

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 25 May 2016

Members

David Corner (Chair)
Julia Drown
Andrew Coulson

Present

Pete Borriello – VMD
Paul Green – VMD
Marie-Odile Hendrickx – VMD
Mike Griffiths – VMD
Nina Dorian – VMD
Amy Manning – NAO
Stuart Hunter – NAO
Tamas Wood – KPMG

1. Apologies for absence

1.1 Apologies were received Nigel Gibbens, Michael Noakes, Nick Stokell and Linda Simmons.

2. Declarations of interest in the matters to be discussed

2.1 None.

3. Minutes of the meeting held on 8 March 2016 VMD ARC 16/12

3.1 Agreed. Under item 7.3 - Implementation of auditors' previous recommendations - Members noted the auditors would review again in 9 months to ensure reports were prepared accurately.

4. Matters Arising/Actions VMD ARC 16/14

4.1 The actions table was noted.

Financial Year 2014/15 and 2015/16

5. Internal Audit

5.1 Internal Audit progress report - KPMG **VMD ARC 16/15**

5.1.1 Members agreed that KPMG's progress report provided substantial assurance against the summary of the work for the year.

5.2 Audit reports finalised since the March meeting – Workforce Review

VMD ARC 16/16

5.2.1 Members noted the Workforce Review – they had no areas of concern and welcomed the 'substantial assurance' rating. They were particularly assured that the report found the VMD's recruitment processes consistently complied with the principals set by the Civil Service Commission.

5.3 2016/17 Audit Plan

VMD ARC 16/17

5.3.1 The committee noted the audit plan and:

- noted that the VMD had reduced the risk associated with balancing the budgets for the year
- requested that the VMD prepared a short paper for the next meeting outlining the measures it takes to maintain cyber security, as Members felt they wanted to understand the risks around the retention of information and cyber security, given the agency's recent ISO: 27001 accreditation that covered this area.

Action: Head of Business Support to work with Head of IT

6. External Audit

6.1 Audit Completion Report – NAO.

VMD ARC 16/18

6.1.1 The NAO reported good progress on the AR&A and that it was carrying out a final review including seeking more assurance on the clearance of starters and leavers; and highlighting a misclassification error.

Action: Head of Finance to investigate the £38k associated with honey sampling.

Post Meeting Note: The VMD correctly classified income associated to honey sampling in the Accounts presented to the ARAC and MB. NAO has issued a revised Audit Completion Report to correct the narrative reporting this adjusted misstatement and to clarify that the VMD is showing the £38k as Defra income from the Food Industry.

6.2 The NAO reported that:

- it was awaiting the VMD CEO to agree a letter of representation to accompany the AR&A
- it required a performance summary from VMD Finance and
- a non-adjusting post balance sheet event note, which might be needed following the EU referendum in June.

Action: Head of Finance to draft both accompanying notes.

7. VMD Finance/Other

7.1 Final draft Annual Report & Accounts

VMD ARC 16/19

7.1.1 Members discussed the final draft at item 6.

7.2 Review of Annual Report and Accounts by A&RAC and recommendation to Chief Executive to sign

7.2.1 Members discussed the final draft at item 6

7.3 Year-end timetable update

VMD ARC 16/20

7.3.1 Members noted that the June date for signing the AR&A may be shifted during the purdah period leading up the EU referendum,

7.4 Annual Report & Accounts: Standard Operating Procedure (for information)

VMD ARC 16/21

7.4.1 Noted.

7.5 Implementation of auditors' previous recommendations – progress report noted.

VMD ARC 16/22

Audit & Risk Committee Procedural Items

8. Papers circulated to the Committee since the last meeting

- 8.1 The Secretary had not circulated any papers concerning procedural items since the last meeting.

9. Risk and Assurance

9.1 Risk Register VMD ARC 16/23

9.1.1 Members noted several reclassifications under the Risk Profile. The VMD had reclassified two items to the 'very low group'– one from 'medium' and one from 'high'. It had moved three items from the 'very low group' up to the 'medium group'. Members felt that the VMD was managing these appropriately.

9.2 Audit and Risk Assurance Committee handbook (for information)

VMD ARC 16/24

9.2.1 The committee noted the handbook and suggested the VMD compared how its ISO:27001 accreditation enables it to comply with the requirements in the handbook .

Action: Head of Business Support to work with Head of IT to ensure evidence of ISO compliance under each section of the Cyber Security Guidance is given.

10. ISO9001:2008: key points and messages from quarterly Management Review 20 May 2016

VMD ARC 16/25

- 10.1 The committee said the paper from the Quality Manager was good and easy to follow.

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

VMD ARC 16/26

- 11.1 Members noted the paper without comment.

12. Audit Committee work plan

VMD ARC 16/27

- 12.1 The committee noted the work plan and that the VMD had issued an office notice about its Whistleblowing policy and procedure (O/N 003/16) in January 2016.

13. Annual “committee evaluation of effectiveness” forms – summary of returns

VMD ARC 16/28

- 13.1 The committee noted that five of its members had completed forms recording good scores across the three performance areas.

14. Any Other Business

- 14.1 Members recognised that they needed to undertake succession planning for the three NEDs.

Action: VMD CEO to discuss this with A&RAC Chair.

15. Dates of future meetings:

2016 8 September, 15 December

2017 7 March, 25 May, 12 September, 14 December