

**VMD AUDIT & RISK ASSURANCE COMMITTEE**

**Minutes of meeting held on 12 September 2017**

**Members**

David Corner (Chair)  
Julia Drown

**Present**

Peter Borriello – VMD  
Paul Green – VMD  
Rutendo Manyarara - VMD  
Mike Griffiths – VMD  
Chris Abbott – VMD  
Stuart Hunter – NAO  
Susan Codling – KPMG

- 1. Apologies for absence**
  - 1.1 Apologies were received from Andrew Coulson, Linda Simmons and Tamas Wood.
  
- 2. Declarations of interest in the matters to be discussed**
  - 2.1 None.
  
- 3. Minutes of the meeting held on 25 May 2017** **VMD ARC 17/17**
  - 3.1 Agreed.
  
- 4. Matters Arising/Actions** **VMD ARC 17/18**
  - 4.1 The Committee noted the actions table. For item 58, the internal auditor noted that the VMD is not involved in most Defra wide audits and the outcomes of any relevant audits will be reported back to the committee.
  
- 5. EU Exit**
  - 5.1 The VMD's EU Exit Co-ordinator, Abigail Seager, gave an update on current issues including the following:
    - The Withdrawal Bill (formerly known as the Repeal Bill) has passed its first reading in the Commons.
    - The VMD's 1<sup>st</sup> funding round request to the Treasury was unsuccessful and the result of the 2<sup>nd</sup> round is imminent.
    - The VMD is looking to employ 9 new FTE members of staff to deal with the extra exit work.
    - Three members of staff from Defra's Digital, Data and Technology Services (DDTS) team will be joining the VMD on a short term basis to

help with developing our IT systems (33 VMD databases are linked to European work and the EMA).

- An auditor from PWC is currently visiting the VMD to advise on our project plans and help set a risk register.
- We are working closely with the MHRA, FSA and HSE as they are dealing with similar issues and stakeholders.
- We are meeting regularly with the BVA and NOAH, and stakeholder meetings which have been arranged for this Autumn have attracted great interest.
- The general feedback we are getting from the pharmaceutical industry is that they see opportunities after exit but are mostly concerned about mitigating the risks.
- The effects on trade could be significant, with inspections, MRL setting and residues surveillance amongst the areas being affected.
- The VMD will require primary powers after exit to make any changes to regulations and DExEU is helping with this.
- The EMA has begun excluding the UK from taking leading roles in procedural work and the justification for doing this before exit is being challenged.

5.2 It was noted that exit risks are assessed by the VMD at monthly meetings and members asked to see the reports of these meetings.

**Action:** Directors to send monthly exit risk reports to members.

## **Financial Year 2017/18**

### **6. Internal Audit**

6.1 Internal audit progress report – KPMG

**VMD ARC 17/19**

6.1.1 The progress report against the audit plan was noted. Members were concerned by the long delay incorporating the new accounting system and the additional work this has created and asked internal auditors if they could carry out a light touch review.

**Action:** KPMG to look into carrying out a review and the Finance systems situation to be considered further at the December meeting.

### **7. External Audit**

7.1 Update - NAO

7.1.1 Last year's audit reports have been signed off and published and a meeting will take place between NAO and the VMD's Head of Finance to discuss the 2017/18 audit programme.

### **8. VMD Finance/Other**

8.1 Implementation of auditors' previous recommendations – progress report

**VMD ARC 17/20**

8.1.1 The Committee reviewed the report and noted that the introduction of new fees could be delayed by several years owing to the competing pressures of work on EU exit.

## **Audit & Risk Committee Procedural Items**

### **9. Papers circulated to the Committee since the last meeting**

9.1 None.

### **10. Risk and Assurance**

10.1 Risk Register **VMD ARC 17/21**

10.1.1 The Committee reviewed the Risk Register.

10.2 Assurance Map **VMD ARC 17/22**

10.2.1 The Committee reviewed the assurance map and noted that EU Exit had been added.

### **11. Update on Data Handling Fraud and Corruption issues Major incidents/Near Misses** **VMD ARC 17/23**

11.1 The Committee noted that there continue to be instances of minor potential fraud arising from the use of government procurement cards. It was recommended that the VMD look into using a more secure option with cards that utilise smart security features and auditors offered to help with this.

**Action:** VMD to investigate alternative, more secure methods of payment.

12. Review of Anti-Fraud policy **VMD ARC 17/24**

**VMD ARC 17/25**

12.1 The Committee reviewed Defra's new counter fraud and anti-bribery and corruption policy which the VMD has contributed to and which is due to be signed off in September.

13. Review of Defra Whistleblowing policy **VMD ARC 17/26**

**VMD ARC 17/27**

13.1 The Committee reviewed the VMD's approach to Whistleblowing policy and noted that an awareness notice is due to be circulated in September.

14. Audit Committee work plan **VMD ARC 17/29**

14.1 The work plan was noted. It was agreed that as changes to the Finance systems will be discussed at the December meeting a focus topic may not be needed.

### **15. Any Other Business**

15.1 A change of the date for the March 2018 meeting to 8 March was agreed.

15.2 It was noted that the VMD's workload has become unusually high because of managing EU exit and this has caused significant strain to several departments. Members offered their assistance, in particular when liaising with core Defra.

16. Dates of future meetings:

2017 14 December

2018 8 March, 22 May, 4 September, 11 December.