



Minutes of Audit and Risk Assurance Committee

Trinity House – 26 September 2019

Present:

Mrs M Amos (ARAC Chair)

Mr D Ring (NED)

Mrs V Owen (NED)

In attendance:

Captain I McNaught (Executive Chairman/ Accounting Officer)

Mr A Damen (Director of Business Services)

Mrs R Roberts (Audit and Performance Manager)

Mr M Kay (NAO) Item 17 (By telephone)

Mr J Baldwin (GIAA) Item 8 (By telephone)

Mr T Arculus (Head of Secretariat) (ARAC Secretary)

1. Apologies

None

2. Declarations of Interest

None.

3. Minutes of the meeting 4 July 2019

Signed and approved.

4. Log of Actions

All actions complete or otherwise dealt with on the agenda.

5. Matters Arising

None other than appearing in the running order.

6. Draft Annual Report and Accounts

Mr Damen presented the draft annual report and accounts. The Committee was content to recommend that report and accounts be submitted to the Lighthouse Board for approval subject to some minor textual amendments.

Mr Damen was asked to investigate whether a statement on pay equality should appear in the report and accounts.

Action - Mr Damen

7. Integrated Audit Plan

Mrs Roberts presented the integrated internal audit plan progress report and its annexes.

With regard to Quarter 2 audits Mr Damen said that the Single Tender Action (STA) and Single Tender Exemption (STE) policy had been amended last year to ensure the STA process was used correctly and not as a tool to avoid a well-planned tender process. However, how the policy now reads is too restrictive. As a consequence, the audit has raised some non-conformances where an STA / STE has legitimately been raised but not in accordance with the policy as it is currently written. The solution is to rewrite the policy. Mrs Roberts is waiting for permission to issue the audit report as final. Therefore, Mr Damen agreed to follow this up with the Head of Finance and Procurement so that the report can be issued.

Action - Mr Damen

Mrs Amos proposed rescheduling the next meeting of the Committee to 4 December and after it to have a risk management workshop in order to horizon scan and make sure that we do not just look at things which we know we do well. The exercise should include a PESTLE analysis to allow a deep dive into issues such as climate change and health and safety to be made. The executive team and the non-executives plus senior management team and other risk register owners such as the Audit and Performance Manager and Health and Safety Manager should be invited

to attend the workshop. The DfT should also be invited to attend the workshop and the GIAA.

Action - Mr Arculus

Mrs Amos will consider the scope of the meeting and will present the plan for the workshop to the Lighthouse Board in October.

Action - Mrs Amos

As an aside, the Committee requested that the Boardpack should have dividers in the files in future, whilst noting that wherever possible meetings would be held sans paper.

Action - Mr Arculus

8. Triple I Code Audit

Mr Baldwin spoke on the recent Triple I Code audit, which was carried out on the three GLAs at the MCA's request on behalf of the DfT.

The final Trinity House report gave positive findings and a 'substantial' rating. IGC2 and the Chief Executives' Committee will share the individual GLAs' reports and discuss the results.

9. Review of Risk Registers

Mr Arculus presented the report on the current status of the risk registers.

Report noted.

10. Report on Outstanding Audit Recommendations

Presented by Mrs Roberts.

The status log in respect of the GIAA internal audit reports/management letters considered by the Committee currently covers the audits of - internal communications, light dues, GDPR compliance, counter fraud consultancy. Mrs Roberts explained the position in respect of these subjects.

Report noted.

11. IT Security and Compliance Dashboard

Mr Damen presented the IT dashboard for August, which was showing strong performance despite 175,000 attempts on security during the period.

12. ALDIS Security Report Dated 8 September.

The programme to bring ALDIS back in-house went live in September and has worked well with no service disruptions experienced.

13. Annual Fraud Report and Performance against CIPFA

Presented by Mrs Roberts.

The CIPFA counter fraud assessment tool has been introduced and has resulted in several actions.

Recommendations and action plan agreed.

Mrs Roberts was asked to provide updates on the actions to the committee throughout the year.

Action - Mrs Roberts

14. Counter Fraud Strategy 2019/23

Presented by Mrs Roberts.

The Strategy is intended to assist in the deterrence, prevention and detection of fraud and corruption. The strategy forms part of Trinity House's arrangements for corporate governance and Trinity House is required to monitor the outputs of the Strategy and review effectiveness periodically and report to the Accounting Officer and ARAC when appropriate.

The Strategy was noted as an 'easy structured read' and subsequently approved.

Report noted.

15. Annual Review of Gifts and Hospitality Registers

The lighthouse board directors' register, the register for all of Trinity House and the GRAD register were reviewed for the previous two years.

Noted.

16. Whistleblowing

Mrs Amos reported that there had been one incident of whistleblowing which is being investigated by the Director of Operations. The outcome of the investigation will be reported to the Committee. However, she highlighted that the issue appeared to be more a matter of miscommunication rather than a bona fide whistleblowing report.

Noted.

17. GLF Financial Statements Audit 2018-19

Mr Key presented the NAO's audit completion report (including management letter).

In relation to significant risks, the report identifies no instances of management override of controls, and no instances of management override or fraud in revenue recognition.

Other findings include,

- NAO's contentment with the overall neutrality, consistency and clarity of the disclosures in the GLF financial statements as well as judgments made in formulating particularly sensitive financial statement disclosures;
- NAO's contentment that the accounting policies of the GLF are complete, accurate and compliant with the relevant standards and have been appropriately applied;
- NAO found no issues of irregularity or impropriety during the audit and losses are adequately disclosed in the GLF accounts.

18.Any Other Business

None.

19.Date of Next Meeting

Wednesday 4 December at Trinity House London, brought forward from 5 December.

Action - ARAC Secretary to send updated invitations