THE ROYAL
INSTITUTION
OF NAVAL
ARCHITECTS

THE ROYAL INSTITUTION OF NAVAL ARCHITECTS

BOARD 2022

MINUTES OF MEETING 18TH JANUARY 2022

Sec/Board 18th January 2022

25th February 2022

Dear Board members,

BOARD MEETING – 18th January 2022

The draft minutes of the Board meeting held on 18th January 2022 are enclosed.

Yours sincerely

Chris Boyd

Chief Executive

Enclosures:
Minutes of Board meeting held on 18th January 2022
Chief Executive report

Revision – Changes to Minutes:
N/A

1. ENCLOSURE TO BOARD MINUTES, 18TH JANUARY 2022

Minutes of Board meeting held on 18th January 2022.

Name	initials
M d'Amico	MA
P Wrobel	PW
D Monioudis	DM
T Allan	TA
R Cripps	RC
J Frier	JF
T Strang	TS
E Pang	EP
R Gehling	RG
J Paik	JP
C Boyd (Chief Executive)	CB
I Blackwood (Finance Director)	IB
S Charity (Executive Officer)	SC
E Walsh (Finance Manager)	EW
Tom Wilson (Haysmacintyre)	TW

Table 1 Board attendee list

Apologies for absence:
L Santini
C Savage

1.1 Declaration of Interests

1.1.1 No pecuniary or conflicts of interest with the matters to be discussed were declared.

1.2 Minutes of the meeting held on 20th October 2021

1.2.1 The Minutes of the meeting held on 20th October 2021 were approved.

1.3 Actions arising from previous meetings.

1.3.1 Action 06/21. The executive working to review member benefits and communication strategy. ONGOING

1.3.2 Action 07/21. The executive to review the publications and ways to increase numbers, refresh, and revamp magazines. ONGOING

1.3.3 Action 08/21. The executive to review online events and look at new education and learning events. ONGOING

1.3.4 Action 10/21. The CE to investigate to develop pilot scheme to assess cost, resources, IT equipment, etc., for student access (members only) to attend events using the restricted funds. ONGOING

1.3.5 Action 13/21 The CE will discuss the potential of life membership with the membership committee. ONGOING

1.3.6 Action 19/21 – The Treasurer to liaise with the Chief Executive to incorporate recommendations made from the treasurer's finance audit report and update the policy and procedures where applicable and set up the finance subgroup.

ONGOING

1.3.7 Action 20/21 - The role split between the President of the Council and Chair of the Board was approved by the Board and CE to make an informal proposal to the Privy Council notifying them of changes to the By-Laws. ONGOING.

2. 2020/2021 ANNUAL ACCOUNTS

2.1 Enclosure 2 2020/2021 Annual Accounts

2.1.1 The 2020/2021 Annual Accounts were circulated in the Board enclosure pack, for reference.

2.1.2 Enclosure 2. Annual Finance Report, presented by Tom Wilson, Partner, HaysMacIntyre.

Table of Contents

1. Introduction and Executive Summary

This report summarises our key findings in connection with the audit of the financial statements of The Royal Institution of Naval Architects ("the Charity") for the year ended 30 September 2021.

We would like to thank the whole team, particularly Ian and Edit, for their help in making sure that the audit was carried out as efficiently and effectively.

Our audit approach

Our work was planned and performed in order to issue an audit opinion on the financial statements in accordance with International Standards on Auditing (UK) ("ISAs") and the terms of our letter of engagement.

Limitations

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and the controls thereon.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Overall conclusion and opinion

At the time of issuing this report we anticipate issuing an unqualified opinion, without modification on the financial statements.

2. Audit risks and key judgement areas identified during planning

We set out below the key areas of focus for our audit identified at the planning stage and the conclusions of our audit work:

Audit risk/key judgement area	How we addressed this	Commentary
Presumed risk in revenue recognition We are required to consider and respond to the risks of improper revenue recognition. The Institute's income is derived from a diverse range of sources, including membership, events, publications and investments. Each stream represents a large volume of transactions with data being tracked through various databases and internal financial processes. This risk therefore has not been rebutted.	We reviewed the income recognition policies to confirm they remain in line with the requirements of FRS 102 and Charity SORP. We have undertaken specific tests to ensure income is recognised in line with these policies. including: • testing a sample of transactions around the year end to ensure recognised in the correct period. • further specifically assessing the appropriateness of the recognition of receivables and accrued and deferred income on a sample basis. • proof-in-totals, such as rationalisations or test-in-totals, on appropriate income streams including membership subscriptions, key events and investment income, and rely on sample based substantive test of detail elsewhere.	Planned audit work considered to be satisfactory in this area. Our audit work on revenue did not identify any material issues.
Presumed risk of management override We are required to consider and respond to the risks arising from management override of controls, including misappropriation of assets and misrepresentation of financial information.	We reviewed the accounting judgements and estimates for appropriateness, including considering individually and in aggregate for potential bias. We reviewed and tested journal entries made in the year, particularly those made as part of the year-end financial reporting process.	Planned audit work considered to be satisfactory in this area. We did not identify any issues involving management override.

3. Accounting and Audit Matters

i. Changes to auditing standards

Two revised auditing standards issued by the Financial Reporting Council have taken effect for the audit of the financial statements for the year ending 30 September 2021: ISA540 Auditing Accounting Estimates and ISA570 Going Concern. Both standards include increased requirements, compared with the previous standards, for auditors to challenge the assessments and judgments made by management and Trustees in relation to the entity's ability to continue as a going concern and in making accounting estimates. We cover each of these areas separately in this report.

There has further been a change to ISA 700 impacting the wording of the independent auditors' report, resulting in a change to the wording for the conclusion relating to going concern, and the report now further sets out the risks and work performed in terms of detecting material irregularities, and is found within the auditors' responsibilities section.

ii. Accounting judgements and estimates

Our audit work identified the following consideration in relation to key judgements and accounting estimates;

<u>Horatio asset full write-off</u>

Management have written off in full the remaining Horatio software asset book value in the financial year 2020/21. This is on the basis that the software was deemed not fit for purpose and will not be used, and so the assets recoverable value was estimated to be £nil going forward. This decision has resulted in £123k impairment expenditure.

This is a key use of estimation, which we have reviewed in the context of ISA 540, and have concluded that it seems appropriate under the circumstances. This estimation has not been disclosed within the accounting policies on the basis it does not pose a risk of material change in estimated value of assets in future accounting periods.

iii. Branch grant expenditure accrual

Branch grant expenditure is included within the annual budget each year and typically grants are committed to and paid during the year.

For 2020/21, forms have been sent to the anticipated grantees to apply for their funding, but due to the pandemic the grants have not yet been awarded and so at year end there is no legal or constructive obligation created for RINA to make any grant payments. On this basis, the budgeted expenditure totalling £36,754 has not been incurred in 2020/21.

