



TRINITY HOUSE

# Minutes of Audit and Risk Assurance Committee

1 December 2021

1000 at Trinity House, London with video links

## Present

Dr Margaret Amos (NED) (ARAC Chair) (Via remote media)

Mrs Valerie Owen (NED)

Mr Alan Moore (NED)

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)

Mrs Rebecca Roberts (Audit and Performance Manager) Mr Thomas Arculus (Head of Legal and Risk) (ARAC Secretary)

Mr Marc Chang (NAO) (Via remote media) <sup>Items 1-22</sup>

Mr James Baldwin (Head of Internal Audit, GIAA) (Via remote media) <sup>Items 1-20</sup>

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

## PART 1

1. The ARAC met with Mrs Roberts, Mr Chang and Mr Baldwin without other attendees being present and held a confidential discussion.

## PART 2

### 2. APOLOGIES FOR ABSENCE

None.

### 3. DECLARATIONS OF INTEREST

None, other than already declared.

#### **4. MINUTES OF ARAC MEETING 14 SEPTEMBER 2021**

None.

#### **5. MATTERS ARISING**

None.

#### **6. LOG OF ACTIONS**

Noted.

#### **7. INTEGRATED AUDIT PLAN PROGRESS REPORT**

Mrs Roberts reported on progress with the Fully Integrated Audit Plan.

ISO 9001, 14001 & 45001 surveillance audits have taken place in St. Just, Swansea and Harwich covering London and THV PATRICIA.

The renewal audit of THV ALERT's ISM Code, ISPS and MLC Certification took place on 22<sup>nd</sup> September.

Visiting Committee phases 2 and 3 took place in September and October.

##### 7.1 Annex A

The ARAC noted progress on delivery against planned assignments by the GIAA.

##### 7.2 Annex B

The ARAC noted progress against achievement of the overall Internal Audit Plan and expressed concern that the audits which are farthest behind schedule are on key subjects for the organisation. This demonstrates the resourcing challenges.

##### 7.3 Annex C

The ARAC noted the timeline on delivery of TH in-house resourced Internal Audits and GIAA resourced internal audits.

With regard to the GIAA Governance Audit, the ARAC agreed with Ms Gilmour that the action relating to meeting the DfT to discuss diversity in recruitment could now be closed.

#### **8. NAO AUDIT STRATEGY**

Introduced by Mr Chang.

The NAO has recently commenced the planning process for GLF audits for 2022-2023.

The sample sizes will be increased in order to improve meaningfulness but this might impact on the workload of the TH Finance Department.

## **9. REVIEW OF GIAA CONTRACT**

Mr Baldwin confirmed that he is content with the contract and is not recommending any changes.

## **10. DATA PROTECTION STEERING GROUP (DPSG) TERMS OF REFERENCE (TORs)**

The DPSG TORs were presented to the ARAC for their annual review.

The ARAC requested that the TORs should state that the DSPG meets 'periodically' rather than 'monthly' to reflect what happens now.

**[Action: ARAC Secretary to update DPSG TORs]**

The ARAC Secretary explained that HR is represented on the DPSG by the HR Operations Manager although the Head of HR may be invited to any meeting to discuss important topics.

The ARAC discussed the reference in the TORs to cyber security. The ARAC Secretary confirmed that Cyber Security is not the DPSG's function but it is relevant to Data Protection in relation to keeping personal data safe and secure.

The ARAC questioned whether there should be a separate TORs for cyber security. Mr Damen will discuss this with the IT Manager.

**[Action: Director of Business Services to discuss with IT Manager]**

## **11. DATA PROTECTION OFFICER'S REPORT ON DATA PROTECTION COMPLIANCE**

Report noted.

### 11.1 Appendix 1

Appendix 1 – Log of Data Breaches and potential Data Breaches.

Noted.

### 11.2.1 Data Protection Dashboard

Noted.

## **12. REPORT ON IMPLEMENTATION OF MATTERS ARISING FROM AUDIT REPORTS**

Presented by Mrs Roberts.

The ARAC noted the status of GIAA Internal Audit reports and Management letters in respect of Internal Communications, Core Financial and Commercial controls (2019/20 & 2020/21), Programme and Project Management and Governance.

