



TRINITY HOUSE

Minutes of Trinity House Audit and Risk Assurance Committee – 7 December 2022

Present:

Dr Margaret Amos (NED) (ARAC Chair)

Vice Admiral Sir Alan Massey (Lighthouse Board Chair)

Mr Alan Moore (NED) (Via remote media)

Mrs Valerie Owen (NED)

In attendance:

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

Mrs Rebecca Roberts (Audit and Performance Manager)

Mr Ton Damen (Director of Business Services)

Mr Anthony Porter (Risk Manager)

Mr James Baldwin (GIAA) (HIA)

Mr Andrew Harrold (GIAA)

Mr Marc Chang (NAO) (Via remote media)

PART ONE

Annual Meeting of Committee Members with External & Internal Auditors *in camera*.

PART TWO

1. PRELUDE

1.1 Apologies

Captain Ian McNaught (Chief Executive/ Accounting Officer)

1.2 Declarations of Interest

None.

1.3 Minutes of ARAC – 14th September 2022

Approved.

1.4 Matters Arising

None.

1.5 Log of Actions

All outstanding actions from previous meetings have been closed out.

2. AUDIT

2.1 Internal Audit Plan – Progress Report

The Committee discussed resourcing of the Audit Plan and asked whether the organisation is adequately resourced.

Mrs Roberts explained that H&S Audits are normally carried out by the H&S team. However, the Work Equipment and Lifting Equipment audit will be resourced by two internal auditors who have completed the NEBOSH training, one of which has been newly trained as an internal auditor. This provides additional future resource for H&S audits.

The Committee discussed TOR for Cyber Security Audits.

Mr Baldwin explained that the TOR are developed by GIAA with input from TH IT department.

2.1.1 Annex A – Progress on Delivery against Planned Assignments by the GIAA Audit Team

Noted.

2.1.2 Annex B – Progress against Achievement of the Overall Integrated Internal Audit Plan

Noted.

2.1.3 Annex C – Timeline on Delivery of the Trinity House in-house Resourced Internal Audits and GIAA Resourced Internal Audits

Noted.

The Committee discussed the THV GALATEA OP57 Audit which has 13 NCNs and 16 PINs. This points to an issue of safety management on the ships and the ownership of the H&S standards. The ARAC is concerned about this.

The Committee discussed the possibility that there may be a mismatch between what the NEDs are expecting and what the Exec is delivering in terms of Health and Safety.

[Action: ARAC Secretary - Escalate this potential issue to Lighthouse Board]

The ARAC noted that audits would be expected to be moved around in the audit year but would be completed before the end of the current plan year.

[Action: Lighthouse Board to discuss audit slippages and bring updated audit plan to January LHB]

The ARAC Chair asked Mrs Roberts to add a note, where relevant, to future ARAC reports to explain the priority and resources being given to uncompleted audits and whether the initial results of completed audits have identified any serious issues/issues of legal compliance.

[Action: Mrs Roberts - add a note, where relevant, to future ARAC reports to explain the priority and resources being given to uncompleted audits and whether the initial results of completed audits have identified any serious issues/issues of legal compliance]

2.2 NAO Audit Strategy – update on planning methodology and audit timetable.

Mr Chang said that the Audit Plan will be submitted to the March ARAC due to a change in the audit planning methodology.

Quinquennial valuations will be a risk this year. NAO's expert will liaise with TH.

The final audit period will be in September 2023 which is later than previous years.

2.3 Review of GIAA Contract

Mr Baldwin is due to retire in January Mr Harrold will supervise the handover to a new Head of Internal Audit, yet to be appointed.

Mr Harrold will provide regular updates to ARAC Chair on progress with recruitment and progress with the audit plan.

The number of fees and the number of days from GIAA next year will be discussed in due course.

2.4 ALDIS Update on Risk Management Plan

Subsequent to the previous meeting Mr Damen has provided two update papers and a new solution had been decided upon, which would meet TH's needs.

2.5 Report on Outstanding Audit Recommendations

ARAC Secretary explained the current work being done in relation to the Internal Communications Audit.

2.5.1 Annex 1 – Schedule of Open Non-conformances and Overdue Improvement Notes

Noted.

3. Internal Control

3.1 Annual Fraud Report and Performance against CIPFA including Review of Counter Fraud Strategy

Noted with approval.

[Action: GIAA to conduct a Counter Fraud Consultancy exercise in 2023-24]

Updated Strategy and Action Plan – approved.

Fraud and Bribery Risk Register.

[Action: Risk Manager to check scores and why on one risk it goes up after mitigation]

3.2 Whistleblowing Return (Verbal)

Nil return.

IT is currently testing the system to ensure its accessibility and user-friendliness.

3.3 Data Protection Steering Group Terms of Reference

Noted.

3.4 DPO's Annual Update Report on Data Protection

3.4.1 Appendix 1 Log of Data Breaches and Potential Data Breaches

Noted.

3.4.2 Appendix 2 Data Protection Dashboard

Noted.

3.5 Report on Corporate & Organisational Risk Registers

3.5.1 ORR – Schedule of significant business risks – quarterly review

Noted.

3.5.2 CRR – TH Corporate Risk Register – high level register

Noted.

3.5.3 Dashboard

Noted.

3.6 IT Security and Compliance Dashboard

Noted.

[Action: Mr Damen to add greater detail in future IT Security and Compliance Dashboard reports]

3.7 Outputs from Business Continuity Workshop on Power Rationing

Report noted – the ARAC praised this exercise/initiative.

The ARAC asked Mr Damen to contact DfT to provide a summary of this exercise and the possible consequences to the organisation and the delivery of the statutory function of various scenarios of power outages including temporary closure of offices. Also to contact DfT to discuss the possibility of TH being given the status of a Category 1 Responder under the Civil Contingencies Act 2004 and report back to Lighthouse Board on the pros and cons of such a designation.

[Action- Mr Damen- Contact DfT regarding lessons learnt from BCP Exercise ‘Grid Down’ and TH’s status in relation to CCA 2004]

4. ARAC GOVERNANCE

4.1 Audit & Risk Assurance Committee Review of Terms of Reference

Approved.

4.2 ARAC Report Supplement

Noted.

4.3 Any Other Business

Sir Alan Massey expressed the ARAC's appreciation to Mr Baldwin for his time as a particularly helpful and supportive HIA, and wished him a happy retirement.

4.4 Date of Next meeting – 8th March 2023 at 1000

PART THREE

ARAC and supporters met without NAO or GIAA present.

The ARAC recognised that TH was not a priority for NAO in comparison with much larger entities and therefore would have to accept the timings for Financial Statements Audits in 2023/4 being suggested by NAO.