Management, however, have opted to accrue for the full budgeted grant expenditure in 2020/21 financial statements, which does not align with the requirements of FRS102 and so the balance is considered to be an overstatement of accruals and grant expenditure which remains an unadjusted immaterial misstatement.

iv. Impact of the Covid-19 coronavirus pandemic on the audit

The ongoing situation in respect of the Covid-19 pandemic is continuing to have a significant impact across most sectors. There are a number of ways this has impacted the audit for 2021, as follows:

Hybrid auditing under social distancing measures

We were pleased to be able to carry out our audit fieldwork under hybrid working measures. This meant the audit team were able to attend onsite and efficiently collaborate with the RINA team members in person, and also work remotely at various points throughout this process as required. We feel this has benefited the audit process, compared to entirely remote auditing. The continued co-operation and efforts of the RINA team has again aided our delivery of a robust audit, and for this we extend our gratitude.

We are satisfied that we have been provided enough audit evidence and that sufficient assurance was obtained from the audit work performed to form our audit opinion without any limitation in scope.

Going concern and statutory disclosures

The ongoing Covid-19 pandemic still brings with it an inherent uncertainty, however the impact of on the going concern risk a further year on has lessened and this has been reflected in our planning risk assessment not including this as a significant risk. However, the entity's activities continue to be impacted and necessary audit considerations have again been given to the specific impact on the Institute's financial position, financial resilience and statutory disclosures, and to determine whether any consequent modification to our audit report is required.

We have reviewed managements going concern assessments and conclusion and have sufficiently challenged management where necessary on the assumptions used in the forecasts and ensured that these have been prepared on a reasonable basis in light of the ongoing Covid-19 pandemic and other circumstances. On the basis of our discussions with management, and other audit procedures carried out to date, we do not expect that there will need to be a modification to the going concern statements in the respective accounting policies notes or to the audit reports.

v. Misstatements

Other than clearly trivial items, we identified only one misstatement which remains unadjusted in the financial statements being the branch grant accrual set out in section 3iii above. This has resulted in an overstatement of expenditure and liabilities for accrued costs.

vi. Letter of representation

International Standards on Auditing require us to obtain written representations from the directors when you approve the financial statements. This letter contains only standard matters, with specific additional tailoring to the representation about unadjusted misstatements regarding the accrued branch grant costs, but no further additional items specific to The Royal Institution of Naval Architects.

4. Detailed control points

During the course of our audit we identify detailed control points that we feel need to be brought to your attention and certain recommendations for improvements and/or corrective action. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation. The matters and detailed control points that we have identified are graded within the following framework to assist you in assessing their impact.

Grade	Grade type	Grade characteristics
Significant	These findings are considered to be significant to the management of risk in the business, representing a serious weakness in systems and controls currently in place or a potentially fundamental control that has been omitted from the risk management systems as currently in operation.	• Key control omitted • Key control not designed or operating effectively, for example as indicated by numerous exceptions found during our review work • Evidence of override of controls in place with significant or potentially fraudulent outcomes • Non-compliance with laws and regulations
Important	Important findings that should be reviewed by management, pending corrective action and or updates to systems and controls.	• Errors and exceptions noted during our testing that had corrected retrospectively during the year by management. • Potential improvement to existing control noted • Possibility for override of controls exists • Our review noted numerous exceptions but not in key controls
Limited	Findings that identify non-compliance with established systems and controls.	• Minor control weakness, for example limited exceptions noted during our review work
Advisory	Items requiring no immediate action but which may be of interest to management or best practice advice	• Information for department management • Control operating but scope for efficiency and/or effectiveness improvements exist • Control operating but not necessarily in accordance with best practice • Recent or anticipated developments may necessitate new controls.

We wish to bring the following matters to your attention which arise from the current year audit as well as the latest status of outstanding issues arising from previous year audits. If we consider that the trustees' proposed response to a point that we have graded "Significant" is not adequate and/or a "Significant" point has not been resolved during the subsequent financial year, we may have a duty to report this to the Charity Commission:

Current year

Issue: BACS control	**Control point grade:**	**Important**
Risk	**Our comments & proposals**	**Management response**
Changes to employee bank details are currently accepted by email. This is becoming a common area for external fraudsters hacking an employee's email address to request the changes for the next payroll.	We recommend that the HR policy, prior to actioning changes in employee bank details, further includes a confirmation directly with the employee either in-person or via telephone call, to align with the policy for changes to supplier details.	This usually happens, however procedures will be enhanced to reflect limited access to the office during the pandemic.
Management was forthcoming during the audit with an example of when a supplier payment underwent the full payment review and approval process, however failed to identify that the payment was made to the incorrect supplier's bank account. We understand, the in-built RBS check of payee details confirmed a match, on the basis the two suppliers were similarly named.	Whilst we understand that human error can occur in even the best control environments, we recommend that when these instances occur, employees involved in the process are reminded of the process requirements.	Agreed.

Issue: Event attendee charge incorrect member rate	**Control point grade:**	**Advisory**
Risk	**Our comments & proposals**	**Management response**
It was noted that an event delegate was a non-member but was incorrectly charged the reduced member rate for attending an event. Though this was an isolated instance within our sample testing, there is a risk that further delegates may have been charged the incorrect rate, resulting in a loss of income for the organisation.	We note that this is not something that has been identified in previous years audits, and it has been acknowledged by management that the increased staff turnover and cover arrangements during the year was likely the cause of this invoice processing mistake. However, we clarify that the financial statements are not misstated as the income recognised is in line with that charged to and received from the delegate.	Enhancements to the new IT systems should prevent incorrect rates being selected.

Prior year

No weaknesses or failures were identified during the course of our work in the prior year.

5. Emerging issues

The following are certain key issues which affect charities and which have recently come into effect or are currently being debated and are likely to impact the sector within the next year. During the current pandemic, we have set up a dedicated COVID 19 webpage for charities. This can be found at https://www.haysmacintyre.com/covid-19-not-for-profit. This web page is updated regularly to ensure that you are up to date with the most relevant information.

A. Charity commission, fundraising regulation and financial reporting

Charity Commission consultation on social investments

The Charity Commission has launched a consultation into changes that they feel would be beneficial to allow Trustees more flexibility to adopt a responsible (social) approach to investing charity funds. The guidance is being updated to acknowledge the different ways in which charities might invest, not just for financial gain, but also for other motives in furtherance of their charitable activities – to influence or as a mixed motive. The consultation is due to end on 20th May and there is a lot of debate, certainly amongst the lawyers, about what might end up in any new guidance and how it fits with current case law on the topic, particularly as it relates to investing permanent endowment. The consultation can be found at: https://www.gov.uk/government/consultations/charity-responsible-investment-guidance.

