

**MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE (ARAC) MEETING  
HELD IN TRINITY HOUSE DEPOT HARWICH ON 17 SEPTEMBER 2015**

**Present:** Mrs E D Johnson (Chair)\*  
Professor P Matthews (*from item 5*)  
Mr D J Ring

**In attendance:** Captain I McNaught - Executive Chairman (EC)  
Mr J S Wedge - Director of Finance & Support Services (DoFSS)  
Mr D Blake - National Audit Office (NAO) \*  
Mr T Le Mare – Head of Internal Audit (*from item 10*)\*  
Mr D Chan – Internal Audit \*  
Mrs R Roberts – Audit & Performance Manager (APM)  
Mr J D Price – Legal & Risk Manager & Secretary (LRM)

\*Attended by videoconference from TH London

**1. Apologies for Absence**

None.

**2. Declarations of Interest**

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

**3. Minutes of Meeting on 9 July 2015**

Approved and signed.

**4. Matters Arising**

- 4.1** Arising from item 4.1, LRM reported that due to damage to NLV PHAROS and the consequent need to redeploy THV PATRICIA from Harwich, it had been necessary to postpone the exercise to test documentation in the event of a serious accident. The exercise had been provisionally re-arranged for 28 September to coincide with THV PATRICIA's self-refit in Harwich. He would report further at the next meeting.

**[Action: LRM]**

- 4.2** All other actions had been completed.

**5. Integrated Internal Audit Plan 2015/16 – Progress Report**

APM presented her quarterly report on progress against the 2015/16 Integrated Internal Audit Plan. Since writing her report the health surveillance audit report had been issued and the fieldwork for the strategy audit had been completed. The ship maintenance audit would commence the following week. In terms of the Government Internal Audit Agency (GIAA) audits, the terms of reference for the business continuity audit had been agreed and the fieldwork was to commence the following week. In terms of proposed changes to the Internal Audit Plan, the HR & Planning Manager had requested the postponement of the 2 Year Operations Resource Plan audit for at least 18 months, as the new Management and Maintenance Information System (Maximo) was currently being implemented and would result in the Operations Resource Plan looking very different by next year. She had, however, proposed an audit of the new Planning Centre Manual. Requests for two further audits had been received. These were a follow-up audit of the actions arising from the investigation into the MAIB Reportable Accident on THV GALATEA as agreed by the Lighthouse Board in July and an audit of the supplier S25 process with particular emphasis on bank changes as requested by the Finance and Procurement Manager. The Committee noted and approved the amendments accordingly.

**[Action: APM]**

The Committee further noted that the work to be carried out by GIAA would largely

be in the second half of the financial year and asked that the work be more evenly spread in future. Mr Chan responded that work on the business continuity audit had already commenced, as had that in respect of the Fleet Review. The Fleet Review and wreck designations and follow-up audits were tri-GLA and scheduling was also subject to the views of NLB and CIL. That said, the Committee's views would be taken on board in terms of the 2016/17 Plan. **[Action: APM/Head of Internal Audit]**

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

Mr Blake reported that the audits of the three GLAs had been completed in July. There were no outstanding issues arising from the 2014/15 TH Accounts. It had been hoped to complete the audit of the General Lighthouse Fund (GLF) Accounts to enable them to be submitted to the DfT Audit Committee in August. However, due to an issue with the Accounts of one of the other GLAs, which had been resolved, there had been a delay in receiving the GLF Accounts. It was now anticipated that the GLF Accounts would be submitted to the November meeting of the DfT Audit Committee.

