022-23 audit plan due to resourcing issues in the Health & Safety department.

Progress report and Annex A - Noted.

8.1 Fully Integrated Audit Plan 2021-2022 Annex B

Noted.

8.2 Timeline Annex C

Noted.

The ARAC suggested having a service standard for TH Internal Audit. It was noted that there is already one in place for internal auditors to complete audits in a timely manner but currently not one in respect of responding to audit findings.

[Action: Mrs Roberts to investigate the possibility of introducing an Internal Audit Service Standard in respect of responding to audit findings]

9. Internal Audit Plan (draft) for 2022-23 including Annex A & Annex B

Noted and approved.

9.1 Draft fully integrated audit plan – Annex C

Noted and approved.

9.2 TH Assurance Map Annex D

TH had been requested to produce this by the GIAA.

It will be reviewed on an annual basis.

Noted and approved.

10. Review of Risk Registers Report

Presented by ARAC Secretary.

The ARAC agreed that the Cyber Risk should be increasing due to the Ukraine conflict and the increased risk of hostile state sponsored cyber mischief.

The ARAC also considered that the affordability risk will increase due to oil and commodity price increases.

[Action: ARAC Secretary review the Cyber Security Risk and the risk of price rises in light of the Ukraine conflict]

10.1 Corporate Risk Register

Noted.

10.2 Corporate Risk Register Dashboard

Noted.

11. Internal Audit Charter

Mrs Roberts presented the Internal Audit Charter, which is reviewed annually. It is a combined charter with GIAA.

The ARAC noted the Charter and approved it for signature.

[Action: Captain McNaught, Dr Amos and Mr Baldwin to sign Internal Audit Charter]

12. Review of Management Assurance Return

Mrs Roberts presented the Management Assurance Return (MAR) which has received input from Senior Managers and has been endorsed by the Executive Committee.

Approved for submission to DfT.

[Action: Mrs Roberts submit MAR to DfT by the deadline]

13. Data Protection Officer's Update on TH Data Protection Compliance

Presented by ARAC Secretary.

Noted.

13.1 Data Protection Compliance & Risk Overview Dashboard

Noted that the risk of enforcement action by the Information Commissioner's Office is increasing due to increased ICO activity.

14. GLF Financial Statements 2021-22 Audit Planning Report

Mr Chang presented the Audit Planning Report for the GLF Financial Statements Audit 2021-22 and reminded the ARAC that the audit

includes the three GLAs therefore overall materiality levels are based on the entire GLF rather than the individual GLAs.

The financial provision for the project to decommission Royal Sovereign lighthouse is regarded as a significant risk and will be audited. The basis for undertaking lighthouse estate valuations will be reviewed pending quinquennial valuations in 2023-24. An Inventory Risk exists but measures are in place.

Mr Chang also commented on sample sizes.

15. Draft Governance Statement 2021-22

The ARAC reviewed and noted with approval the draft Governance Statement which will be published in the Annual Report and Accounts for the year ended 31st March 2022.

16. Fraud and Bribery Response Plan

Presented by Mr Damen.

The ARAC enquired into the ways in which staff are familiarised with the Whistleblowing procedure. It was noted that a periodic reminder is included within the internal audit newsletters.

Noted.

17. Fee Letter

Mr Sharma presented the Annual Fee Letter from the GIAA to TH proposing the fee for their services in 2022-23 as £29100. This represents a 3% increase in the fees from last year.

Noted and approved.

18. Light Dues Direct Debit System Final Management Letter

GIAA presented the Management Letter explaining their findings in relation to the Light Dues Direct Debit System which had been audited due to the fact that TH has changed the way it collects direct debits.

The ARAC was pleased to note that a '*Substantial*' opinion has been awarded by GIAA.

19. Letter from DfT Permanent Secretary to Accounting Officer regarding Cyber Security & TH Response

The ARAC noted the letter dated 17th February 2022 from the DfT Permanent Secretary to the Accounting Officer on Cyber Security

preparedness and TH's reply of 22nd February explaining the measures that TH has in place.

20. Cyber Security Steering Group Terms of Reference

Presented by Mr Dace.

Noted and approved.

21. IT Security and Compliance Dashboard

Mr Dace said we should brace ourselves to expect a significant increase in the risk of hacking and cyber mischief as a result of the Russian invasion of Ukraine.

Mr Dace presented the Cyber Security Dashboard.

The ARAC noted that there is no metric relating to staff training. Mr Dace agreed to add to the Dashboard a new metric for '*percentage of staff which have undergone annual cyber security awareness training*'.

[Action: Mr Dace to update the Cyber Security Dashboard with a new metric relating to staff training]

22. KPI Review Consulting Review Report

Presented by GIAA.

The report recommended the development of a KPI framework.

The ARAC noted that some parts of the report were unclear and suggested that Mr Damen should engage with GIAA to clarify what is meant in the report by '*objectives*' and also how KPIs which are linked to other GLAs should be treated as the report does not appear to address this.

Mr Damen was also asked to seek clarification from GIAA on whether there are any risks which need to be addressed by TH as a priority.

Mr Damen was asked to report to the September ARAC with clarification of the above matters and a recommended response to the report by TH.

[Action: Mr Damen to report to the September ARAC with clarification of the matters relating to the KPI Review and to recommend an appropriate response to the report by TH]

23. TH Risk Management Review Final Report (GIAA)

GIAA presented the report.

The ARAC Secretary was asked to report back to the September ARAC on TH's proposed response.

[Action: ARAC Secretary to report back to the ARAC in September recommending TH's response to the Risk Management Review Report]

24.Review of Gifts and Hospitality Register

Noted.

25.Register of Interests

Noted.

26.Matters to Escalate

None.

27.Any Other Business

The ARAC Chair requested a Sustainability and Environmental Social Governance (ESG) agenda item on the September ARAC agenda.

[Action: ARAC Secretary add ESG to September ARAC agenda]

[*Post meeting note* – The 2021-22 Review of ARAC Effectiveness Questionnaire was circulated to the Committee and regular attendees after the meeting].

[*Post meeting note* – The TH and GRAD Gifts and Hospitality Registers were circulated to the Committee after the meeting for noting].

28.Date of next meeting

There will not be a July meeting.

Next meeting will be the 14th September @ 1000.