Law Commission

The Law Commission published a review of technical issues relevant to Charity Law back in 2017. It has been a long time coming, but on 22 March 2021 the Government published its responses to the Law Commission's report and has accepted the majority of the recommendations. A summary of the key changes are:

1) **Charity registration thresholds** – The Government has accepted, but not yet agreed on changes to the current registration threshold for charities to register with the Charity Commission, acknowledging the administrative and financial burden of regulation for such small charities. This is currently £5,000 of income.
2) **Permanent Endowment** – The definition of permanent endowment is to be reformulated with the aim of capturing any fund held subject to a restriction that the capital cannot be spent. This refined definition is to make clear that the definition of endowment funds will not apply to special trusts where a fund is held subject to a restriction that it can only be expended on a specific purpose, or a fund subject to a general restriction that only a certain percentage of it can be spent each year. There will also be an extension to the power currently conferred in the Charities Act sections 281 and 282 allowing unincorporated charities to release permanent endowment and spend the capital (particularly where the fund is so small that the costs of administering the fund is disproportionate to the fund value) and extending this power to corporate charities and CIO's.
3) **Borrowing from permanent endowment.** The Government has accepted that charities should have a power to borrow from the charity's permanent endowment. The power would allow the charity to borrow up to 25% of the permanent endowment subject to a requirement that they recoup the expenditure within 20 years. This power is intended for 'investment' permanent endowment and it is not intended for functional permanent endowment.
4) **Changing charitable purposes and governing documents** – The government acknowledged that the current process for changing or amending a governing document is complex, and there are various different ways in which it had to be carried out depending on the legal structure of the charity. Unincorporated charities are to be given a new power to amend any provision in their governing documents, subject to a limited number of changes which would still require the permission of the Charity Commission such as 'regulated' alterations (Charitable objects, dissolution provision and trustee benefit provision for example), provisions that would alter permanent endowment and provisions that would have required the agreement/consent of others.
5) **Cy-Pres schemes and fundraising appeals** – In relation to fundraising in particular, the need to obtain a cy-pres scheme or to approach every single donor where, perhaps, an appeal raised more than was needed, or the appeal failed to raise adequate funds, was time consuming and often costly. The Law Commission recommended

thresholds below which charities would not have to contact donors and a simplification of the process. The recommendation, which has been accepted, is that there will no longer be a need to contact a donor to offer to return the donation provided that the donation was less than £120 in total in a financial year, and the donor has not stated that the donation should be returned if the appeal fails.

Good Governance

The Charity Governance Code has long been seen as a best practice guidance for charities and this guidance was updated and a refreshed code published in December 2020. The updated code followed consultations during 2020 that received over 800 responses

The enhancements to the code focus on two of the key principles, Principle 3: Integrity, and Principle 6: Diversity, which they have retitled Equality, Diversity and Inclusion. For Integrity the code emphasizes ethics and the right of everyone who has contact with the charity to be safe, and for EDI the Code recommends four stages of practice for charities in their EDI journey. Boards should:

1. Think about why equality, diversity and inclusion is important for the charity and assess the current level of understanding.
2. Set out plans and targets tailored to the charity and its starting point.
3. Monitor and measure how well the charity is doing.
4. Be transparent and publish the charity's progress.

The revised code can be found at: www.charitygovernancecode.org

Cybercrime

Cybercrime has significantly increased during the pandemic with the National Cyber Security Centre (NCSC) announcing that it has removed more scams from the internet in the last year than in the previous three years combined. The most common cyber attacks continue to be ransomware and phishing. Successful frauds often include requested changes to bank account details for suppliers and senior staff – recently a school head and bursar. The National Crime Security Centre (NCSC) has produced free cyber security training to raise awareness and help school staff manage some of the key cyber threats facing schools. https://www.ncsc.gov.uk/information/cyber-security-training-schools. The Institute of Directors has issued ten simple tips, aimed at small businesses, to help protect against the increasing cyber threats. https://www.iod.com/news/news/articles/Ten-tips-to-make-your-small-business-cyber-secure

Maintaining your control environment

Remote working has become a new way of life for many and not least in the finance team. It is a good opportunity to review your control environment in the light of remote working and any permanent changes in the way in which your business operates on a day to day level. Internal processes may have changed permanently, and it would be best practice to document any changes and ensure that trustees have reviewed and approved them. One of the main challenges for remote working has been the documenting or evidencing of key controls within finance/HR. We would recommend a review of the key controls and how they are being operated and evidenced to ensure that the audit trail is maintained during this period of remote working.

B. Tax matters

Employment Tax

Health and Social Care Levy

The Government announced the introduction from April 2022 of a standalone 1.25% Health and Social Care Levy which will apply to employers and employees. The following are the key financial implications:

- From April 2022, rates of employer and employee National Insurance will increase by 1.25%
- From April 2023, National Insurance rates will revert to the 2021/22 levels and be replaced by a dedicated levy
- The levy will not be charged for employees under the age of 21, apprentices under 25, and qualifying freeport employees. Unlike National Insurance, from 6 April 2023, the levy will be paid by people over pensionable age who are still working

The money raised via the levy will be ring-fenced for investment in health and social care.

National Minimum/Living Wage

The NLW will increase from £8.91 to £9.50 per hour from 1 April 2022. With National Minimum Wage rates also increasing for those workers aged 22 and under, organisations will be concerned that without corresponding increases to grant funding or contracts, it will only increase operating costs, particularly for those who operate in social care.

Enquiries into the Job retention scheme

Throughout the pandemic the Government provided support to employers through the Coronavirus Job Retention Scheme which finally closed on 30 September 2021. Not for Profit ('NFP') organisations would not have been able to use the CJRS grants if they were wholly public funded (the legislation does not allow the employees' salaries to be publicly funded twice). However, the legislation does recognise that some NFP organisations may have other self-generated income (e.g. Art Theater hiring rooms for public/private functions etc) which may have reduced significantly or even ceased altogether during the Covid-19 lockdown. Consequently, the CJRS grant may be used for those employees who would be paid from the self-generating income providing the following conditions are met:

- The employee works in an area where services are not temporarily required and where their salaries are not covered by public funding
- The employee would otherwise be made redundant or laid off
- The employee is not involved in delivering provision that has already been publicly funded
- The CJRS grant would not lead to financial reserves being created.

However, deciding whether staff are paid from self-generating income might not be simple in all cases. For instance, where staff are also employed for other functions.

HMRC has started to take steps to recover grant payments which have either been:

- Made in error, for example, through a misunderstanding of the Coronavirus Direction, or miscalculation as to the level of grant which could be claimed; or
- The employer was not entitled to make any claims under the terms of the scheme.

Given the complexity of the scheme it is not unsurprising that errors may have arisen concerning the amounts claimed under the scheme. Furthermore, HMRC guidance was being continuously updated during the early stages of the scheme. Employers need to ensure they have maintained all records concerning the claims submitted to HMRC.

Where any over-claims have been identified HMRC can seek to recover interest and penalties.

Late payment interest

The employer will be required to repay the overclaimed amount due within 30 days of the issue of the assessment which determines the amount of the claim which is issued by HMRC. HMRC will also be able to charge interest on the late payment of the over reclaim included in the assessment and also seek a late payment penalty where payment remains outstanding for 31 days after the due date.

Penalties

Where the employer does not notify HMRC of any overclaim, then penalties will also be due.

