

VMD Audit & Risk Assurance Committee

Minutes of meeting held on 23 March 2022

Members

Timothy Riley (Chair)

Julia Drown

David Catlow

Present

Abigail Seager – VMD

Mike Griffiths – VMD

Gavin Hall – VMD

Julian Flexman – VMD

Marian Bos – VMD

Simon Hack - VMD

Kim Nobbs – GIAA

Paula Stone - NAO

Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

1.1 Apologies were received from Philippa Hardwick and David Kennedy.

2. Declarations of interest in the matters to be discussed

2.1 None.

3. Minutes of the meeting held on 15 December 2021

VMDARAC 22/02

3.1 The minutes of the last meeting were agreed.

4. Matters Arising/Actions

VMDARAC 22/03 & 04

4.1 With the current Defra Group Corporate Services Transformation review underway further work on solving the technical communication problems with core Defra has been paused awaiting the final outcome of VMD's relationship with DDTs. It was agreed to close this issue until the conclusion of the review.

4.2 The restructuring of the finance team will be progressed once the new head of finance is in position. The candidate who was successful at interview has been offered the position and there is a reserve candidate available.

4.3 The committee reviewed the VMD's Enforcement strategy which had been revised following comments received after the last meeting. Members commented that the document could still be more strategic; for example, a clearer strategy to deal with the ongoing increase in cases referred for investigation. The strategy will be published when finalised and a more detailed structure, including information on how to categorise and prioritise cases, will sit within VMD. Members welcomed the resilience measures taken.

4.4 It was noted that VMD intends to hold all its strategic and best practice documents together in one location.

5. Revisions to the Veterinary Medicines Regulations (VMR)

5.1 VMD's Head of Legislation, Marian Bos, explained that she will be leading a dedicated project to look at the ongoing revision of the GB's VMR while it goes through a public consultation process. To facilitate this responsibility for enforcement matters has been moved to the newly formed Inspections and Enforcement Division. VMD has identified a number of risks it needs to mitigate during the project and is

recruiting more staff to deal with resource issues. It is also seeking support from Defra Legal including the provision of a drafting lawyer for the new SI but it is proving difficult to get the time commitment needed. As the new EU regulations have already been applied there is a risk of airgaps developing and also reputational risk as GB is seen to be falling behind and not taking advantage of opportunities provided by Brexit. The scope of the changes which can be made during this revision may disappoint some parties. UKMis keep VMD informed about EU developments and its adoption of delegating and implementing acts. Regular meetings are held with the authorities in Northern Ireland.

- 5.2 Members noted that it was unsatisfactory that fees set down in the VMR had not increased since they were last revised in 2013. VMD noted that fees setting has to be evidence based and it is exploring options for making annual increases while also assuring that most of its cost recovery is on target due to efficiencies made. Following the acquisition of primary powers it is now easier to amend fees legislation. Members noted that Management Board needs to engage with this subject and suggested benchmarking as a way of exploring how other agencies deal with recovering their costs.

Financial Year 2021/22

- 6. Internal audit progress report** **VMDARAC 22/05-07**
- 6.1 The internal auditor gave an update on progress since the last meeting and presented the two audit reports that had been completed. The report on payable and receivable accounts gave substantial assurance and found that there was good separation of financial controls in place. Debt had been greatly reduced in the last year despite there being limited powers available to recover aged debt. The report on stakeholder engagement across other government bodies gave moderate assurance and found that some improvements were required, although it was noted that the new ICE team engaged effectively with key stakeholders and systems were now in place to better cascade and retain information.
- 6.2 Internal Audit strategy and plan for 2022/23 **VMDARAC 22/10**
- 6.2.1 The auditor presented their draft audit plan for 2022/23 which will engage with six different areas of the VMD's business. The examination of the AMR National Action Plan will also look at how Defra governs in this area. Members were content with the plan and asked that travel security also be looked at in the future as part of a health and safety audit and the BITE programme be kept under review.
- 6.3 Audit Charter and Memorandum of Understanding **VMDARAC 22/11 & 12**
- 6.3.1 The GIAA's audit charter and MoU with the VMD were agreed.
- 6.4 ARAC report supplement / Annual Opinion analysis 2020/21 **VMDARAC 22/08 & 09**
- 6.4.1 The auditor's report supplement and analysis of the annual opinions it had given for all its customers were noted.
- 7. External audit plan** **VMDARAC 22/13**
- 7.1 The NAO representative reported on progress for their 2021/22 Financial statement. The assessment of IR35 contracts is awaited to see if it meets the standard of liability and it was noted that Defra has agreed to cover the costs.
- 8. VMD Finance/Other**
- 8.1 Second draft Annual Report & Accounts **VMDARAC 22/14**
- 8.1.1 Members provided comments on the second draft of the Annual Report and Accounts and would send further comments in writing.

- 8.2 Year-End timetable **VMDARAC 21215**
8.2.1 The timetable was noted.
- 8.3 Implementation of auditors' previous recommendations **VMDARAC 21/16**
8.3.1 The report on implementation of auditors' previous recommendations was reviewed. It was agreed to close the action for VMD to produce a data retention policy as this will come under Defra's GDPR project. Their annual report will be shared with the committee when available.

Audit & Risk Committee Procedural Items

9. Papers circulated to the Committee since the last meeting

- 9.1 GIAA had circulated several cross government reports for members' information on conflicts of interest, property maintenance and contract management and an insights report on portfolio management.

10. Risk and Assurance

- 10.1 **Risk Register** **VMDARAC 22/20**
10.1.1 The Risk Register was reviewed.

11. Update on data handling, fraud and corruption issues **VMDARAC 22/17**

- 11.1 The report was noted.

12. Annual Declarations of Interests

- 12.1 Members' declared interests were noted.

13. Audit Committee, Internal and External Audit annual assessment form

- 13.1 The form was agreed and would be circulated to meeting attendees for completion. **VMDARAC 22/18**

14. Audit Committee Workplan **VMDARAC 22/19**

- 14.1 There were no comments on the workplan.

15. Any Other Business

- 15.1 There was no other business.

16. Dates of future meetings

- 16.1 Meetings have been arranged for 5 July, 27 September and 2 December.