

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 7 October 2015

Members	Present
David Corner (Chair) Julia Drown	Pete Borriello - VMD Paul Green – VMD Marie-Odile Hendrickx - VMD
Observers	David Rayner – VMD Linda Simmons - VMD Amy Manning – NAO Lakshmi Kulkarni - NAO Charlotte Goodrich – KPMG Nigel Gibbens - Defra Philip Hall – Defra Michael Noakes – Defra IA

1. Apologies for absence and welcome.

Apologies were received from Tamas Wood and Andrew Coulson.

2. Declaration of Interests in the Matters to be Discussed

None. Julia Drown stated that her involvement with the HFEA had ended.

3. Minutes of the meeting held on 28 May 2015

VMD ARC 15/29

Agreed.

4. Matters Arising/Actions

VMD ARC 15/31

Para 5.1, first bullet on Pg 3: KPMG confirmed that they had reviewed their end of year audit opinion in the light of the discussion at the last meeting, and that it had remained unchanged.

Para 7.1, 4th bullet: It was confirmed that a number of changes had been made, including some that delayed completion of the AR&A.

Action at 7.3: Defra confirmed that HMRC are now actively looking at the issue of reclaiming VAT on services provided to Government by FERA, but no conclusion had been communicated.

Action Para 9: Risks reviewed and reflected in agenda item.

Action Para 11: It was reported that when the current Internal Audit contract ends, the Government Internal Audit Service will put forward 3 possible companies from tendered frameworks from which the CEO will be able to select.

Action Para 15, FSA & Defra: The working document on Feed & Food assurance has been prepared and circulated. (Circulated to attendees post meeting)

5. Heads of Team Update

No updates presented due to change of date rendering planned HoTs unavailable.

Actions:

- DR to make attendees aware that they are expected to attend whole meeting.
- Item to be moved to adjacent to risk register on agenda.

Financial Year 2014/15 and 2015/16

6. Internal Audit

6.1 Internal Audit progress report - KPMG

VMD ARC 15/32

6.2 Audit reports finalised since the May meeting - None

The meeting noted:

- The update report.
- That whilst some IA work is date limited, the meeting asked KPMG to carry out operational reviews across the year to avoid multiple reports being presented at a meeting of ARC.
- That further in-year savings had been requested by Defra, and that a case had been made and accepted as to why further savings were not appropriate. The effect on the VMD of pressure on Defra budgets for the coming year is unclear.
- That the audit plan has 11 days contingency. The VMD is content with the programme as set out and currently has no plans to include additional work.
- That Defra is required to carry out a fraud and error sampling exercise on an annual basis on which VMD may be contacted.
- That the level of disallowance across Defra is a serious concern.
- That the VMD has been doing some mapping of its work to the new Defra high level objectives in order to raise awareness of how we contribute.

Actions:

- KPMG to plan the 2016/17 audit programme to better spread reports across the year
- Secretary to liaise with Chair to revise the committee effectiveness reporting process, and bring a draft revised form to the December meeting

7. External Audit

7.1 Verbal update – NAO.

The meeting noted:

- That planning has started with the VMD for the 2015/16 audit programme and that a draft audit plan will be presented to the December meeting.
- That the NAO do an annual review of the Defra family annual accounts cycle. The report for the 2014/15 cycle will be brought to the December meeting.
- That the NAO are considering a value for money review of arms-length bodies across Government. It is possible that two or three from Defra may be included but too early to confirm.
- That Defra has approached Treasury to see if Agencies can avoid annual reports (as all reported via consolidated accounts). Response awaited.

8. VMD Finance/Other

8.1 Implementation of auditors' previous recommendations – progress report *David Rayner/Linda Simmons* **VMD ARC 15/33**

The report was noted. It was agreed that the action outside our control re business continuity could now be considered complete and removed from outstanding actions.

Audit & Risk Committee Procedural Items

9. Papers circulated to the Committee since the last meeting:

None

10. Risk and Assurance

10.1 Risk Register **VMD ARC 15/34**

The meeting noted:

- That the risk register reflects a reasonably optimistic view that cost recovery targets will be met this year based on year to date figures.
- That whilst the effect of the spending review is unknown, the relatively small element of funding from Defra reduces the overall effect on the VMD.
- That the VMD needs to be involved in the change process (NCS, structural or governance changes) in order to avoid missing out on something that could be of benefit, or having something imposed that compromises our ability to meet our business plan objectives.
- That the level of delivery of R&D work and charges (e.g. for milk sample collection) by APHA has forced us to explore opportunities for others to provide these services.

- That the update process for the Risk Register and associated documents is set out in “Risk Management in the VMD”, and that this was last agreed and reviewed by the VMD ARC at their March 2014 meeting.

Action:

- VMD to produce a short paper for the next meeting setting out how risks arise from handling communications issues in high profile cases, pressures on the IT team, and resourcing a significant prosecution.

10.2 Assurance Map

VMD ARC 15/35

The meeting noted the assurance map.

Actions:

- VMD to update the assurance map to reflect that the site business continuity arrangements have now been agreed and tested through a desktop exercise.
- To add to the ARC Work Plan to review annually at the Q2 meeting.

11. ISO9001:2008 Minutes of Quarterly Management Review 15 July 2015 (for information)

VMD ARC 15/36

The report was noted. The Committee asked for a high level presentation on the QMS to add context to the current report.

Action:

- VMD to arrange a high level presentation on the QMS for the December ARC.

12. Single Internal Audit Service for Government – Defra IA – Verbal update

The SIA was formed on 1 April 2015, and is in a transition phase. The aim will be to have at least 60% of staff resource based outside London whilst at the same time working to limit the amount of apparent change arising.

Action:

- To remove this agenda item unless issues arise that impact on the work of the VMD.

13. Update on Data Handling Fraud and Corruption issues Major incidents/Near Misses (if any) and lessons learnt

VMD ARC 15/37

The report was noted.

Action:

- VMD to add a summary of complaints received in the last quarter to the report for review at the meeting.

14. Audit committee work plan

VMD ARC 15/38

It was noted that the workplan was still confused. It was agreed to remove the reference to seasons and refer to the meetings as Q1 etc.

Action

- Secretary to update plan and send to Chair for agreement.

15. Any Other Business

None.

16. Future Meetings

2015 10 December
2016 8 March
2016 25 May
2016 8 September (TBA)
2016 15 December (TBA)

**Veterinary Medicines Directorate
October 2015**