HMRC may impose a penalty of up to 100% of the overclaim where the employer fails to notify HMRC. In determining the amount of penalty due, HMRC will consider whether that failure was "deliberate and concealed" which will be the case where the employer:

- Knew it was not entitled to the grant; or
- Knew it had stopped being entitled to it; and

- Did not notify HMRC of the overclaim within the notification period.

HMRC has confirmed that it will not charge a penalty if the employer did not know it had been overpaid at the time it was received, or at the time that circumstances changed and if the employer repaid the overclaimed amount during the relevant time period. However, as enquiries will now be made following the closure of the scheme, HMRC are likely to seek penalties as part of any settlement with the employer.

Personal liabilities of the company officer

The legislation also includes provisions where company officers may also be personally liable to pay the tax charged on their company's overpaid grants under the scheme. The provisions will apply where the officer has deliberately made a claim to which the company was not entitled, or if the company is in insolvency and tax cannot be recovered from the company.

VAT

The last year has seen many charities make significant changes to the way in which they deliver their services and where they have received funding compared to previous years. For those charities that are partially exempt this may have a significant impact on your partial exemption recovery rate which will only be identified when you produce your annual adjustment calculation. For many this will be in the 31 March or 30 June return period. Whilst the method will not have changed the calculation itself could see a repayment or liability emerge that was not anticipated. We recommend that where significant changes have occurred that you consider taking advice on the annual adjustment calculation, or potentially seek a review of the position to ensure that going forward the VAT methodology you are using remains the most appropriate to you and that you consider other options to maximise the VAT efficiency of the charity.

Making tax digital

Making tax digital (MTD) came in for VAT in April 2019. Initially it was only mandatory for entities which were compulsorily registered, i.e. they had taxable turnover above the £85k VAT registration limit. With effect from 1 April 2022 all VAT registered businesses will be required to submit VAT returns through MTD compliant software. This may affect some trading subsidiaries which are VAT registered on a voluntary basis, i.e. they have chosen to register for VAT but their taxable turnover is less than £85k.

For completeness all entities subject to MTD are now required to have full digital links in place and can no longer avail themselves of the "soft landing" easements which allowed them to, for example "cut and paste" information from one part of their accounting system into the VAT return workings.

THE ROYAL INSTITUTION OF NAVAL ARCHITECTS

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2.1.3 2020/2021 Annual Accounts approved by the Board.

3. DEPARTMENTAL REPORT COMMENTARY & CASHFLOW

3.1 November Accounts – period to 30th November 2021

3.1.1 These accounts reflect the delay in the Membership renewal cycle that should have commenced in November but was delayed. This has impacted on both Professional Affairs and Marketing Income Streams.

Actual deficit for period £202,730
Budget deficit for period £120,458

Department	Actual	Budget	Variance
	£	£	£
Administration	(709,330)	(733,937)	24,607
Professional Affairs	443,252	520,406	(77,154)
Events	(7,992)	2,169	(10,161)
Marketing	6,098	39,148	(33,050)
Publications	(120,894)	(134,384)	13,490
Total	(388,866)	(306,598)	(82,268)

Table 2 Actual/Budget surplus variance analysis

3.2 ADMINISTRATION DEPARTMENT

Income: Actual £3k Budget £0K
Expenditure: Actual £117k Budget £139k (timing differences)

3.3 PROFESSIONAL AFFAIRS DEPARTMENT

Income: Actual £9k Budget £110K (delay in renewals)
Expenditure: Actual £49k Budget £74K (timing differences)

3.4 EVENTS DEPARTMENT

Income: Actual £14k Budget £17K - Protecting Environment cancelled
Expenditure: Actual £27k Budget £20K **-** higher Cyber online costs

3.5 MARKETING DEPARTMENT

Income: Actual £8k Budget £23K
Expenditure: Actual £39k Budget £20K - exhibition costs, promotional video, and display equipment

3.6 PUBLICATIONS DEPARTMENT

Income: Actual £98k Budget £93K (Ship Repair £9k timing difference)
Expenditure: Actual £102k Budget £110K - timing differences

3.7 Cash forecast 7th January 2022

CASH BALANCE	CURRENT FORECAST *	ORIGINAL BUDGET
30-Sep-21		£454,419
31-Oct-21		£356,389
30-Nov-21		£117,362
31-Dec-21	£645,531	£383,301
31-Jan-22	£710,936	£649,725
28-Feb-22	£598,220	£546,623
31-Mar-22	£542,256	£498,659
30-Apr-22	£421,999	£380,402
31-May-22	£301,874	£262,277
30-Jun-22	£258,657	£221,060
31-Jul-22	£137,929	£102,332
31-Aug-22	-£49,802	-£83,399
30-Sep-22	-£123,676	-£155,273
* actual cash at 31/12/21		
As at 7th January 2022		

