



TRINITY HOUSE

Minutes of Trinity House Audit and Risk Assurance Committee – 7 December 2023

Present:

Mrs Valerie Owen (NED) (Lighthouse Board Deputy Chair) (ARAC Deputy Chair)

Mr Alan Moore (NED)

In attendance:

Captain Ian McNaught (Chief Executive/ Accounting Officer)

Mr Ton Damen (Director of Business Services)

Mrs Rebecca Roberts (Audit & Performance Manager) (by WebEx)

Mr John Kanes (GIAA) (Trinity House Head of Internal Audit) (by WebEx) (for agenda items 1-3)

Mr Marc Chang (NAO) (by WebEx)

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

1. PRELUDE

1.1 Apologies

None.

1.2 Declarations of Interest

None.

1.3 Minutes of ARAC - 13th October 2023

Approved.

1.4 Matters Arising

- Reference 2.9 – Information has been provided
- Reference 2.11 – Complete
- Reference 3.1.2 – This is to be taken as a statement of fact

2. AUDIT

2.1 GLF Audit Completion Report

Presented by Mr Chang.

This is a report for the three GLAs.

Mr Chang drew attention to commentary on unadjusted misstatements on page 14 and explained that material differences existed between actual steel prices indices and assumptions made in respect of building material costs used for valuations of hypothetical modern equivalent assets in depreciated replacement cost estates valuations. As a result of this material adjustments have been made to the accounts.

TH accepted this as a future lessons learnt.

There were no other issues with TH's accounts.

The ARAC thanked Mr Chang for his service to the ARAC over several years and wished him well with his new brief.

2.2 Programme and Project Management (PPM) Audit Final Report

Presented by Mr Kanen.

The rating awarded in the report is 'moderate'. Ten recommendations from the previous audit report have been implemented but three remain open.

Mr Damen advised that TH has considered the report and its recommendations and has decided that since there were no fundamental control errors TH has chosen not to adopt all of the recommendations in full.

The ARAC resolved to include Project Management in the Audit Plan for 2024-25 and for it to be done separately from the Vessel Replacement Project.

The ARAC discussed the need to develop timelines for delivery of recommendations.

[Action: Mr Damen to develop timelines for delivery of the adopted recommendations from the PPM Audit]

3. INTERNAL CONTROL

3.1 Report on Outstanding Audit Recommendations

Presented by Mrs Roberts.

Progress on the GIAA Internal Audit Reports/Management letters considered by the ARAC is as follows:

- Core Financial and Commercial Controls (2019/2020) – still not concluded. The Financial Controller has deferred this work to the end of March 2024 due to other work commitments.

- Programme & Project Management (PPM) – the PPM follow up audit concluded that ten recommendations raised in the previous audit report have been implemented and three remain in progress (see separate agenda item 2.2).
- Light Dues ALDIS System – work on this continues. The Tomcat (back end) changes have gone live.
- Royal Sovereign Decommissioning – a further three actions are complete. The highlight report has been updated to include a Delivery Confidence Assessment and to detail the Risk Proximity. The status within the highlight report carries a contract management status.
- Vessel Replacement Project – of the three low level findings raised, two are complete. An overall Delivery Confidence Assessment is now integrated within the standard highlight report template.
- Cyber Security – work has progressed to address all the recommendations. GIAA will complete a follow up review in quarter 4.
- Counter Fraud Review –TH, in its capacity as a General Lighthouse Authority, does not fall within scope of the new ‘Failure to Prevent Fraud’ offence. All other improvement areas will be considered when the annual counter fraud assessment is completed for submission to the March 2024 ARAC meeting.

3.1.1 Schedule of Open NCNs and Overdue PINs Annex 1

Noted.

4. ARAC GOVERNANCE

4.1 Annual Report and Accounts

Presented by Mr Damen.

Mr Chang advised that the NAO has reviewed the document and is content with it.

Comments: -

The Chair’s Foreword will be rewritten from the viewpoint of the Deputy Chair.

[Action: Mr Damen]

Page 22 of the text will be improved in respect of the remit of the new Head of Safety and Environment.

[Action: Mr Damen]

Page 18 – a positive and inspiring statement will be added with the aim of encouraging interest in the next VRP procurement.

[Action: Mr Damen]

The ARAC resolved to recommend the Annual Report and Accounts to the Lighthouse Board for approval, subject to these minor changes.

[Action: Mr Damen]

4.1.1 Cover Paper to Annual Report and Accounts

The ARAC RESOLVED to support the request of the Accounting Officer and Director of Business Services for the Annual Report and Accounts 2022-23 to be presented to the Lighthouse Board out of committee and their request for delegation to finalise the 2022-23 Annual Report and Accounts subject to there being no material changes.

4.2 Fraud, Bribery, Whistleblowing Reports

None.

4.3 Matters to Escalate

The ARAC reviewed the matters to escalate from the previous ARAC meeting and agreed that they would be escalated to the Lighthouse Board when the new Chair and the new CEO have started.

[Action: ARAC Secretary]

4.4 Data Breach Update

ARAC Secretary reported on a low risk non-reportable data breach which had originated in the Light Dues Department recently and the measures which had been taken to limit the damage and to prevent a repeat. The ARAC noted that this breach was a genuine mistake. They also noted that all employees are required to undertake periodic Data Protection training.

4.5 Any Other Business

The ARAC wished to record the discomfort caused by not having a qualified Audit Chair due to external delays in approvals of candidates.

[Action: CEO to write to DfT]

Training for ARAC members has been recommended in the November 2023 GIAA ARAC Report Supplement. Mr Damen confirmed that a Risk Management Training Workshop has been organised for Executive and SMT and other Risk Owners.

[Action: Mr Damen to forward the invitation to the NEDs]

The ARAC Secretary was asked to include a Conflict of Interest section on the agenda of the January 2024 Lighthouse Board meeting to discuss best practice and steps to take in relation to a potential conflict declared by the incoming Accounting Officer.

[Action: ARAC Secretary]

4.6 Date of Next Meeting

Wednesday 20th March 2024 at 10.00.