

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 14 December 2017

Members

David Corner (Chair)
Julia Drown
Andrew Coulson

Present

Pete Borriello – VMD
Paul Green – VMD
Mike Griffiths – VMD
Linda Simmons - VMD
Amy Manning – NAO
Nikki Ajala - NAO
Susan Codling – KPMG
David Kennedy – Director General, Food, Farming and Biosecurity System
Kath Webster - Director of Scientific Services, APHA

Chris Abbott – VMD – note taker

1. Apologies for absence

1.1 Apologies were received from Gavin Hall, Stuart Hunter and Tamas Wood.

2. Declarations of interest in the matters to be discussed

2.1 None.

3. Minutes of the meeting held on 12 September 2017

VMD ARC 17/31

3.1 Agreed.

4. Matters Arising/Actions

VMD ARC 17/32

4.1 The Committee was content that the VMD had introduced a system of paying for hotel rooms by imprest rather than using government procurement cards and that this had helped prevent incidences of minor fraud committed by unknown external sources from occurring.

Financial Year 2017/18

5. Internal Audit

5.1 Internal audit progress report – KPMG

VMD ARC 17/42

5.1.1 The progress report against the audit plan was noted. A proposal to include a review of preparations for EU exit focusing on governance was endorsed.

6. External Audit

6.1 Update – NAO

VMD ARC 17/33

6.1.1 External auditors presented their plan for the 2017/18 financial statement audit. The Committee was content but asked for some of the wording to be amended to provide greater clarity.

7. VMD Finance/Other

7.1 Implementation of auditors' previous recommendations – progress

report **VMD ARC 17/34**

7.1.1 The Committee reviewed the report and noted that setting new fees remains problematic due to the delay implementing the new Finance system and difficulties predicting future income and there is a risk that they will not be in place by April. The VMD is aiming for the best cost recovery it can achieve and internal guidance is being produced to make the fees setting process easier in future.

Audit & Risk Committee Procedural Items

8. Papers circulated to the Committee since the last meeting

8.1 None.

9. Risk and Assurance

9.1 Risk Register **VMD ARC 17/35**

9.1.1 The Committee reviewed the Risk Register and discussed whether, given the huge pressure on staff, the risk of not having sufficient staff and sufficiently motivated staff was appropriately in the green category. The meeting felt that this should remain green at the moment but would be kept under review.

9.1.2 It was also noted that EU income had reduced as applications had reduced by 10% already so the budget forecasts for this and next year had been reduced.

10. Update on data handling fraud and corruption issues **VMD ARC 17/36**

10.1 No issues had been reported since the last meeting.

11. First draft of Governance Statement **VMD ARC 17/37&38**

11.1 Members noted that the statement was now shorter and in line with other department statements. The Committee endorsed the changes.

12. Year-end timetable **VMD ARC 17/39**

12.1 Members noted the year-end timetable.

13. General Data Protection Regulations (GDPR) Project **VMD ARC 17/40**

13.1 The Committee endorsed the aims of the VMD's project to comply with new upcoming data protection regulations. The VMD would report back any outcomes by exception only.

13. Audit Committee work plan **VMD ARC 17/41**

13.1 The work plan was noted. It was noted that the Committee's terms of reference were due to be reviewed and it was agreed this would be done at the next meeting.

ACTION

- 14. Focus topic: review of implementation of new accounting system**
- 14.1 The external contractor's review of the implementation of the new accounting system and the VMD's milestone report were reviewed. It was noted that despite previous delays the system is on target to go live on 1st April and adequate recovery plans are in place should problems arise, including back-up systems and on demand support from the supplier. Lessons learned included a need for a dedicated project manager from the start, ensuring adequate resources, both financial and in staff numbers, are available, as well as seeking more support from the provider and utilising the expertise available in Defra.
- 15. Any Other Business**
- 15.1 CVO Nigel Gibbens will be retiring in February 2018 and it was agreed to invite his replacement, Christine Middlemiss, to future meetings.
ACTION
- 15.3 The Legislation team will be invited to provide an update on their work at the March meeting.
ACTION
- 15.2 The Secretariat will circulate a new date for the December 2018 meeting for agreement.
- 16. Dates of future meetings:**
2018 8 March, 22 May, 4 September.