Figure 1 Cash forecast 7th January 2022

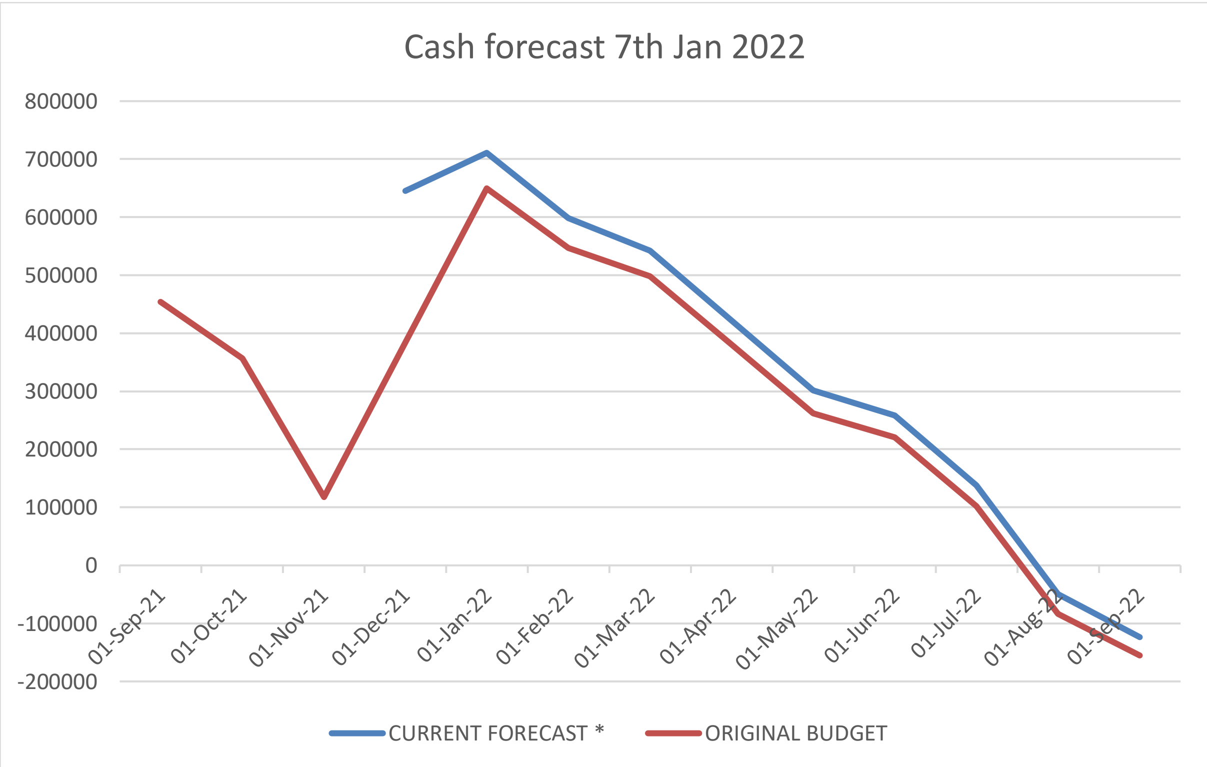


Figure 2 Cash forecast 7th Jan 2022

4. BOARD FUND STEERING GROUP REPORT PRESENTED BY TREASURER – JANUARY 2022

4.1.1 The Treasurer updated the Board on the recent steering group activity and the Fund steering group meetings. The following Board members and members of the executive were present:

- Jeff Frier, Treasurer
- Dimitris Monioudis
- Cat Savage
- Chris Boyd, CE
- Ian Blackwood, Finance Director

4.2 Fund Manager:

4.2.1 Following approval at the last Board meeting, the Fund Steering Group has been in discussions with CCLA (Churches, Charities and Local Authorities) Investment Management to confirm the decision and arrange for the transfer of Institution funds (£3 million) from M&G Investments.

4.2.2 CCLA has initiated their on-boarding procedure for an investment management agreement (IMA), and we now expect to complete the process in February. In addition to their application form, CCLA has requested certain documentation such as audited accounts and details of the Institution's investment policy.

4.2.3 Due to the international nature of the Institution, and to satisfy their compliance standards, CCLA are required to complete electronic identity verification checks on all trustees and authorising signatories. In addition, CCLA has asked for certified proof of identity and addresses for those trustees who reside outside the UK.

Investment Policy:

4.2.4 To ensure CCLA's investment management aligns with the Institution's objectives, the Steering Group has reviewed the Institution's policy statement and a copy of the revised document is attached.

4.2.5 This reflects:

- The intention for drawdown to be derived from investment income over a five-year rolling period
- The facility to run the Portfolio on a total return basis
- The requirement to maintain transparency between the various funds
- A medium level of investment risk

- Investment restrictions
- Investment targets for monitoring performance
- Reporting requirements

<u>Total Return Policy:</u>

4.2.6 A total return approach allows a charity to use any increase in the value of its investment as income, provided it allows the permanent endowment, or 'relevant fund', to grow in line with inflation over the long term to protect the needs of future beneficiaries.

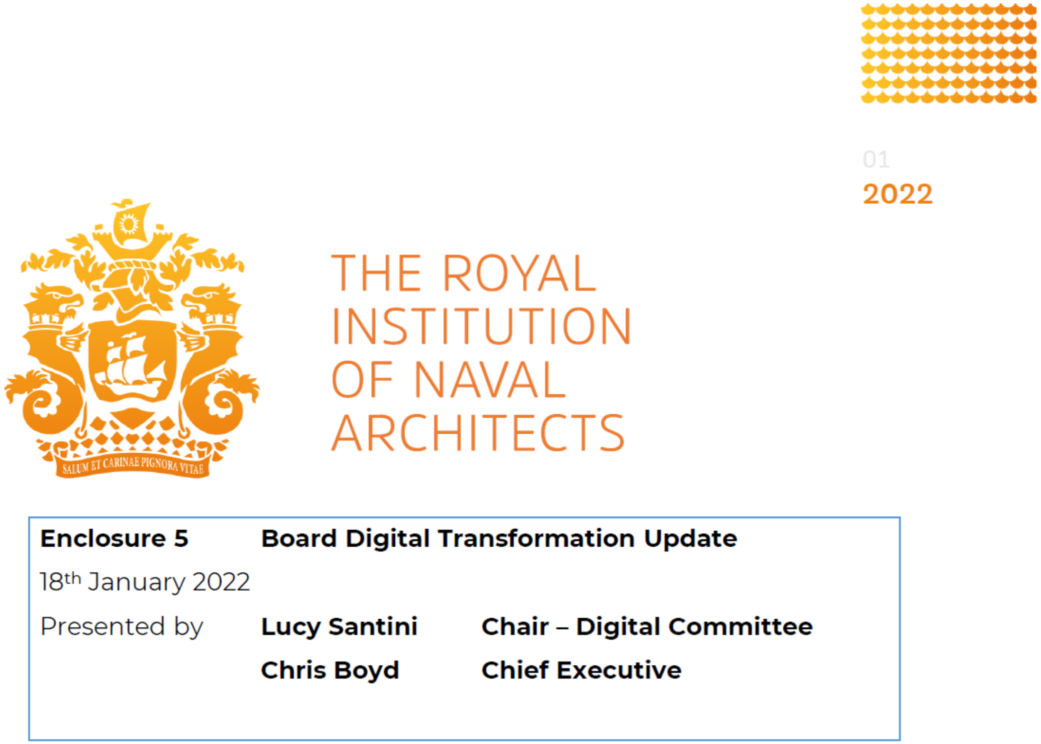
4.2.7 As part of the Trusts (Capital and Income) Act 2013, the Charity Commission introduced new guidance which allows permanently endowed charities to adopt a total return investment strategy without seeking individual approval from the Commission.

4.2.8 Historically, the Institution had gained approval to use a total return approach, but the method was not adopted. It does require certain accounting procedures to be followed and the policy has been discussed with HaysMacIntyre. The Steering Group also raised the issue with CCLA who confirmed the policy is commonly used by charities and can provide guidance as required.

4.2.9 The Fund Steering Group, therefore, proposes a total return policy be adopted for managing the Institution's Portfolio.

5. DIGITAL PROJECT UPDATE

The report was presented by the Chief Executive on behalf of Lucy Santini, Chair Digital Steering group.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2022

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Enclosure 5	**Board Digital Transformation Update**	
18th January 2022		
Presented by	**Lucy Santini**	**Chair – Digital Committee**
	Chris Boyd	**Chief Executive**

