

**MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE MEETING  
HELD IN TRINITY HOUSE LONDON ON 18 SEPTEMBER 2014**

**Present:**

Mrs E D Johnson (Chair)  
Professor P Matthews  
Mr D J Ring

**In attendance:**

Captain I McNaught - Executive Chairman (EC)  
Mr J S Wedge - Director of Finance & Support Services (DoFSS)  
Ms F Ozcelik - National Audit Office (NAO)  
Mr T Le Mare – Group Head of DfT Internal Audit  
Mrs R Roberts – Audit & Performance Manager (APM)  
Mr J D Price – Legal & Risk Manager & Secretary (LRM)

**1. Apologies for Absence & Introductions**

1.1 There were no apologies for absence.

1.2 The Chair welcomed Ms Ozcelik to her first meeting of the Committee as the new NAO Manager responsible for the audit of the GLF.

**2. Conflicts of Interest**

There were no conflicts of interest beyond those already declared in the Register of Interests.

**3.1 Minutes of Meeting on 11 June 2014**

Approved and signed.

**3.2 Matters Arising**

3.2.1 Arising from item 4.1, Professor Matthews reported that a responsibility matrix had been set up by Natural Resources Wales (NRW) and its Audit Committee had included an audit of the matrix on its programme for the current year. The Chair of the Committee, who also chaired the Audit Committees of Natural England and the Marine Management Organisation, had indicated that he was unaware of any other Audit Committees looking at responsibilities, something others should perhaps do, particularly organisations in transition. He was happy to discuss the matrix and audit with Trinity House. In noting the position the Committee agreed that liaison should be with the TH Audit & Risk Assurance Committee (ARAC) Chair and DoFSS. Professor Matthews agreed to provide contact details for the NRW Audit Committee Chair accordingly. **[Action: Professor Matthews]**

3.2.2 Arising from item 4.5, DoFSS reported that the meeting with Mr Buchan had taken place and had been productive. He was open to suggestions as to how to simplify reporting and there was an action with the TH Finance Manager accordingly. **[Action: TH Finance Manager]**

3.2.3 Arising from item 6, APM reported that arrangements were in place for her to co-ordinate the issue and return of client satisfaction questionnaires.

3.2.4 The Committee noted that the spare 10 auditor days remained in reserve.

3.2.5 All other matters/actions had been completed.

**4. Annual Report & Accounts – Close-Out of Outstanding Issues**

The Committee noted the written report from Mr Greenwood of the NAO. Ms Ozcelik added that the Comptroller and Auditor General had certified the GLF Accounts the previous week. However, they could not be laid before Parliament until mid-October because Parliament was in Recess. As there was a long gap between certifying the Accounts and laying them, consideration was being given as to whether they would need to be recertified closer to the laying date in case they might need to be adjusted for any post balance sheet events.

## **5. Audit Ratings & Opinions**

Mr Le Mare presented the new four category Internal Audit Opinion Assessment System. The Government's Internal Audit Leadership Group had agreed to adopt a common approach for both annual and engagement opinions from April 2014 to ensure consistency across audit teams. He confirmed that it would be possible to achieve substantial assurance if there were a few minor issues.

In response to a question from DoFSS, he confirmed that APM would be invited to participate in the training programme in respect of the new Standard Audit Manual.

**[Action: Mr Le Mare]**

## **6. 2014/2015 Internal Audit Plan – Progress Report**

APM presented the progress report on the 2014/2015 Internal Audit Plan, which was largely on schedule. It had been agreed with the HR Manager that, due to the change in provider of occupational health services, there was no value in undertaking the Health Surveillance Internal Audit in Quarter 3. It had consequently been deferred to the first quarter of 2015/16 to enable the new system and processes to be fully embedded. DfT had commenced its audit of the Superintendence and Management Process. As far as the 2015/16 Internal Audit Plan was concerned, APM proposed that she, in liaison with the Group Head of Internal Audit and the TH Senior Management Team, put together a draft outline plan for the initial review by the ARAC in December. The Committee agreed this approach.

