



Minutes of Audit and Risk Assurance Committee Held at Trinity House, Tower Hill – 14th September 2021

Present:

Dr Margaret Amos (NED) (Chair)

Mrs Valerie Owen (NED) (Via remote media)

Vice Admiral Sir Alan Massey (Non-Executive Chair of the Lighthouse Board)

In attendance:

Captain Ian McNaught (Chief Executive/ Accounting Officer)

Mr Antonius Damen (Director of Business Services)

Mr Marc Chang (NAO) (Via remote media)

Mrs Rebecca Roberts (Audit and Performance Manager) (Via remote media)

Mr Thomas Arculus (Head of Legal and Risk) (ARAC Secretary) (Via remote media)

Commodore Robert Dorey (Director of Operations)

Mrs Lisa Gilmour (Head of Maritime Sponsorship and Appointments, DfT) (Via remote media)

Mr James Baldwin (GIAA) (Via remote media) ^{Items 8.1-8.2}

1. APOLOGIES:

Mr Alan Moore (NED)

2. DECLARATIONS OF INTEREST

None, other than already declared.

3. MINUTES OF ARAC 1 JULY 2021

The minutes of the meeting on 1 July were approved.

4. LOG OF ACTIONS

Noted.

Cdre Dorey said that the Engineering and Marine Operations Departments were about to embark upon a programme of intra-mural targeted safety workshops.

5. MATTERS ARISING

None.

6. INTERNAL AUDIT PLAN 2021-22 PROGRESS REPORT

Presented by Mrs Roberts.

Mrs Roberts provided assurance that plans were in place for the deferred health & safety audits to be completed this year.

Report noted.

6.1 INTERNAL AUDIT PLAN 2021-22

Noted.

6.2 FULLY INTEGRATED AUDIT PLAN

Noted.

6.3 TIMELINE

Noted.

7. CYBER INSURANCE UPDATE

Cyber security and, specifically, cyber insurance were discussed at the ARAC on 1 July. The Committee received a progress update by the Head of IT.

Report noted.

The Head of IT will report the final conclusions to the ARAC in December.

[Action Head of IT to report to December ARAC]

8. INTERNAL AUDIT REPORTS

8.1 MANAGEMENT OF MAJOR PROJECTS

Mr Baldwin provided an update on a recent workshop which was held to discuss implementation plans from the audit report which was presented at the July ARAC.

The second workshop is planned with the Engineering and Operations Department to progress the recommendations.

Mr Baldwin also advised that the GIAA has a busy work programme for Q3 and is working as hard as possible to remain on target.

8.2 BOARD GOVERNANCE

Mr Baldwin presented the report on Board Governance and thanked participants for the positive cooperation that his team had received. The Report noted the successful governance change involving the scission of the role of Executive Chairman into separate Chief Executive and Non-Executive Chair roles. The report suggested improvements to agenda management and reporting.

The five key recommendations are already in progress. The Committee believes that the two high-priority key recommendations are achievable by December.

9. ANNUAL REPORT AND ACCOUNTS

Mr Damen presented the Annual Report and Accounts for the year ended 31 March 2021 for review and approval.

Mr Damen was asked to make the following changes, subject to which the Annual Report and Accounts were approved for submission to the Lighthouse Board with the recommendation for signature.

1. Update the paragraph under Actuals versus Sanctions to improve the explanation of the 20/21 underspend.
2. Update in consultation with the ARAC Chair and NAO the contingent liability disclosure.

[Action Mr Damen finalise accounts and submit to Lighthouse Board]

10. IT SECURITY AND COMPLIANCE DASHBOARD

The IT Security and Compliance Dashboard was presented by Mr Damen. The Committee noted good performance overall.

11. DATA PROTECTION – DPO UPDATE ON COMPLIANCE

The Committee noted the Data Protection Officer's update report on Data Protection Compliance.

12. DATA PROTECTION DASHBOARD

The Committee noted that the Enforcement Action risk is showing an increasing trend reflecting a greater level of enforcement activity being undertaken by the ICO.

13. GLF FINANCIAL STATEMENTS 2021-22 AUDIT REPORT

Presented by Mr Chang.

Areas of focus:

- evaluation of controls around key systems such as journals, regularity, and year-end procedures,
- substantive sample testing of areas such as expenditure, capital additions and disposals,
- review of compliance with accounting standards, reporting standards and regularity requirements

The report sets out the final audit materiality levels for assets and transactions. These levels apply to the GLF as a whole and are applied proportionately across the GLAs.

The Inventory risk has been downgraded as the auditors were able to attend year-end stock-takes this time with the lifting of COVID restrictions.

The audit report notes that nothing specific to Trinity House is outstanding on the GLF Accounts.

- Areas of audit focus for Trinity House included:
- Royal Sovereign Lighthouse,
- Inventory,

- COVID 19,
- PPE valuation (where indexation was challenge and a recommendation has been made).

Furthermore, a low level risk recommendation has been made in relation to the cleansing of ledger codes.

The ARAC Chair asked about IFRS 16. Mr Damen explained work that was completed last year in preparation for this, particularly in relation to the helicopter contract.

The Committee thanked Mr Chang for this high quality report and useful recommendations.

Report noted.

13.1 GLF AUDIT CERTIFICATE

Noted.

13.2 LETTER OF REPRESENTATION – GLF

The Committee noted the Letter of Representation from the Permanent Secretary (DfT) to the Comptroller and Auditor General (NAO).

14. FRAUD/ WHISTLEBLOWING/ BRIBERY RETURNS

None.

15. REVIEW OF THE CURRENT STATUS OF THE CORPORATE AND ORGANISATIONAL RISK REGISTERS

The ARAC Secretary presented the report on the current status of the Corporate and Organisational Risk Registers.

The Committee discussed the ongoing work to reorganise the risk registers. Commodore Dorey outlined the work in the Operations Directorate involving a new format of risk registers which focuses on the nature of the risk and is designed to make the mitigation clearer and to feed ultimately into departmental workplans. Whilst there are positives to the current risk register format the new format is well regarded in the Engineering and Operations Department and it is intended to be introduced to the Marine Operations Department.

The Committee felt that it would be useful to invite the GIAA to review and check the new format before further rollout. The Committee also noted that the risk registers are being looked at as part of the ongoing Triennial Risk Management Review 2021.

The Committee supports this bottom-up approach to risk management.

15.1 CORPORATE RISK REGISTER

The Committee reviewed and noted the CRR.

15.2 CRR EXECUTIVE SUMMARY DASHBOARD

Noted.

The Committee noted the contents of the report and approved the CRR for submission to the Lighthouse Board in October.

[Action ARAC Secretary to submit risk register reports to October Lighthouse Board]

16. REPORT ON MATTERS ARISING FROM AUDIT REPORTS

Mrs Roberts presented this report covering audit reports and management letters relating to:

- Internal communications
- Core financial and commercial controls
- Software licensing
- Cyber security
- Programme and project management.

Report noted.

17. ANNUAL REVIEW OF MANAGEMENT SYSTEM

The Committee received the Management Representative's annual overview report which was presented to the Annual Management Review meeting in June. The purpose of the report is to provide the Executive Committee and the Senior Management Team with an overview of the Trinity House Management System during the period 1 April 2020 to 31 March 2021. The Executive Committee and Senior Management Team were satisfied with the Management System's

continuing suitability, adequacy effectiveness and alignment with the strategic direction of the organisation.

Report noted.

18. GIAA ARAC REPORT SUPPLEMENT

Noted.

19. ANY OTHER BUSINESS

None.

20. DATE OF NEXT MEETING

1 December 2021 @ 1000