Figure 3 Digital report update

RINA Digital Transformation Project - information

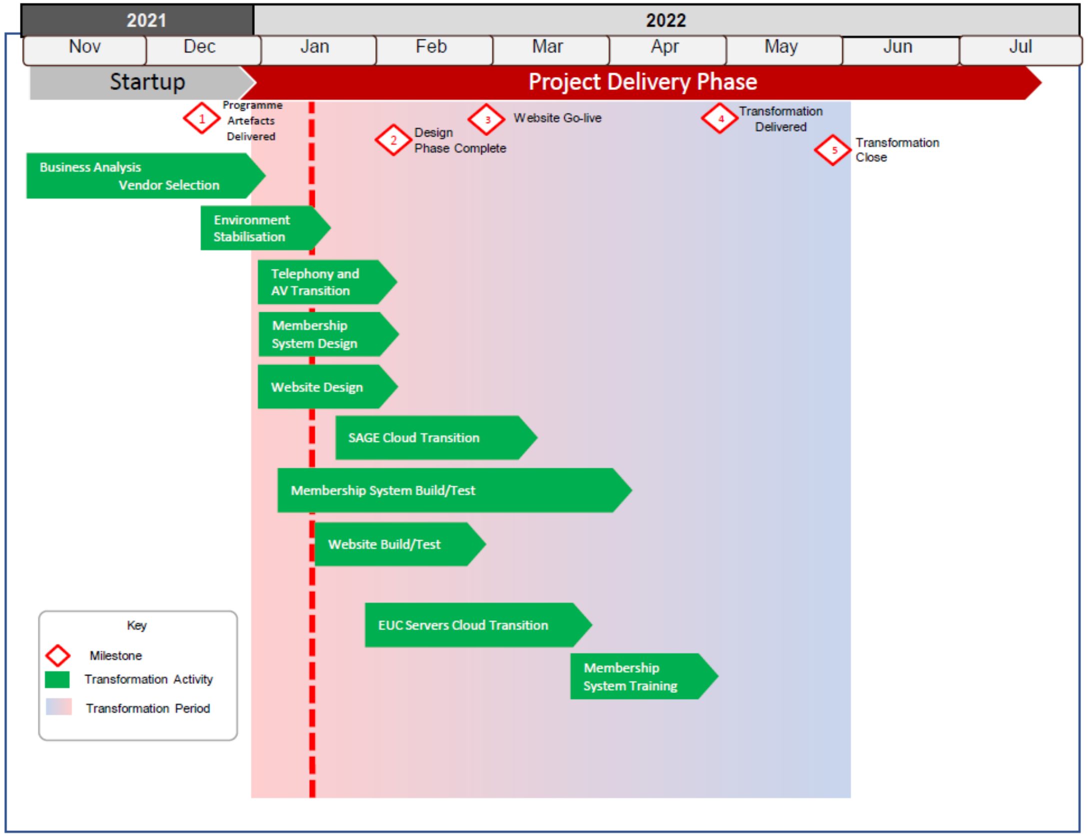
1. RINA-GOV-0001 Governance Framework Execution Plan rev 1
2. Governance Authority -
    - Board Governance Members
        - Lucy Santini – Chair
        - Edwin Pang – Trustee
        - Andy King – member
        - Adrian Patterson – member
    - Senior responsible officer – Chris Boyd
    - Technical Authority
        - Chris Boyd – Chief Executive
        - Edit Walsh – Finance Manager
        - Jim-Ray Semanhyia – IT
3. Project Manager – Luke Hetreed (cv available on request)

RINA Digital Transformation Project - meetings

1. Lufthansa Industry Services – meeting with tech authority & project manager
   - Proposal received 28th Dec and reviewed
2. 30/11/2021 Board Governance Digital meeting #1 – to discuss kick off:
   - Revised roadmap and schedule
   - Technical spec/Procurement
   - Project fund drawdown
   - Look ahead
3. 16/12/2021 Board Governance Digital meeting #2. Included decisions on:
   1. Telephony system
   2. Website options
   3. Cloud system stabilisation migration
   4. For information - HQ security system phase 1 & 2 (outside digital scope)

Note: weekly meetings with Chief Executive and Project Manager

RINA Digital Transformation Plan on a Page V1



RINA Risk Matrix for New Membership System				
Supplier	KPMG	Intergage	Chorus	Pragmatiq
Ability to deliver	8	3	6	9
Financial Stability	10	4	2	6
Techincal Ability	8	5	6	10
Security	10	2	10	7
Cost	1	3	4	10
Total	37	17	28	42
				selected

Membership CRM: technical scoping and process mapping stage 1. complete week 3 2022

WHAT DO YOU WANT TO ACHIEVE?

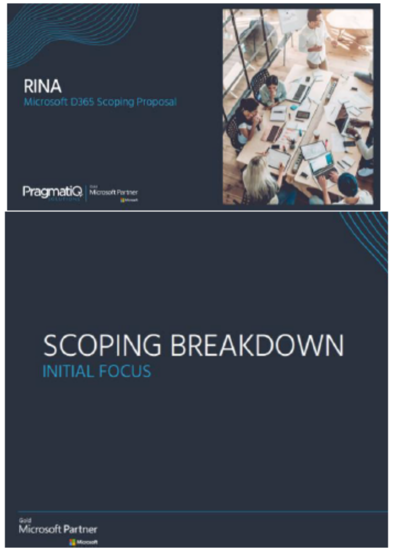
INITIAL FOCUS

- Implement a cloud based Membership Management solution that is in line with RINA's overall strategy of moving their Application Landscape to the cloud
- Leverage standard capabilities of the Dynamics 365 platform to provide a well connected setup for Membership Management, Marketing Automation and seamless integration into productivity tools such as Outlook, Teams, SharePoint etc
- Supporting employees, improving engagement and usability by providing a simple, easy to use system to increase productivity and efficiency around administrative and time-consuming processes
- Future-proofing the business to ensure a customisable and flexible platform moving forward to encompass future phases and requirements

Gold Microsoft Partner Microsoft

PragmatiQ SOLUTIONS

Membership CRM: technical scoping and process mapping stage 1. complete week 3 2022



SCOPING BREAKDOWN

Activity	Hours
Business Outcomes & System Review • Business Outcomes Alignment • Business Model & Organisational Structure • High-Level Business Process Review & Current System Review (Client Presentation)	2

Business Requirements Scoping – Membership Management
• Membership Management
  • Member Sign Up Process
    • Member Fee Structure & Currencies
    • Documentation and Welcome Packs
  • Member Benefits
  • Add on products
  • Renewal Process
  • Retention Process
  • Payments (DDs, Cheques, BACs, Credit Cards etc)
• Activity Management
  • Emails, Phone Calls, Notes, Appointments
  • Templates (Emails, Documents etc)
	4

Business Requirements Scoping – Marketing Automation
• Event Management
  • In person & Webinar Event processes
    • Teams Integration
  • Non member stakeholders
• Email Marketing
  • Segmentation & Target Marketing
  • Email Campaigns (General Comms, Newsletters, Events etc)
	2

Business Requirements Scoping – Website Integration • Member Sign Up Process • Member Accounts and Updates • Merchandise Sales	2

Scoping Schedule:

- The total cost for scoping is £1,890 + VAT (£135p/h + VAT)
- Lead time to start the scoping would be around two to three weeks from payment and take around two to three weeks to complete the sessions and produce a proposal. The result of this being that no scoping and subsequent costs, will be required at the beginning of the project

