VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 18 December 2018

Members
Julia Drown (Chair)
David Catlow

Present
Pete Borriello – VMD
Paul Green – VMD
Abigail Seager - VMD
Mike Griffiths – VMD
Kashif Shah – VMD
Luke Wakefield – VMD
Dan Finn - VMD
Emma Parkinson – NAO
Peter Morland - NAO
Ian Livingstone - KPMG
Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence
1.1 The Chair welcomed newly appointed Non-Executive Director David Catlow to the Committee.

1.2 Apologies were received from David Corner and Linda Simmons.

2. Declarations of interest in the matters to be discussed
2.1 None.

3. Minutes of the meeting held on 4 September 2018 VMD ARC 18/48
3.1 The minutes were agreed.

4. Matters Arising/Actions VMD ARC 18/49
4.1 The connection from the VMD’s new disaster recovery site to Defra’s systems is now in place and due to be switched on in early January. Initial testing will be carried out and the disaster recovery test is now planned for May 2019.

4.2 Members noted that they had been sent the VMD’s EU Exit risks log and were informed that Defra has set up a new operations centre to help with escalating Exit issues.

5. IT Progress Update
5.1 VMD’s Head of IT, Luke Wakefield, gave an update on the work his team is doing to prepare for EU Exit. Five DDTS contractors and two user researchers are working with the IT team to merge the 35 application systems involved and deliver a programme of work to update the legacy IT infrastructure in line
with our EU Exit objectives. Defra funding has been obtained and costs are being monitored. The systems currently in use have been developed over the past 20 years and are heavily integrated, so there is a need to baseline them in order to avoid a single point of failure. Service maps and work flow diagrams are being developed to help achieve this and the team is taking a holistic approach. There are a number of competing priorities and producing a comprehensive road map will mean that they can be ordered correctly and dealt with efficiently. Government Digital Service best practice guidelines are being followed. The planned move to Office 365 will give IT complete control over VMD services and going forward they intend to use better products and open source technologies. It is recognised that there is a need to strengthen available skills in new technologies and the plan is to employ new graduates and one has recently been offered a position. The planned digital transformation may take years to implement but the result will be a much more advanced and robust service.

5.2 IT development manager Dan Finn presented an overview of the online systems being developed for companies to use to submit application dossiers and adverse event reports. He also demonstrated the new secure messaging service which is being developed.

5.3 Members were comforted by the solutions the IT team had put in place to deal with the large amount of development work going on and the way risks are being managed. They noted that the aim to produce stronger and more flexible systems will be of long term benefit for the VMD.

Financial Year 2018/19

6. Internal Audit
6.1 Internal audit progress report – KPMG VMD ARC 18/50
6.1.1 The internal auditor gave an update on progress against the internal audits for 2018-19 and the three audits which are planned to look at data protection/GDPR, workforce planning and the management of international projects. It was agreed the optional additional audits would not be carried out this year.

6.2 Audit reports finalised since the September meeting VMD ARC 18/51
6.2.1 Members welcomed the substantial assurance given by the completed report on the new Finance System and passed on their congratulations to the Finance team. It was noted that some systems were still paper based which potentially could be digital and this could be considered in the future.

7. External Audit
7.1 External audit plan - NAO VMD ARC 18/52 & VMD ARC 18/53
7.1.1 The external auditor introduced the new auditing team and explained that this year’s audit will concentrate on three main areas including the move to the new accounting system. The increased notional fee had been increased this year to allow for the additional one-off work on the
new finance system but it was expected that next year the fee would return to last year’s level. The plan was agreed.

8. VMD Finance/Other
8.1 Annual Report and Accounts 2018/19 VMD ARC 18/54
8.1.1 Members reviewed the format changes proposed by the VMD to the annual report and accounts for this year and agreed that they were an improvement and will send comments on individual matters after the meeting.

8.2 Draft Governance Statement VMD ARC 18/55
8.2.1 Members reviewed the draft governance statement and proposed adding comments on the reliance on Defra for maintaining business continuity and the length of time the recruitment procedure takes.

8.3 Year-End timetable VMD ARC 18/56
8.3.1 The timetable was noted and auditors asked if the May ARAC meeting date could be put back a week to give them time to complete their reports; VMD agreed to propose a new date.
ACTION

8.4 Implementation of auditors’ previous recommendations – progress report VMD ARC 18/57
8.4.1 Members were pleased with the progress shown and that only one action remained outstanding.

Audit & Risk Committee Procedural Items
9. Papers circulated to the Committee since the last meeting
9.1 Members had received the EU Exit team’s risks log.

10. Risk and Assurance
10.1 Risk Register VMD ARC 18/58
10.1.1 The Committee reviewed the risk register.

11. Update on data handling, fraud and complaints VMD ARC 18/59 & VMD ARC 18/60
11.1 The Committee noted that no significant issues had been raised since the last meeting. The new Government Functional Standard on Countering Fraud was also noted.

12. Audit Committee work plan VMD ARC 18/61
12.1 The work plan was reviewed and it was agreed to invite the VMD’s Inspection team to present a focus topic at the next meeting in March.
ACTION

13. Any Other Business
13.1 There was no other business.
14. Dates of future meetings:
2019: 28 March, (May TBA), 12 September, 5 December

Post meeting note: The dates of the next two meetings have been changed to 21 March and 22 May.