

**VMD AUDIT & RISK ASSURANCE COMMITTEE**

**Minutes of meeting held on 7 March 2017**

**Members**

David Corner (Chair)  
Julia Drown  
Andrew Coulson

**Present**

Marie-Odile Hendrickx – VMD  
Paul Green - VMD  
Mike Griffiths – VMD  
Linda Simmons – VMD  
Eric Crutcher - VMD  
Chris Abbott – VMD  
Nigel Gibbens – CVO  
Stuart Hunter – NAO  
Asif Malik – NAO  
Tamas Wood – KPMG

**1. Apologies for absence**

1.1 Apologies were received from Pete Borriello, Nick Stokell and Amy Manning.

**2. Declarations of interest in the matters to be discussed**

2.1 None.

**3. Minutes of the meeting held on 15 December 2016**

**VMD ARC 16/54**

3.1 Agreed, with change under item 6.1 substituting May for August.

**4. Matters Arising/Actions**

**VMD ARC 16/55**

4.1 It was noted that KPMG has been contracted to carry out VMD internal audits for 2017/18.

**Financial Year 2016/17**

**5. Internal Audit**

5.1 Internal Audit progress report - KPMG

**VMD ARC 16/56**

5.1.1 The Enforcement and Retail and Wholesale inspections audits were nearly completed and would be sent to Committee members before the next meeting in May when the recommendations would be reviewed.

5.1.2 KPMG's audit plan for 2017/18 will be completed by the end of March.

5.1.3 Tamas agreed to circulate updated links to the items on page 6 of the report.

5.2 Audit reports finalised since the December meeting **VMD ARC 16/57**

5.2.1 The Committee reviewed the recently completed Risk Management audit report. One of its conclusions was that the risk appetite of the Board was not defined and it was agreed to discuss this at the next meeting. Internal audit confirmed they were happy with Management's solution on the recording of risks (page 7 of report).

**Action:** Secretariat to add risk appetite to the May meeting agenda.

5.2.2 The Committee accepted the report's recommendations and welcomed the substantive assurance it provided.

**6. External Audit**

6.1 NAO update

6.1.1 The NAO reported that it would complete its audit on the 2016-17 financial statement by the middle of April and certification would be gained in June. It was noted that changes in Defra funding from net to gross to increase transparency and accountability had resulted in prior year accounts figures being changed and this would need to be explained.

**7. VMD Finance/Other**

7.1 First draft Annual Report & Accounts including the Governance Statement **VMD ARC 16/58**

7.1.1 The Committee reviewed the first draft and noted that a further draft would be sent to them by 21 April to comment on by 2 May.

7.1.2 External Audit confirmed they were happy with the re-stated figures for 15/16.

7.2 Year-end Timetable **VMD ARC 16/59**

7.2.1 The Committee noted the timetable.

7.3 Implementation of auditors' previous recommendations – progress report **VMD ARC 16/60**

7.3.1 VMD provided an update.

**Audit & Risk Committee Procedural Items**

**8. Papers circulated to the Committee since the last meeting**

8.1 VMD had circulated a summary of risks for the VMD's new finance system which informed the Committee that implementation had been put back to July due to the complexity of the issues and amount of work involved.

## **9. Risk and Assurance**

### **9.1 Risk Register**

**VMD ARC 16/61**

9.1.1 The Committee welcomed the news that IBM would soon be delivering new IT systems which would increase speed and memory storage and that VMD intended to recruit another programmer/developer.

9.1.2 The effects of exit from the EU remain uncertain and it was agreed to invite the VMD's EU Exit co-ordinator to the September meeting to provide an update.

**Action:** MG to invite Abigail Seager to meeting on 12 September.

## **10. Update on Data Handling Fraud and Corruption issues Major incidents/Near Misses**

**VMD ARC 16/62**

10.1 One incident had been recorded since the last A&RAC meeting; this was minor with no major impact and had been addressed. No fraud issues were recorded.

## **11. Single Internal Audit Service for Government – Defra IA**

11.1 No discussion.

## **12. Audit Committee work plan**

**VMD ARC 16/63**

12.1 The Committee noted the work plan.

## **13. Risks managed by the Residues team**

13.1 VMD's Head of Residues Surveillance, Eric Crutcher, gave a verbal report on how his team manages risks:

- Planning meetings are held every September and data/intelligence considered to ensure work plans are risk based
- 30,000 samples are collected every year and, with the exception of honey sampling, this is paid for by Industry
- Monthly monitoring reports are produced for each sector
- Good but firm relations are maintained with contractors, which can help in ensuring samples are collected in spite of problems such as the current Avian Influenza outbreak.
- Fera carries out most of the testing, and lack of alternative laboratory resource is recognised as an area of concern should the laboratory in NI close.
- No major developments in analytical equipment over the last 10 years – LC-MS-MS is still the most used equipment. Detection limits have been reduced for prohibited substances, and there have been advances in developing multi-residue methods where, for example, a method can look for over 20 antimicrobial substances.
- European legislation in this area is very prescriptive. The EU wants to move to a more risk based plan but this is likely to occur after EU Exit. Ideally we will in due course be able to work to a smaller risk-based plan similar to the EU's which will be acceptable to the EU and the majority of third countries, many of which work to EU standards.

- 14. Audit Committee, Internal Audit and External Audit assessment form**  
**VMD ARC 16/64**
- 14.1 As part of the annual exercise to assess the performance of the Committee, members were asked to return completed assessment forms to the Secretariat.
- 15. Items for Information**
- 15.1 There were no other items.
- 16. Any Other Business**
- 16.1 There was no other business.
- 17. Dates of future meetings:**  
2017: 25 May, 12 September, 14 December