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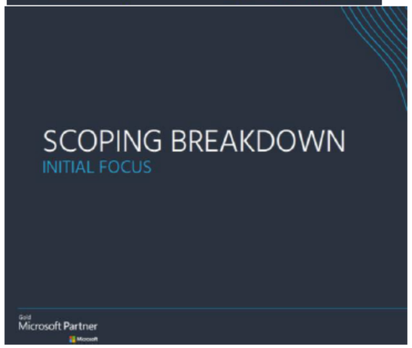
Membership CRM: technical scoping and process mapping stage 1. complete week 3 2022



SCOPING BREAKDOWN - CONTINUED

Activity	Hours

Business Requirements Scoping – Reporting
• Dynamics 365 System Dashboards
• Power BI Management Reporting
    • Heat Maps
    • Process Insights (Retention etc)
	1.5

Business Requirements Scoping – Additional Requirements • Corporate Sponsors • Telephony • Microsoft 365 Integration (Outlook, Teams, SharePoint) • Data Migration • User Security Roles • Licensing • Training	2
AOB, Requirement Clarifications & Next Steps	0.5
Proposal Presentation – Non-Billable	0.5

RINA Digital Transformation Website Risk Matrix

RINA Risk Matrix for New Website

Supplier	Propeller	Hut Six	Studio 74	Infosec
Ability to deliver	10	8	6	10
Financial Stability	10	2	2	10
Technical Ability	8	9	7	9
Security	10	2	2	10
Cost	2	10	9	7
Total	40	31	26	46
				selected

RINA Digital Transformation – other activities

1. Telephony system – quotes received (awaiting charitable discount).
2. Environment stabilisation complete
3. HQ security – not included in digital budget but integrated:
   - Phase 1 Access Control and CCTV system
     - subtotal (Excluding VAT) £10,487.17
4. ISO27001 – IT/OT security
5. Disaster recovery and cloning existing server and TRIBE CRM for renewals and simultaneous environment stabilization – outside scope but integrated into process.
6. Process map all systems and workscopes
7. HQ Utilisation study – not included in digital budget but integrated
   - Received from TSP (specialise in charities and RICS) £4500, awaiting other quotes

RINA Digital Transformation – costs up to 4th Jan 2022

1. Project Manager	1/11/21-30/11/21	£14,400 excl. VAT
	1/12/21-31/12/21	£10,800 excl. VAT
2. Membership CRM	(scoping)	£1,890 excl. VAT
	subtotal	£27,090 excl. VAT

6. CHIEF EXECUTIVE REPORT

6.1 Period 21st October 2021 -18th January 2022

Chief Executive report

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Dept.	Income	Expenditure	2022 Budget
Publications	£566,219	£700,603	-£134,383
Events	£189,225	£187,056	£2,169
Marketing	£148,980	£109,832	£39,148
Professional Affairs	£1,007,772	£487,366	£520,406
Administration	£125,242	£859,179	-£733,937
Total	**£2,037,438**	**£2,344,036**	**-£306,597**

Figure 1 2022 budget

- *Target recovery of losses and get into the black by end of 2022.*

- ***Headquarters** – utilization study under way and rework HQ for rental and members usage/hub – cost benefit analysis being drawn up*
  - *Currently shut due to COVID*
  - *New security system being installed, enabling 24/7 access and remote surveillance and also charge Newport Shipping full rent.*
- ***IT** – digital project underway – future skills mapping regarding IT/OT skills ongoing*
- ***HSE** – nothing to report*
- ***HR** – staff roles issued, and new HR appraisal system being implemented. Skills mapping towards digital working and training ongoing.*
  - *Staff members engaged in University City Quayside Business Management apprenticeship degree program.*
- ***RINA Charifund portfolio** – reported by Treasurer.*
- *Following underway and process mapped vs. skills mapping/training ongoing*
  - *Membership benefit strategy – working with* Membership Experts for Member Organisations | Hall Associates currently engaged in membership attrition, benchmarking and developing best in practice approach.
  - *Corporate partner strategy – included in digital process mapping, but BI included in d365 azure.*

2

2021 Deliverables

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S. N		Action EX = Executive PUB=Publications Committee MC = Membership Committee	Start Date	Finish Date	Strategic Direction
1	Business Development Plan	EX	Q1 21	Q3 21	All
2	Brand & marketing material refreshment	EX	Q1 21	Q3 21	B, E & G
3	Sales & marketing strategy	EX	Q1 21	Q3 21	B, E & G
4	Mission crafting strategy	EX	Q1 21	Q3 21	B, E & G
5	Digital roadmap Systems architecture security plan Website CRM Cloud Business management system Online CPD, accreditation	EX	Q1 21	Q4 21	E, F & G
6	Communication strategy Online/hybrid live conference and events University tease campaign – Genoa University University video 'welcome to RINA' roll out. Social media campaign Corporate membership & industry New conferences e.g., cyber maritime, insurance & risk, safety etc.	EX	Q1 21	Q4 21	B, F &G

S. N	Activity	Action EX = Executive PUB=Publications Committee MC = Membership Committee	Start Date	Finish Date	Strategic Direction
7	Membership – working group covering all groups	EX & MC	Q2 21	Q3 21	All
8	Membership – Fee structure review 2022	EX & MC	Q2 21	Q3 21	All
9	Publications – cost benefit analysis	EX & PUB	Q2 21	Q3 21	B
10	Secretariat – resource, retention, and succession planning IT equipment upgrade Skill set mapping Resource recruitment Training	EX	Q1 21 Q2 21 Q4 22 ongoing	Q4 21 Q4 21 Q423 ongoing	B
11	Standardisation - VP roll out 'Centre's of Excellence' in regional hubs	EX	Q3 21		G

Notes:	
Strategic Direction E	Digital review
Strategic Direction B	Improve RINA's engagement and profile with the Maritime Community through an open, welcoming and outward looking face to all possible stakeholders
Strategic Direction F	Address the future challenges for the sector with a wider range of events, improve the accessibility of conferences to members and encourage high quality of papers.
Strategic Direction G	Maintain and extend the Institution's standing as a leading maritime