Mr Blake added that he would present the Audit Plan for the 2015/16 audit to the next meeting of the TH ARAC. The aim would be to submit the GLF Accounts to the August 2016 DfT Audit Committee meeting. In response to a question from DoFSS he confirmed that the NAO would be running advisory sessions for Arms-Length Bodies ahead of the audit. The NAO was currently in discussion as to whether the NLB accounts would be certified as they would be laid before the Scottish Parliament as agreed as part of the Smith Commission recommendations. The Committee noted Mr Blake's report accordingly and agreed to keep the date of the summer meeting of the TH ARAC under review. **[Action: LRM]**

**7. Report on Outstanding Audit Recommendations**

APM presented her report on outstanding audit recommendations. The low priority action from the health and safety audit regarding health and safety responsibilities being detailed in job descriptions remained open and it was recommended that the target date be moved to 31 December 2015 to allow HR staff sufficient time to check and amend, as necessary, all job descriptions. The Committee noted and agreed the recommendation accordingly. **[Action: APM]**

APM added that all corrective actions arising from the renewal audits of ISO 9001 and ISO 14001 and the initial audit of OHSAS 18001 had been completed. ABS would verify the effectiveness of the actions at the next surveillance audit to be held at St Just on 30 September / 1 October. In addition the outcome of the ISM Code Safety Management Certificate, International Ship and Port Security and Maritime Labour Convention verification audit of THV GALATEA had been extremely positive with no non-conformities or observations raised. There were a number of non-conformities arising from the internal safety ashore audit and shipboard management system audit of THV PATRICIA due for completion during September but having reviewed these with Management, it was anticipated that they would all be closed out by the end of the month.

**8. Draft Proposal for 2016/17 Internal Audit Planning Workshop**

Mr Chan presented GIAA's proposal for the 2016/17 Internal Audit planning workshops, the format of which would be similar to the workshops held in 2013. In summary there would be two workshops: one for Executive Directors / ARAC Members and another for Senior Managers and the Commercial Manager. The ARAC Chair, APM and LRM would, as previously, attend both sessions. The Committee noted the proposed arrangements and agreed them accordingly. **[Action: Mr Chan/APM]**

**9. Register of Declarations of Interest**

LRM presented the Register of Interests of Directors and Senior Managers. In noting the Register and on advice from auditors the Committee agreed that all those completing declarations of interest should declare all non-executive roles and any

others where they were in a position of significant influence or control of the entity. The declaration of interest form should be amended accordingly and those required to complete an annual declaration asked to review their declaration in the light of the change and submit a new declaration if required. **[Action: LRM]**

**10. Hospitality Register**

DoFSS presented the schedule of hospitality received over the previous two years. The schedule was presented annually to the Committee. Vouchers and other gifts received were usually given to the Social Club for inclusion in the Christmas raffle.

In noting the schedule the Committee enquired as to the policy with regard to air-miles and other credit card benefits. Mr Le Mare advised and the Committee agreed that, if they did not result in additional cost, they could be retained.

The report's recommendations were accepted. **[Action: DoFSS/LRM]**

**11. Fraud & Bribery Response Plan**

DoFSS presented the Fraud & Bribery Response Plan which had been updated as part of its review process. In noting the report the Committee agreed that the Plan should be amended to make clear that employees could report fraud or bribery using the whistle blowing procedure. In addition the review period should ordinarily be biennial, although it could be reviewed at any time in the event of changing circumstances. **[Action: DoFSS/APM]**

**12. Review of Risk Registers**

LRM presented the report on the quarterly review of the suite of risk registers. The reviews had been undertaken by individual Executive Directors and Managers in August and the results presented to the Executive Committee the previous week. SVS retention remained the most significant risk. The risk of insufficient ship resources to discharge TH's statutory duty had been added as a specific risk following the discussion at the last Board meeting. The risk of an adverse RPI-x formula being imposed from 2016/17 remained, a view with which the Committee concurred. The position regarding the Fleet Review risk would be clearer following the publication by the Review Consultants of their emerging options on 1 October and their final draft report on 5 November. The Pension Service Delivery risk in terms of MyCSP, whilst a little less acute, also remained. In this connection Mr Blake reported that a number of Government agencies were also experiencing problems, which had been raised at a senior level within Government.

The Committee agreed the Corporate Risk Register for submission to the Board. **[Action: LRM]**

**13. Any Other Business**

None.

**14. Date of Next Meeting**

It was agreed that the next meeting would be held in Trinity House London on 17 December 2015.