

**MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)
MEETING HELD IN TRINITY HOUSE LONDON ON 6 DECEMBER 2018**

Present: Mrs Margaret Amos (Chair) (NED) (Parts 1, 2 & 3)
Mr David Ring (NED) (Parts 1 & 2)

In attendance: Captain Ian McNaught - Executive Chairman (EC) (Parts 2&3)
Mr Ton Damen - Director of Business Services (DBS) (Parts 2 & 3)
Mrs Rebecca Roberts - Audit and Performance Manager (APM) (Parts 1, 2 & 3)
Mr James Baldwin – Internal Audit (GIAA) (Parts 1 & 2)
Mr Thomas Arculus – Head of Secretariat (Secretary) (Parts 2 & 3)

PART 1 - Meeting of Committee members with Auditors.

GIAA gave positive feedback relating to the working relationship between Trinity House (TH) and GIAA.

TH and GIAA agree that we are moving in a positive direction by streamlining the number of audits.

PART 2 – Quarterly meeting of ARAC

1. APOLOGIES

Mrs Valerie Owen (NED)

2. CONFLICTS OF INTEREST

None reported.

3. MINUTES OF MEETING ON 27 SEPTEMBER 2018

Agreed.

4. MATTERS ARISING

The Committee noted that Ms Gill-Williams (NAO) is on secondment and will not be involved in the TH ARAC for the foreseeable future.

The Committee noted the absence of Mr Richard Wood (NAO).

5. LOG OF ACTIONS

Mr Damen reported on progress with action number 2 from the meeting of 27 September relating to Brexit preparedness. Work is ongoing.

6. INTERNAL AUDIT PLAN PROGRESS REPORT

Mrs Roberts presented her report on progress with the internal audit plan.

The IALA worldwide Academy audit has been postponed until March 2019.

The GDPR audit is currently ongoing.

The date for the NAO internal audit work has been provisionally agreed for the week commencing 18 March 2019.

Report noted.

Action - Mr Damen to request a meeting with NAO at which the Chair will also be present in January 2019 to discuss service delivery of past audits and the approach for 2019/20.

7. NAO AUDIT COMPLETION REPORT (INCLUDING MANAGEMENT LETTER) ON THE 2017/18 FINANCIAL STATEMENT AUDIT FOR THE GLF (DATED SEPTEMBER 2018)

The Committee reviewed the report.

Report noted.

8. REPORT ON OUTSTANDING AUDIT RECOMMENDATIONS

Presented by Mrs Roberts.

The Committee discussed the outstanding recommendations from the various internal audits.

The Committee noted that the terms of reference for the Chief Executives' Committee (CEC) had now been agreed by the boards of the three GLAs and had been noted by the JSB. They will be signed at the next meeting of the CEC.

The Committee noted that the public relations external communication survey is due to take place soon. The delay had been due to ensuring that the survey was undertaken in a data protection compliant way and also due to difficulty in obtaining contact details for some key contacts. Mr Damen suggested obtaining contact details for ports and harbours from the publicly available list provided by the Department for Transport.

The Committee noted that the actions from the IT resilience, user and rights management audit had been completed.

Work is continuing on the response to the internal communications audit findings.

Work is continuing on the key findings from the cyber security audit. The Committee noted the deferred due dates for completion of these.

With regard to the light dues audit key finding 1, data has been shared and this item is complete. With regard to key finding 2, the target date for completion is July 2019.

The Committee noted the report and the schedule of outstanding non-conformances and overdue potential improvement notes and progress being made against each.

9. REVIEW OF RISK REGISTERS

The Secretary presented the report on the quarterly review of the risk registers which included copies of the corporate risk register (CRR) and the organisational risk register (ORR).

Mr Damen provided a brief update on the efforts being made to mitigate the effects of the recent strike ballot by members of the Unite union.

Report noted and CRR approved for submission to the Lighthouse Board in January 2019.

10. INTERNAL AUDIT PLANNING WORKSHOP FEEDBACK PAPER

Mrs Roberts presented a report on the workshop held on the 6th November.

