



Minutes of Audit and Risk Assurance Committee

Trinity House – 4 December 2019

Present:

Mrs Margaret Amos (NED) (Chair)

David Ring Esq (NED)

In attendance:

Captain Ian McNaught (Executive Chairman)

Ton Damen Esq (Director of Business Services)

Mrs Rebecca Roberts (Audit and Performance Manager)

Attul Sharma Esq (GIAA)

Matt Kay Esq (NAO) (via telephone)

Thomas Arculus Esq (Head of Legal and Risk) (ARAC Secretary)

PART 1

The ARAC members met with NAO, GIAA and the Audit and Performance Manager without the other attendees being present.

PART 2

1. Apologies:

Mrs Valerie Owen (NED)

James Baldwin Esq (GIAA)

Mrs Liz Rankin (NAO)

2. Declarations of Interest

None.

3. Minutes of ARAC on 26 September 2019

Agreed.

4. Matters Arising

None.

5. Log of Actions

Ref. action 6 – The Secretary was asked to change the wording of this action to read “to make sure we comply with IFRS16”

Ref. action 11 – Complete.

Action: Secretary

6. Progress Report on the Integrated Internal Audit Plan 2019/2020

Presented by Mrs Roberts.

Mrs Roberts mentioned the potential conflict of interest audit, which had been delayed due to unavailability of the auditor but is now in progress.

Fieldwork for the survey audit has recently been completed in the Navigation Department and on THV Alert.

The fieldwork for the OP 57 shipboard management system audit of THV GALATEA is now complete and the final report has been issued.

Mrs Roberts reported that the transfer of approval visit by Lloyds Register (LR) will take place on 19 and 20 December in Harwich.

The intermediate verification audit of THV GALATEA’s ISM Code Safety Management Certificate, International Ship and Port Facility Security Code, and Maritime Labour Convention certification will take place on 24 January.

Report noted.

7. GDPR Audit Terms of Reference

The Committee noted the terms of reference for the GDPR compliance follow-up audit by GIAA which is scheduled to take place in January 2020. The audit will review the actions from the GIAA’s 2018/19 GDPR preparedness audit and will review progress in key areas.

8. Data Protection Officer’s Annual Update Report on Data Protection

The Secretary presented the DPO's annual report, this being the first occasion on which such a report has been delivered. The report is the initiative of the Data Protection Steering Group and is considered to be best practice.

The Data Protection Officer has access to the highest levels of management.

The report looks at: (i) compliance, including data breaches; (ii) significant areas considered by Trinity House; (iii) future actions.

Trinity House has appointed a Data Protection Officer for both the general lighthouse authority and the Corporate charities. The Data Protection Officer is careful to avoid conflicts of interest with his other role as Legal Advisor. A network of Data Champions has been established. A Data Protection Steering Group exists and meets monthly.

In the last year there have been two recorded data breaches described in annex 1, neither of which was reportable to ICO.

In the last year 17 subject access requests have been received, most have been straightforward and have been dealt with within one month. One required a great deal of additional work and a formal extension was required to enable the response to be issued within three months.

Particular attention has been paid to commercial activities where data processing is done on a different basis.

An active process of data minimisation in terms of the size of email archives is underway across the Service.

Organisations are legally required to provide support for training and development and Trinity House does this by facilitating attendance at external courses, data protection features in new starters' inductions, data protection refresher courses are arranged, data protection surgeries will be arranged in the New Year (where the Data Protection Officer will visit each of the depots and will be available to answer any questions that staff may have on data protection).

Attention will be given in the New Year to Trinity House's surveillance camera system.

The data protection risk register has been developed by the Data Protection Officer and is included at Annex 2 to the report.

In conclusion, Brexit will bring fresh challenges and work continues towards compliance in all areas.

Report noted.

The Committee requested *data protection update* to be added as a standing agenda item and to be included within the Terms of Reference for the ARAC.

Action: Secretary

The Committee requested a progress report on the surveillance camera system compliance work at the next meeting in March.

Action: Secretary

The Committee requested that the schedule of breaches is changed so that breaches relating to the Corporate charities are not shown on the report which comes to the ARAC (Corporate has its own Audit Committee).

Action: Secretary

9. Report on Implementation of Matters Arising from Audit Reports

Mrs Roberts presented an update report on progress with regard to the implementation of the audit issues arising from the GIAA internal audits, TH management system audits, NAO audits, and third-party certification audits.

In relation to the GDPR compliance audit, work continues on the input of maximum data retention periods on the master data schedule using the data champions network.