**[Action: APM]**

APM clarified that the Succession Planning Audit was a tri-GLA thematic audit being carried out across the GLAs. In the case of TH the Audit was being done in-house and in the case of NLB and CIL it was being carried out by DfT Internal Audit. There was liaison between DfT and herself in order to ensure consistency. The terms of reference for each Audit would be shared amongst the GLAs. She had attended an event at DfT the previous day on the subject of succession planning where a PwC specialist had given a presentation about key areas of focus around succession planning reviews. Professor Matthews proposed, and the Committee agreed, that the Audit should also embrace contingency planning in the event of a loss of a Director or key member of staff.

**[Action: APM]**

## **7. Report on Outstanding Audit Recommendations**

APM presented the Report on Outstanding Audit Recommendations. There was one correction required to her report in that the travel card approval form had been updated in July, which meant that all findings from the Assurance Testing and Follow-up Audit had now been implemented. The Committee noted that 15 potential improvements had been identified as a result of the Hire and Pool Car System Audit but that there were no major issues. Good progress had been made in respect of the remaining recommendation arising from the MMIS Advisory Review and, subject to confirmation from the IT Manager, the recommendation could now be closed out.

**[Action: APM]**

The Committee further noted that an ISPS and ISM emergency exercise had been conducted on 10 July. LRM reported that none of the findings had been significant. Access to up to date contact details had been an issue. The Committee suggested

that it might be worthwhile to declare for exercise purposes a serious or fatal accident to establish the status of documentation which would need to be assessed if such event were to occur. LRM agreed to look at arranging such an exercise.

**[Action: LRM]**

## **8. Review of Risk Registers**

LRM presented the report on the quarterly review of the Corporate Risk Register, together with a brief overview of the Organisational and Directorate/Departmental Registers beneath it. There had been a number of changes to the Register. Two new risks had been added covering RPI-x and CAP1145. In addition SVS recruitment and retention had been escalated from the HR and Organisational Registers and was now the second most significant risk faced by the organisation. The two risks relating to political issues affecting NLB and CIL had been combined as had those in respect of designation and financial reporting.

Consideration had been given to including the risks associated with Light Dues income and the new tri-GLA Helicopter Contract but following discussion with the Executive it had been decided that, whilst they were risks, they were not sufficiently significant to be included on the Corporate Risk Register at this time. They were noted on the lower-level Registers. In terms of the Directorate/Departmental Registers a new risk had been added to the Operations Directorate Register of failing to fully man TH vessels, which linked into the SVS recruitment/retention issue added to the Corporate Risk Register. The Committee noted the position and agreed the submission of the Register to the Board.

**[Action: LRM]**

## **9. Hospitality Register**

DoFSS presented the entries in the Hospitality Register covering the period September 2012 to August 2014. The main issue of significance was that 12 bottles of wine had been accepted from the contract helicopter provider last Christmas, albeit the wine had been placed in the Service's Christmas raffle. A reminder would be sent to staff before Christmas that Procurement should be made aware of any gifts received from contractors before they were accepted as they would have the full picture of any procurement / supplier issues. A further report would be submitted in 12 months' time. In noting the report and recommendations the Committee agreed that the Register should be subject to quality control exercised by the HR Manager to ensure the hospitality register was correctly completed. In addition, the 'Name' column should be replaced with 'Source of Gift / Entertainment'.

**[Action: HR Manager]**

## **10. Register of Interests**

The Committee noted the Register of Interests.

## **11. Any Other Business**

- 11.1** Mr Le Mare reported that the cross-Government Internal Audit Agency (XDIAS) would be launched in shadow form on 29 September and become fully operational from 1 April 2015. As a consequence there would need to be a new Service Level Agreement with TH, which would be prepared in conjunction with APM for consideration by the ARAC in December.

**[Action: Mr Le Mare/APM]**

## **12. Date of Next Meeting**

It was agreed that the next meeting would be held in Trinity House London on 18 December 2014. It would be preceded by the annual meeting of Members without Executives and the Secretary present.

ADM: 213169