



TRINITY HOUSE

# Minutes of Trinity House Audit and Risk Assurance Committee – 8 March 2023

## Present:

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

Vice Admiral Sir Alan Massey (Lighthouse Board Chair)

Mrs Valerie Owen (NED)

## In attendance:

Captain Ian McNaught (Chief Executive/ Accounting Officer)

Mr Ton Damen (Director of Business Services) (Via remote media)

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

Mr Marc Chang (NAO) (Via remote media)

Mr Andrew Harrold (GIAA)

Mrs Rebecca Roberts (Audit and Performance Manager)

### 1. Apologies

Mr Alan Moore (NED)

### 2. Declarations of Interest

None

### 3. Minutes of ARAC - 7<sup>th</sup> December 2022

Approved.

### 4. Log of Actions

Dr Amos suggested that the Health and Safety (H&S) Manager should be invited to the Lighthouse Board (LHB) meeting in May to explain H&S Audit timings. The suggestion was approved.

**[Action: ARAC Secretary – to invite H&S Manager to the May LHB]**



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Lessons learnt on Business Continuity Exercise “GRID DOWN” - this is on the agenda for the next catch-up meeting between Mr Damen and the DfT Sponsorship Team.

All other matters are in hand.

#### **5. Matters Arising**

None.

#### **6. Report on Outstanding Audit Recommendations**

Internal communications and governance audit actions are in progress as part of the Secretariat restructuring consultation.

Risk management audit actions are in progress but have not been concluded.

Evaluation of KPIs is pending the publication of the new Strategy and Corporate Plan.

The Lighthouse Board Chair sought reassurance that the Core Financial controls Audit remains an urgent focus of the GIAA. Mr Harold and Mr Damen confirmed that it does.

#### **7. Memorandum of Understanding for Provision of Internal Audit Services**

Mr Harold confirmed that a revised MOU, IA Charter and Fee letter will be issued shortly.

**[Action: Mr Harold to issue MOU, IA Charter and Fee letter]**

#### **8. Internal Audit Plan 2022-23 Progress Report**

Mrs Roberts provided an update on progress against the Internal Audit Plan for the current year mentioning in particular the Fugitive Discharges Audit and the Management of Contractors Audit.

The Committee questioned the prioritisation being given to H&S Audits. The H&S Manager will attend the Lighthouse Board (LHB) meeting in May to discuss and answer questions.



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The Committee discussed the capacity issues being experienced in the H&S Team recognising that the Executive Committee is taking steps to address this issue via the Secretariat restructuring exercise.

**[Action: Mr Damen to present to the LHB in March on the Executive's plan to address resourcing issues in the H&S Team]**

The ARAC discussed the focus of the Benchmarking Audit. It was considered important to do this work but was noted that it will be dependent upon the new Strategy. GIAA's report will be an advisory review.

#### **9. Draft Internal Audit Plan for 2023-24**

The number of days for TH resourced audits next year has been reduced by two days. The H&S Manager will attend the Lighthouse Board on 11 May 2023 to confirm the health & safety priorities for audit. Two slots have been allocated for the health & safety audits (one in quarter 2 and one in quarter 3).

The GIAA number of days will also be reduced as the organisational design review is going to be postponed. This will free up days to be dedicated to the VRP audit. The formal assurance review will remain in Q4 but an advisory review of risk management (including risk appetite, tolerance) will take place sooner. The GIAA total number of days includes 6 days allocated for a counter fraud advisory assignment.

**[Action: Mrs Roberts to circulate revised plan for approval out of committee once H&S audits have been confirmed by H&S Manager at the May LHB meeting]**

#### **10. Risk Registers Review**

The ARAC discussed whether the VRP risk is high enough. The Executive Committee will look at this in its meeting tomorrow.

#### **11. Review of ARAC Effectiveness**

The Secretary issued the standard questionnaire and invited members and attendees of the Committee to complete it and return it to him by 31<sup>st</sup> March.



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[Action: Members and attendees were asked to complete questionnaire by  
31<sup>st</sup> March]

[Action: ARAC Secretary – to present the results to LHB in May]

## 12. Major Projects Audits Reports

12.1 **Royal Sovereign Decommissioning** – Mr Damen explained how the level of assurance required by DfT has increased during the project.

### 12.2 **Vessel Replacement Project**

The Committee noted the ‘substantial’ Audit Opinions awarded on the VRP Audit and the ‘moderate’ Opinion awarded for the Royal Sovereign Project.

## 13. Review of Management Assurance Return (MAR)

Four areas have scored ‘moderate’. Mrs Roberts explained the reasons for this and the measures in hand to address them.

The Committee noted the thoroughness of the MAR and approved the MAR for signature by the Accounting Officer.

[Action: Captain McNaught – Sign the MAR]

## 14. DPO Update on TH Data Protection Compliance and Dashboard

The Committee noted that in the period since the previous report in December 2022 there had been four subject access requests received and closed out. There had been no Freedom of Information Act requests and no requests under the Environmental Information Regulations. The DPO has been advising on DP matters in relation to the development of a vehicle telematics policy. One non-ICO reportable data breach had occurred which had been promptly addressed and logged.

The Committee noted the report.

## 15. GLF Financial Statements Audit Planning Report 2022-23

Mr Chang explained the requirements and the focus of the Audit.

Particular areas of focus will be (1) Management override of controls and (2) Quinquennial valuations.



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Mr Chang explained the risks associated with the inventory valuations.

Materiality levels are based on Assets and on an Income benchmark at a lower level.

The Committee noted the timing plan.

Mr Damen expressed his views on the depreciated replacement cost method of valuation for the quinquennial valuations of the Estate and the proposal to base modern equivalents on offshore wind turbine pillars.

The paper was noted.

#### **16. Draft Governance Statement**

Noted and approved, subject to the numbers of meetings attended by the end of March being updated when known.

#### **17. Fraud and Bribery Response Plan**

Noted.

#### **18. GIAA Fee Letter**

Noted in relation to Memorandum of Understanding item 7. Mr Harrold will discuss the GIAA's fees for 2023/2024 with Mr Damen before the end of the 2022/2023 financial year.

#### **19. Internal Audit Charter**

Noted in relation to Memorandum of Understanding item 7.

#### **20. IT Security and Compliance Dashboard**

Noted.

The Committee agreed that it would be useful for the dashboard to show a trend arrow in future.

**[Action: Mr Damen - add a trend arrow to IT Dashboard]**



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#### **21. TH Gifts and Hospitality Register**

Noted.

#### **22. GRAD Gifts and Hospitality Register**

Noted.

#### **23. Review of Register of Interests**

Noted.

Mrs Owen reported that she is no longer on the Kent and Medway integrated Care Board.

**[Action: ARAC Secretary – update Mrs Owen’s register of interest entry relating to the Kent and Medway Integrated Care Board which she is no longer a member of]**

#### **24. Matters to Escalate**

Health and Safety prioritisation will be elevated to the May LHB.

**[Action: ARAC Secretary – Elevate H&S prioritisation to the May LHB]**

#### **25. Any Other Business**

None.

#### **26. Date of Next Meeting**

- 6<sup>th</sup> July (if required)
- 14<sup>th</sup> September at 1000