

**MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE (ARAC) MEETING  
HELD IN TRINITY HOUSE LONDON ON 27 SEPTEMBER 2017**

**Present:** Mrs M Amos (Chair)  
Professor P Matthews  
Mr D J Ring

**In attendance:** Captain I McNaught - Executive Chairman (EC)  
Mr A Damen – Director of Business Services (DBS)  
Mr R Copeman - National Audit Office (NAO)  
Captain R Barker – Director of Navigational Requirements (DNR)  
Commodore R Dorey - Director of Operations (DOps)  
Mrs R Roberts – Audit & Performance Manager (APM)  
Mr T Arculus – Legal & Risk Manager & Secretary (LRM)  
Mr J Baldwin – Government Internal Audit Agency (GIAA)  
Mr K. Dace (ITM) – *Items 13 and 14.*

**1. Apologies**

None.

**2. Declarations of Interest**

Discussed below under Register of Interests.

**3. Minutes of Meeting – 6 July 2017**

Approved and signed.

**4. Matters Arising**

None other than as discussed below.

**5. Log of ARAC Actions**

No.3 -Performance Benchmarking – GIAA is progressing this action which will be added to agenda for December ARAC [**Action: Secretary to add Performance Benchmarking to December ARAC Agenda**]

No.7 -TO/TO – paper being prepared.

No.8 -Settlement Payments – progressing.

No.10 -Internal Audit Planning Workshop – due to happen in December.

No.11 -Environmental Working Group Positive Statement - this action will be transferred to the Lighthouse Board meeting in November [**Action: Secretary to add EWG Statement of Positive Accomplishments to November Lighthouse Board Agenda**]

**6. Internal Audit Plan Progress Report**

APM reported on progress with the Internal Audit plan.

DOps requested that the Audit on the Operations Resource Plan (16/2017) be deferred until next year. Request accepted [**Action: APM to defer Operations Resource Plan to Internal Audit Plan 2018/19**]

The Chair requested that the phasing of the Audits should be evened out [**Action: APM to consider ways in which the phasing of audits can be evened out**]

**7. Implementation of Matters Arising from Audit Reports**

Presented by APM

IT Resilience and User Rights Management Audit – Key issue 3, action 2 is complete - automated monitoring is in place. Key issue 4, issue 2 – work is underway on documenting the procedure noted for CMCS, completion date will be revised [**Action: APM to revise completion date for documenting the procedure notes for CMCS in discussion with the Operations Systems Manager (Darren Day)**].

Internal Communications Audit and Workforce Planning Review – actions and findings are on hold pending the new HR Manager starting work.

Tri-GLA Helicopter Review – action complete.

Tri-GLA R&RNav Audit – completion dates for actions postponed until 31 October 2017.

ISM Code Document of Compliance Renewal Audit – two non-conformities have been closed out. A familiarisation programme with the Deputy Marine Superintendent is being formulated.

ISM Code SMC Renewal Audit of THV PATRICIA – two non-conformities have been closed out.

Report noted.

#### **8. Sharing of HIA Annual Opinion with DfT**

DfT have requested that TH should share HIA's Annual Opinion with them after the ARAC has received it and before it is published in TH's Annual Report. The ARAC agreed to formally approve the HIA's Annual Opinion at its April/June meeting in future years and share with DfT.

#### **9. GIAA Audit Report - Tri-GLA R&RNav Audit Report (*Moderate*)**

GIAA found the overall delivery of the function was effective but considered that there are some weaknesses in the detail of approval processes, reporting of project progress and the updating of project briefs. GIAA also considered there to be a lack of structure and accountability in the governance of the function. The report identifies seven actions.

EC, as chief accounting officer, explained that TH takes responsibility for R&RNav but it is a Tri-GLA function. EC suggested that the Executive Committee and Senior Management Team should look at how to resolve it and also discuss with the Chief Executives Committee and the DfT in order to be able to propose a solution to the governance question. EC will report back to ARAC in December [**Action: EC to report back to ARAC in December on options regarding R&RNav governance arrangements**].

