

# **VMD AUDIT & RISK ASSURANCE COMMITTEE**

## **Minutes of meeting held on 15 March 2018**

### **Members**

David Corner (Chair)  
Julia Drown

### **Present**

Pete Borriello – VMD  
Paul Green – VMD  
Mike Griffiths – VMD  
Noemi Garcia del Blanco – VMD  
Giles Davis - VMD  
Amy Manning – NAO  
Susan Codling – KPMG

Chris Abbott – VMD – note taker

### **1. Apologies for absence**

1.1 Apologies were received from Andrew Coulson, Linda Simmons and Tamas Wood.

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

2.1 None.

### **3. Minutes of the meeting held on 14 December 2017**

**VMD ARC 18/02**

3.1 Agreed subject to minor amendments.

### **4. Matters Arising/Actions**

**VMD ARC 18/03**

4.1 Members noted the actions table and were content that they should continue to receive the fortnightly EU Exit highlights report.

### **5. Focus topic: Risks managed by the Legislation team**

5.1 Giles Davis, VMD's Head of Legislation, explained how his team is dealing with a number of issues, including:

- claims of ill health caused by use of organophosphate sheep dips
- how to improve the availability of medicines and therapies
- the ongoing review of EU legislation and the potential threat to the UK system of suitably qualified persons (SQPs)

5.2 A major issue for the team is preparing for exit from the EU, and how to successfully remove medicines regulation from EU legislation. An important step recently taken is the potential inclusion of the VMD's access to primary powers in the new Agriculture Bill, which would enable the VMD to produce new legislation after exit.

- 5.3 Members noted the high workload for the team and asked Giles to convey their appreciation to its members.

## **Financial Year 2017/18**

### **6. Internal Audit**

- 6.1 Internal audit progress report – KPMG **VMD ARC 18/04**
- 6.1.1 The Committee reviewed progress made against the audit plan and found it to be satisfactory. It was noted that some of the status terms used should be changed to the standard wording for this type of report, and that the ISO reference should refer to the audit on ‘Corporate knowledge’.
- 6.2 Audit reports finalised since the December meeting – KPMG **VMD ARC 18/05**  
**VMD ARC 18/06**
- 6.2.1 The Committee reviewed the completed Quality defects and rapid alerts handling process report and welcomed the substantial assurance it provided and asked for its thanks to be conveyed to the VMD teams involved.
- 6.2.2 The Committee reviewed the IT Disaster recovery review report and welcomed the moderate assurance it provided, the management response to its recommendations and the opportunity for the Committee to check implementation by the due date of 30 June. It was noted that the VMD’s business continuity plan lacked detail and VMD agreed to improve this and noted that a disaster recovery test is scheduled for May 2018. The Committee welcomed the assurances that business continuity would be possible even if suppliers of hardware and software kept to their maximum delivery times as alternative actions were available.

### **ACTION**

- 6.3 Internal Audit strategy and plan for next year
- 6.3.1 The Committee noted that Defra are content for KPMG to continue to provide internal auditing services to the VMD for 2018/19 and endorsed their continuing appointment.

### **7. External Audit**

- 7.1 Update – NAO
- 7.1.1 The external auditor presented the interim report for their audit of the 2017/18 financial statements. The Committee noted that no significant issues or errors had been found. NAO would be carrying out further testing over the next two weeks.
- 7.1.2 Because of the pressures on resources, VMD had asked the NAO about the necessity of a physical inspection of fixed assets. NAO noted that whilst it was best practice, it was not a necessity and its absence would not impact on the audit opinion. The Committee welcomed this.
- 7.2 It was noted that the IIP renewal audit has also recently started. Pete Borriello commented that excessive assurance from different uncoordinated audits

could lead to detrimental effects due to demands on time and anxiety caused. Members recommended that VMD keep a record of any problems this is causing, so that this could be addressed.

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

### **8.1 First draft Annual Report & Accounts including the Governance Statement**

**VMD ARC 18/08, VMD ARC 18/09**

8.1.1 The Committee reviewed the first draft of the Annual Report & Accounts and welcomed them being more concise. The external auditor agreed to advise VMD whether the contents of the narrative are consistent with Treasury guidelines.

#### **ACTION**

### **8.2 Year-end Timetable**

**VMD ARC 18/10**

8.2.1 Members asked for the timetable to be amended to show that the Annual Report is first agreed by the CEO and then sent to Ministers for clearance before it is signed by the CEO.

#### **ACTION**

### **8.3 Implementation of auditors' previous recommendations – progress report**

**VMD ARC 18/11**

8.3.1 The Committee noted the report and the new timescales set for some items.

## **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 18/12**

10.1.1 The Committee reviewed the Risk Register and agreed that the impact of EU exit on legislative requirements should remain at red. The Committee recognised the huge pressure on staff with EU exit and business as usual.

### **11. Update on data handling fraud and corruption issues** **VMD ARC 18/13**

11.1 It was noted that a payment from an unknown source had been attempted on a cancelled VMD GPC card, but the bank had provided assurance that nothing had been processed on the card nor would be in the future.

### **12. Audit Committee, Internal Audit and External Audit assessment form**

**VMD ARC 18/14**

12.1 Members offered to amend the wording on the form and send a revised version to the VMD for circulation.

#### **ACTION**

### **13. Terms of Reference for ARAC and Management Board** **VMD ARC 18/15**

13.1 Members agreed to amend the wording of the terms of reference and send a revised version to the VMD for agreement at the next meeting.

#### **ACTION**

**14. Audit Committee work plan**

**VMD ARC 18/16**

- 14.1 The work plan was noted. The Committee agreed that as the annual report and accounts would be discussed at the next meeting a focus topic would not be required.

**15. Any Other Business**

- 15.1 There was no other business.

**16. Dates of future meetings:**

2018 22 May, 4 September, 18 December