2021 Strategic Review

Achieved

Work in Progress

Hold

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Membership

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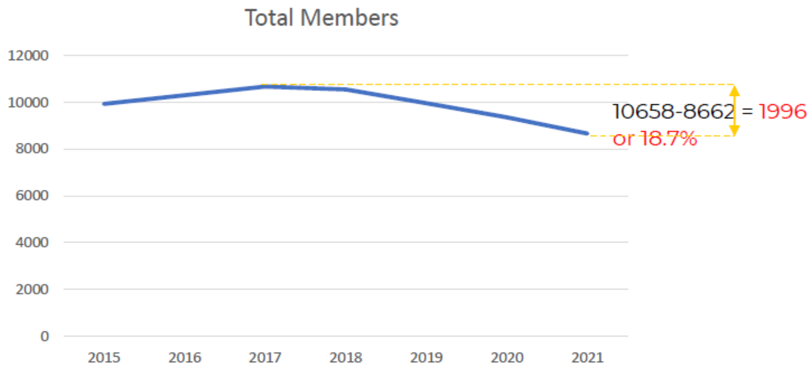
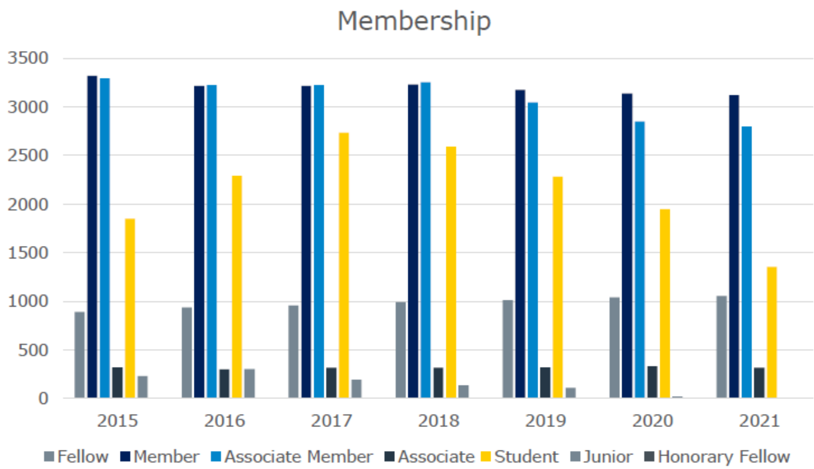
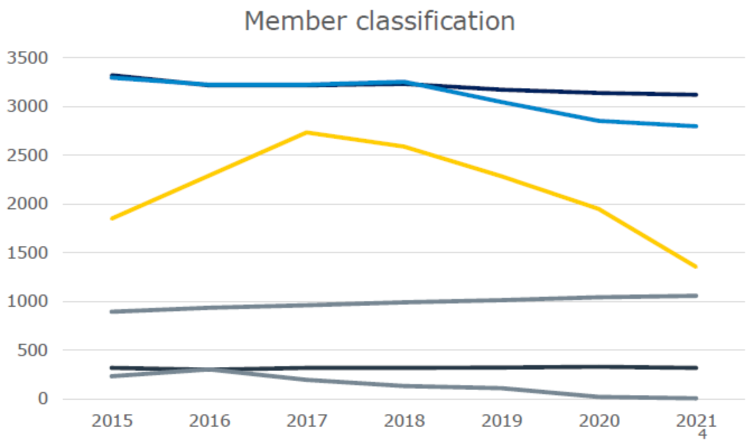


- *7% reduction in membership from 2020-2021*
- *679 members left in 2021 (88% student members)*
- *Student drop-off = Assoc member drop off*
- *2022 membership drive*
  - *Benchmarking taking place*
  - *Membership strategy being measured*
  - *Target areas, but not limited to: USA/UK/AUS/CHINA/INDIA*
  - *Example: 2022 10% increase in fee + new 250 AMRINA + new 250 MRINA circa £165k*





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Membership

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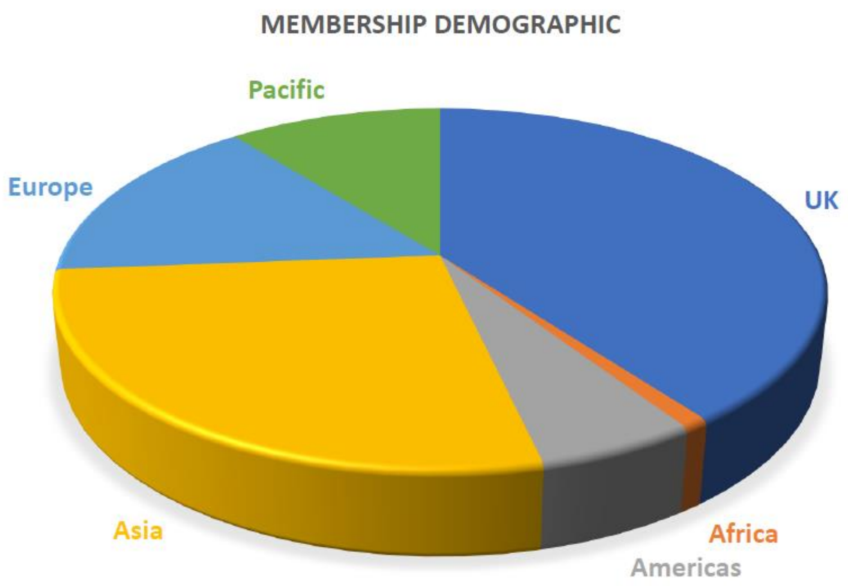

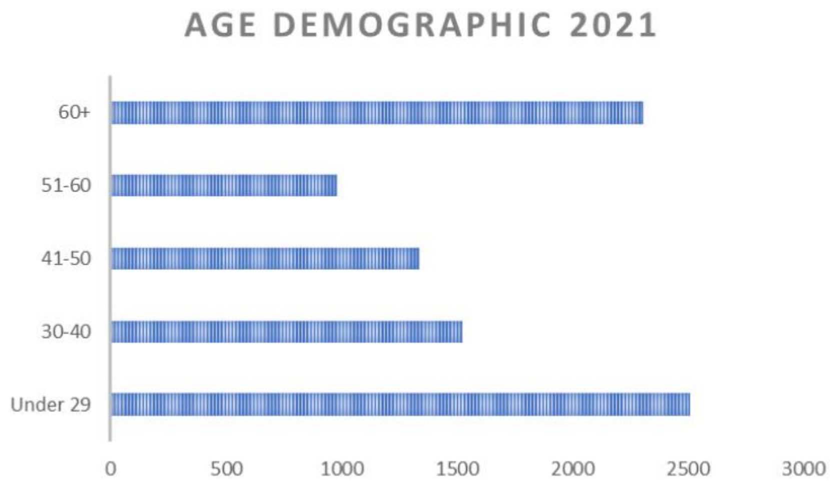

7. ANY OTHER BUSINESS

7.1.1 None

7.2 Date of Next Meeting

7.2.1 The next meeting will be held at 11:00 BST on Tuesday 19th April 2022.

7.3 Action arising or outstanding from the meeting.

7.3.1 Action 06/21. The executive working to review member benefits and communication strategy. ONGOING

7.3.2 Action 07/21. The executive to review the publications and ways to increase numbers, refresh, and revamp magazines. Included in the digital project. ONGOING.

7.3.3 Action 08/21. The executive to review online events and look at new education and learning events. ONGOING.

7.3.4 Action 10/21. The CE to investigate to develop pilot scheme to assess cost, resources, IT equipment etc., for student access (members only) to attend events using the restricted funds. ONGOING.

7.3.5 Action 13/21 The CE will discuss the potential of life membership with the membership committee. ONGOING.

7.3.6 Action 19/21 – The Treasurer to liaise with the Chief Executive to incorporate recommendations made from the treasurer's finance audit report and update the policy and procedures where applicable and set up the finance subgroup. ONGOING.

7.3.7 Action 20/21 - The role split between the President of the Council and Chair of the Board was approved by the Board and CE to make an informal proposal to the Privy Council notifying them of changes to the By-Laws. ONGOING.