### 12.1.1 Annex 1

The ARAC noted the schedule of all open non-conformances and overdue potential improvement notes arising from the TH Management Systems quality audit programme.

### **13. TRI-GLA TRIENNIAL RISK REVIEW EXECUTIVE SUMMARY**

Presented by the ARAC Secretary.

The Triennial Risk Review has been conducted by consultants Marsh over the summer and autumn.

Marsh have reviewed the GLAs' risk management methodology, business continuity plans and core insurances.

Marsh consider the GLAs' risk management framework and methodology to be very robust and comprehensive indeed.

Marsh's research into GLA business continuity arrangements included a virtual tour of NLB's Oban depot and an on-line staff survey. They found a good level of maturity overall and a positive response to the pandemic.

In terms of insurances, Marsh found a good level of protection with all the policies which they would expect to see being in place. They raised some queries with regard to some policies and made some recommendations which will be addressed via the IGC groups.

### **14. OUTPUTS FROM THE RISK MANAGEMENT WORKSHOP ON 29<sup>TH</sup> NOVEMBER**

A Risk Workshop was attended by most of the Executive and Senior Management teams and the Health and Safety Manager, Risk Manager and Audit and Performance Manager.

- The Head of Legal and Risk, who chaired the Workshop, reported on key outcomes including:-
  - Lessons learnt from the pandemic,
  - Addition of a Generic Disruption sheet in the Business Continuity Plan Green Pack,
  - The decision to investigate procuring a proprietary risk register software solution based on the new Excel risk register format which had been developed in-house by the Operations Directorate,
  - Adoption of the Risk Appetite Guidance Note Framework – UK Government Finance Function – August 2021,
  - Review of Organisational and Corporate Risk Registers using PESTLE principles and the Risk Appetite Guidance Note Framework.

The ARAC suggested that in order to improve conciseness a word budget could be introduced in the risk registers to describe the specific risk.

**[Action ARAC Secretary: Introduce word budget for risk descriptors]**

The ARAC queried why the Health and Safety risk is not on the CRR and why it scores lower than risks to assets. The ARAC wished for it to be elevated to the CRR so the Board can control it.

**[Action ARAC Secretary: Elevate Health and Safety Risk to CRR]**

The ARAC also noted that environmental consequences are often longer term than the time horizons on the risk registers.

## **15. REPORT ON CORPORATE AND ORGANISATIONS RISK REGISTERS**

Presented by the ARAC Secretary.

The ARAC noted the report and commented in respect of the vessel replacement risk that it would be wise to separate the internal and external risks so it is clear which risks TH can actually control.

[Action: ARAC Secretary to update Risk Registers and submit to ARAC in March]

### 15.1.1 Corporate Risk Register

Noted.

### 15.1.2 Organisational Risk Register

Noted.

### 15.3 Risk Dashboard

Ms Gilmour agreed to investigate whether the DfT's risk registers could be shared with TH for comparison/alignment.

## **16. IT SECURITY AND COMPLIANCE DASHBOARD**

Noted.

## **17. ANNUAL FRAUD REPORT AND PERFORMANCE AGAINST CIPFA AND REVIEW OF COUNTER FRAUD STRATEGY**

Noted with approval.

## **18. WHISTLEBLOWING RETURN**

The ARAC Chair presented a nil return.

## **19. REVIEW OF ARAC TERMS OF REFERENCE**

Approved.

[Action: ARAC Secretary – update Directors Handbook]

## **20. CYBER INSURANCE UPDATE**

The ARAC noted the report by the IT manager and discussed the pros and cons of cyber insurance.

The ARAC accepted the recommendations in the paper and requested that the Head of IT should address the ARAC at its next meeting.

[Action: ARAC Secretary – Invite Head of IT to address ARAC in March 2022]

## **21. ANY OTHER BUSINESS**

None.

## **22. DATE OF NEXT MEETING**

8<sup>th</sup> March 2022 at 1000.

## **PART 3**

### **23. The ARAC met without NAO or GIAA being present**

The ARAC appreciated the work of Mrs Roberts and the Performance Administrators throughout the year.

The ARAC is content with audit arrangements.