The counter fraud consultancy assignment resulted in 10 recommendations; all key recommendations have now been actioned.

In respect of the Triple I Code requirements, only a few areas of improvement were identified and work is in hand to address these. Mr Damen requested that the result of this audit is included within the Head of Internal Audit's annual opinion, as it is assurance over our core business.

Action: GIAA

The Committee noted the report and the schedule of open nonconformities and overdue potential improvement notices arising from the Trinity House management system quality audit programme.

10. Report on the Current Status of the Corporate and Organisational Risk Registers and the Departmental Risk Registers

The Secretary presented this report. Certain risks were discussed by the Committee, noting that the risk registers would be discussed in detail at the audit and risk planning workshop to be held immediately after the meeting at which the full Lighthouse Board and Senior Management

Team and other risk register owners such as the Health and Safety Manager would be present.

With regard to the cyber risk, NAO noted that cyber insurance was not compulsory and suggested that Trinity House should look at its compatibility with *Managing Public Money*, and the appropriateness of other ways of achieving assurance such as asking DfT for a letter of indemnity.

Action: Secretary

The Committee discussed ship resources and clarified that the ship resourcing risk on the CRR includes ship procurement.

The Committee noted the report and agreed submission of the CRR and ORR to the Lighthouse Board for consideration.

Action: Secretary

14.IT Security and Compliance Dashboard

The Committee noted the dashboard.

Action: Mr Damen was asked to raise concern about server backups with the Head of IT to establish his views on the problem

The Committee noted that ALDIS has been bought back in-house which has proved to be a good decision as system availability is now showing 100%.

15.Progress Report on the Counter Fraud Strategy and Performance against CIPFA Counter Fraud Code

Mrs Roberts presented the report the purpose of which is to provide the Committee with a progress update on the Trinity House counter fraud strategy and action plan arising from the performance assessment against the Chartered Institute of Public Finance and Accounting (CIPFA) counter fraud code.

It was noted that subsequent to sharing of the counter fraud strategy with the senior management team that a minor revision has been made to the strategy. The 'Due Diligence' section has been updated to reflect that Trinity House no longer uses IDEA audit software but instead data analysis tools within Microsoft Excel where appropriate.

Much progress has been made against the action plan.

The Fraud and Bribery Policy, has been cross-referenced to the risk registers and now as well as dealing with peculation also includes intangible matters and non-pecuniary matters such as purloining of equipment and presenting KPI data more favourably than is accurate.

The CIPFA counter fraud assessment tool has proved to be very useful.

The Committee noted the report.

16. Fraud and Bribery Response Plan

Noted.

17. Annual Review of ARAC Terms of Reference

The Terms of Reference had been amended to refer to the Counter Fraud Strategy. This change was approved.

Mr Ring asked that the Terms of Reference also be updated to include within the scope that the ARAC could consider those areas / processes for audit that might not be operating as effectively as would want .

The Terms of Reference would also note the action under section 8 above.

Action: Secretary to make changes and republish

18. Annual Risk Management and Insurance Scrutiny 2019 (ARMIS)

The Secretary presented the executive summary of the ARMIS.

The ARMIS is carried out in the years between triennial risk management and insurance reviews the most recent of which occurred in 2018.

The main purpose of the ARMIS as to identify and measure major business risks, consider the GLA's risk exposures, consider adequacy of insurance cover, and consider the level of reserve in the GLF for uninsured losses.

The executive summary is presented to the respective GLAs' ARACs.

The ARAC agreed with the recommendations as follows:

1. The GLAs should continue to co-operate and share insurances were appropriate and cost-effective to do so.
2. Another triennial risk management and insurance review should be carried out by an external expert in 2021.
3. The GLAs should continue to consider options to increase the limit of general liability cover to the target of £250 million.
4. The GLF contingency reserve for uninsured losses should remain at £5 million.

19. Any Other Business

None.

20. Date of Next Meeting

19 March 2020 at 1000 at Trinity House London.

PART 3

The ARAC met with the Secretary and Executive Directors and without the NAO or GIAA.

21. Consideration of Outcome of Review of GIAA Contract

The ARAC will receive a formal recommendation from NAO that the GLAs will be audited as separate entities in relation to the GLF Financial Statements in future, rather than all together.

The ARAC has seen an improvement in the GIAA's performance and is content with the current level of service. The Committee considers it is a great benefit to have the continuity and knowledge provided by Mr Baldwin (GIAA) and notes the good working relationship with him.

22. Future of Internal Audit Arrangements

The ARAC is content for the current arrangements to continue.