

VMD Audit & Risk Assurance Committee

Minutes of meeting held on 27 September 2022

Members

Timothy Riley (Chair)
Julia Drown
David Catlow
Philippa Hardwick

Present

Abigail Seager – VMD
Mike Griffiths – VMD
Gavin Hall – VMD
Muiz Agbaje – VMD
Kim Nobbs – GIAA
Paula Stone – NAO
Andrew Hamer - NAO
Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

1.1 Apologies were received from David Kennedy.

2. Declarations of interest in the matters to be discussed

2.1 David Catlow has been appointed managing director of Retraining of Racehorses.

2.2 Julia Drown will be carrying out some paid work for the Faculty of Forensic and Legal Medicine.

3. Minutes of the meeting held on 5 July 2022

VMDARAC 22/38

3.1 The minutes of the last meeting were agreed.

4. Matters Arising/Actions

VMDARAC 22/39

4.1 The Head of Finance will be reviewing the structure of the finance team once the new Grade 7 has been recruited. It was agreed to close this action and members will be informed when completed.

5. Financial Year 2021/22

5.1 Annual Report and Accounts

VMDARAC 22/40

5.1.1 VMD reported that the final liability figure in relation to IR35 is awaited from HMRC and there were still some changes required to the accounts in regard to intangibles and disclosure notes which will be completed this week. The date for laying the report is being discussed with NAO. The large increase in the figures for sickness absence and gas usage for the reporting period over the previous year could be explained by the return to blended office working but VMD would check they are correct. The decrease in spending on the antimicrobial resistance reference centre was concerning. The Chair thanked the contributors for producing an excellent report.

5.2 External Audit completion report for 2021/22

VMDARAC 22/52

5.2.1 NAO reported that the unadjusted misstatements they had found were acceptable. The report is finalised subject to the completion of several outlined areas and they anticipate recommending the financial statements are certified with an unqualified opinion. A final version of the report will be provided. NAO

noted that significant adjustments had been needed from the first version and they recommended that VMD learn the lessons from this and find a consistent way of finalising end of year figures.

- 5.2.2 NAO explained that the £9000 increase from their estimated fee had been necessary due to the extra work they had undertaken mainly arising from calculating IR35 liabilities, the cost of which had been split evenly between NAO and VMD. Members challenged this saying that IR35 problems had been a government wide issue which should have been rationalised across departments. The NAO fee had risen each year and non-executives felt, given the pressures on delivering VMD responsibilities, and the level of further assurance already available, it was difficult to justify additional costs asked by NAO to assure the accounts. It was recognised that pricing change was a consequence of NAO policy changes. VMD confirmed that it had been difficult to deal with the definition of IR35 workers but were confident they had captured everyone. The GIAA representative said that an audit of IR35 is planned for Defra and that she will bring information on its progress to the committee.
- 5.2.3 Members noted that the outstanding issues in the report were not within the power of VMD and reflected external influences. It was agreed that a formal response to the increased audit costs would be discussed outside the meeting. The Chair was content to recommend the annual report and accounts to the Management Board subject to reviewing the last adjustments and editorial changes when available.

6. Financial Year 2022/23

- 6.1 Internal Audit progress report **VMDARAC 22/41**
- 6.1.1 GIAA reported that two final audit reports had been completed since the last meeting and that work was progressing in accordance with the audit plan. Defra audits reviewing business planning and prioritisation and SSCL management information are also progressing well. Members asked about lines of communication with Defra audit and risk management and how to better identify issues which require their input and the auditor agreed to look into this and identify common themes.
- 6.2 GIAA's Audit reports finalised since the July meeting **VMDARAC 22/42 & 43**
- 6.2.1 The audit report of the Antimicrobial Resistance National Action Plan gave moderate assurance. It found the governance arrangements were well delivered but clarification was needed over areas of responsibility. The auditor offered to help escalate matters with Defra and the Chair asked that the committee be kept appraised.
- 6.2.2 The GPC and Expenses audit gave moderate assurance and it was noted that procedures were working well but an overall policy was lacking. Two recommendations relating to improving governance arrangements had already been implemented.
- 6.2.3 Members wished to extend their formal thanks to the Finance and AMR teams for the good work they had done assisting internal audits on top of their usual business.
- 6.3 Implementation of auditors' previous recommendations **VMDARAC 22/44**
- 6.3.1 Members were concerned that the Enforcement team action relating to revising their reporting measures was still overdue but accepted it is pending the Clue investigation system being rolled out to all team members and that

Directors are being kept up to date. The AMR team M&E plan is due to be signed off later this week.

- 6.4 ARAC pack supplement August 2022 **VMDARAC 22/45**
6.4.1 The supplement was noted and the Chair thanked the auditor for keeping the members informed with these regular reports as well as their insight and Defra activity reports.

Audit & Risk Committee Procedural Items

7. Papers circulated to the Committee since the last meeting
7.1 No papers had been circulated by VMD.

8. Risk and Assurance

8.1 **Risk Register** **VMDARAC 22/46**

- 8.1.1 The Risk Register was reviewed and it was noted that the public consultation on the GB VMRs has been put back a month but the intention is still to implement the new regulations before the parliamentary summer break next year.
- 8.1.2 VMD is behind schedule for fully implementing GDPR before the end of the year.
- 8.1.3 The grace period for implementing EU legislation ends in December and it is not clear if it can be extended or if a negotiated outcome can be achieved by then. It is tied in with the NI Bill and the risk of large numbers of medicines being discontinued in NI.
- 8.1.4 The possible requirement to take up Defra central services would reduce performance and responsiveness in some areas while not reducing costs.
- 8.1.5 There are delays to the next phase of the Gates contract.
- 8.1.6 Staff retention and replacement difficulties had led to resource issues and pressures on existing staff. The budget was available to recruit new staff but it was not possible to do so under recently extended restrictions which were delaying delivery of VMD functions.
- 8.1.7 Members acknowledged the extent and gravity of the risks VMD was facing and supported the Directors raising the relevant risks to Defra.

8.2 **Risk Assurance Map** **VMDARAC 22/47**

- 8.2.1 The assurance map was noted and it was agreed it provided a useful high-level view of VMD operations. It would continue to be reviewed annually.

8.3 **Anti-Fraud Policy** **VMDARAC 22/48**

- 8.3.1 The anti-fraud policy was noted and it was agreed to review this every three years unless there was exceptional change.

9. **Update on data handling, fraud and corruption issues** **VMDARAC 22/49**

- 9.1 The report was noted and it was agreed that this agenda item would be renamed under the heading Security for future meetings.

10. **Quality Manual** **VMDARAC 22/50**

- 10.1 The Quality Manual was noted by the members. Members were assured that there were clear routes in place for staff to amend VMD's quality management procedures.

11. Work Plan

VMDARAC 22/51

11.1 There was no focus topic for the December meeting and VMD directors agreed to consider and propose one.

ACTION

12. Any Other Business

12.1 There was no other business.

13. Dates of future meetings

13.1 The next meeting will be held on 2 December.