#### **10. Tri-GLA Light Dues Audit Report (*Substantial*)**

GIAA concluded that the framework of governance, risk management and control is adequate and effective. This is a strong and well managed function. GIAA was asked to modify the report to clarify that it relates to TH in its capacity as a GLA, rather than the Corporate Charity [**Action: GIAA to modify Tri-GLA LDs Audit Report to clarify that it relates to TH as a GLA**].

#### **11. PR Function Management Letter**

This is a management letter so no opinion is given. GIAA considered that TH has robust processes in place relating to its PR function and sufficient resources to deliver the aims of its PR and Corporate Communications Strategy.

## 12. TH Audit Planning Workshop

GIAA has been asked to facilitate an internal audit planning workshop for the 2018/19 Internal Audit Plan. The ARAC agreed that at the workshop particular consideration should be given to streamlining the way in which audits are done without compromising the overall assurance they give.

The proposed date is 29 November in Harwich.

## 13. Cyber Security and Information Risk Guidance for Audit Committees

NAO introduced the NAO Good Practice Guide “Cyber security and information risk guidance for Audit Committees (2017)”.

A discussion followed under item 14 below.

## 14. Cyber Security – GIAA Bulletin

ITM presented an overview of GIAA Bulletin – Issue 6 (September 2017) “Cyber Security”.

NAO is concerned about cyber security and cyber hygiene across Government and the wider public sector. Cyber security does not form part of NAO’s audit opinion but is looked at in other audits. NAO is urging ARACs to look closely at cyber security.

NAO recognises that a ‘one size fits all’ approach would not work and cyber security measures must be tailored for organisations individually.

ITM welcomed the Guide and advised that TH always looks at best practice and maintains a security improvement plan. TH would welcome any further guidance available from NAO on Cloud filing and Log filing.

The ARAC recognised that there is an HR element to cyber security – training is essential as are consequences for rule-breaking and recklessness. All IT users are required to sign the IT Acceptable Use Instructions annually.

ITM will review the Guide and will recommend further areas to invest in to improve cyber security including the development and adoption of a Cyber Dashboard [**Action: ITM to review the NAO Guide and recommend further areas to invest in to improve cyber security including the development and adoption of a Cyber Dashboard**].

## 15. Gifts and Hospitality Register

The ARAC reviewed the Gifts and Hospitality Register.

All gifts and entertainment offered by a third party to any member of staff, including all levels of management are declared on the Register.

The Register was noted.

## 16. Register of Interests

The Register of Interests of Directors and Senior Managers records personal or business interests that may conflict with directors’ or senior managers’ responsibilities. Directors and senior managers are required to declare all non-executive roles and others where they are in a position of significant influence or control of an entity. The Register is updated on an annual basis or when interests change.

The ARAC noted the Register.

The Chair will advise the Secretary of an update in respect of her interests [**Action: Chair to submit a fresh declaration of interests, Secretary to update the Register**].

#### **17. ARAC Terms of Reference**

In accordance with an action from the previous meeting, the Secretary has updated the Terms of Reference.

The ARAC asked for a further update to say that Tri-GLA audit reports will only be disclosed to other GLAs if agreed by the ARAC [**Action: Secretary to update the ARAC ToRs to say that Tri-GLA audit reports will only be disclosed to other GLAs if agreed by the ARAC** ].

#### **18. Review of Risk Registers**

The Secretary presented his report on the risk registers together with a copy of the Corporate Risk Register.

The ARAC noted that in terms of the Pension Service Delivery risk the poor performance of the civil service pensions administration service appears to continue.

The ARAC discussed the risks linked to the UK's exit from the European Union which are recorded on the separate Brexit Risk Register.

The report was noted.

#### **19. Any Other Business**

The Secretary was asked to circulate the ARAC dates for 2018 to the members and those present [**Action: Secretary to circulate ARAC dates for 2018**].

#### **20. Proposed Date of Next Meeting**

7 December at 1000 at Trinity House, Tower Hill.