The workshop was attended by the Executive Committee, the ARAC, the Senior Management Team (SMT), the Audit and Performance Manager, the Performance Administrator, the Risk Manager, the Group Chair of Internal Audit (GIAA), and the TH Head of Internal Audit (GIAA).

No new risks were identified as necessary to be added to the risk registers which is a definite positive result.

A clear message emerged that there is scope for further streamlining of the audit regime to be done.

Mrs Roberts has prepared a newsletter for distribution to staff on the work being done to reduce the number of audits across the organisation.

Action - Secretary to invite Mrs Mulford (Performance Administrator) to present the feedback paper to the Executive and SMT meeting on 13 December.

Action – Secretary to agree a target date (say 31 January) with the SMT for them to update their risk registers to allow development of the internal audit plan 2019/20.

The Committee noted the report and agreed the next steps described in the paper:

- the risk manager to work with senior managers to review their risk registers where rework is required and /or overlap has been noted
- a refreshed heat map of key risks insurance coverage for 2019/20 will be produced
- the drive for further reduction in the number of internal audit days has been noted and will be reflected in the audits identified for resourcing by the GIAA
- the statutory/compliance checks required for 2019/20 have been identified by the senior managers. These will be included in a fully integrated audit plan for 2019/20
- during 2019/20 a significant piece of work will be carried out by either Internal Audit or another Trinity House department to work with managers and challenge the mix and level of controls in place
- the overlapping controls across departments will be mapped
- Internal Audit can then in future prioritise their attention on the core key controls (not just financial and commercial) across the organisation
- the communications plan will need to be published in order that the work of the ARAC in tackling the overlap and inefficiencies within internal audit can be communicated service wide
- the Audit and Performance Manager will continue to work with internal auditors to ensure formal closing meeting will help to discuss potential findings and to refocus where possible on what findings are formally raised.

The Committee agreed tentatively for GIAA's number of audit days going forward to be 40 days plus 10 days contingency per annum.

11. FUTURE SCOPE OF ISO CERTIFICATION ACROSS TRINITY HOUSE

Report presented by Mrs Roberts.

The Committee discussed the report and supported the recommendations.

Regarding recommendation 2 (scope of ISO certification), the Committee favoured option 'iii' that the scope should be adjusted to remove the superintendence and management of local aids to navigation and the location marking and dispersal of wrecks. The Committee proposed that the scope should read, "*the provision of General Lighthouse Authority aids to navigation,*

covering the sea areas of England, Wales and the Channel Islands the provision of associated contractual services”.

Action - Executive Committee to consider the detailed wording of the Scope.

The plan will be to go out to tender for the provision of audit services that the candidates will recognise statutory audits and will be CHAS accredited.

12. WHISTLEBLOWING RETURN

The Chair outlined the new system for sending anonymous returns to her.

No returns have been received.

13. IT SECURITY AND COMPLIANCE DASHBOARD

Presented by Mr Damen.

Discussed by the Committee.

Noted.

14. MANAGEMENT ASSURANCE RETURN (MAR) 2019/20

The Committee discussed the Annual Assurance Circular received from the DfT.

The MAR needs to be completed by 28 February 2019. The MAR will be circulated for endorsement by the Executive Committee and then to the ARAC for approval both out of session.

15. ANY OTHER BUSINESS

NAO have advised that in future end of year audits will take place later in the year meaning that the annual accounts cannot be signed-off until September each year.

Action – Secretary, Chair and Mr Damen to review the list of periodic standing agenda items to schedule *sign-off of annual accounts* to appear on the ARAC agenda in September.

16. DATES OF FUTURE MEETINGS

The next meeting of the Committee will be 21 March at 1000. The meeting had been rescheduled but was now restored to its original date.

PART 3 – Sans Auditors.

The Chair believes that the relationship with GIAA has improved but that the relationship with NAO is of concern. This concern will be addressed at the meeting to be arranged in January.

The Committee feels that the organisation is moving in the right direction to reduce audit days and appreciates the work of Mrs Roberts and Mrs Mulford and the SMT in this regard.