

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 22 May 2019

Members

David Corner (Chair)
Julia Drown
David Catlow

Present

Peter Borriello – VMD
Paul Green – VMD
Abigail Seager - VMD
Mike Griffiths – VMD
Linda Simmons – VMD
John Millward – VMD (up to and including item 5)
Alex Thomas - Defra
Russell Broad - Defra
Emma Parkinson – NAO
Peter Morland - NAO

Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

- 1.1 Apologies were received from CVO Christine Middlemiss, David Kennedy (Director General (FFAB)) and Nathan Paget (Defra Internal Audit).
- 1.2 The Chair welcomed Alex Thomas, Director and Head of Animal Health and Welfare, and Russell Broad from Defra Internal Audit.
- 1.3 Peter Morland took part via teleconference.

2. Declarations of interest in the matters to be discussed

- 2.1 None.

3. Minutes of the meeting held on 21 March 2019

VMD ARC 19/18

- 3.1 The minutes were agreed.

4. Matters Arising/Actions

VMD ARC 19/19

- 4.1 Members noted that the IT disaster recovery test has been brought forward to the May bank holiday.

5. Risk Management in the Inspections Team

- 5.1 John Millward, VMD's Head of Compliance, gave a presentation on how the inspections teams manage risk. He explained that the Compliance Unit has three teams consisting of 14 inspectors who carry out inspections of manufacturers (in the UK and abroad), UK regional premises and marketing authorisations holders' pharmacovigilance systems, totalling around 1400

inspections per year. The regional inspectors look at wholesale dealers, veterinary practices, medicated feed manufacturers and SQP retailers. All inspectors regularly work from home and are supplied with mobile phones, lease cars and laptops with remote connectivity to VMD systems. Their Health and Safety policy is closely aligned with Defra's and inspectors who work abroad receive security training and have contacts within the Foreign & Commonwealth Office. Wellbeing is an important issue and policy is being reviewed.

- 5.2 New inspectors receive comprehensive training and are shadowed by senior inspectors before they are signed off by the Head of Team to work on their own. Inspection schedules are planned on a risk-based model, with premises' compliance histories taken into account before they are categorised and assessed by a matrix which calculates the interval between their inspections. The inherent risks of businesses' activities are also taken into account in the matrix, for example, veterinary practices are considered a lower risk than manufacturers (and whose maximum inspection intervals are statutory). The teams maintain a close relationship with the RCVS and share information in confidence at regular meetings. Written agreements (SLAs/MoUs) are in place with operational delivery partners. Stakeholders are invited to complete a feedback form following inspections and so far around two hundred have been received with an average score given of 4.7 out of 5.
- 5.3 Recruitment of GMP inspectors is difficult because of the higher wages offered by industry to qualified persons (QPs), but the overall package of benefits the VMD can provide, including reasonable working hours, helps to keep retention levels high.

Financial Year 2018/19 and 2019/20

6. VMD Finance and Year-end

- 6.1 Final draft Annual Report & Accounts **VMD ARC 19/26**
 - 6.1.1 The Committee reviewed the final draft Annual Report & Accounts and requested some amendments.
- 6.2 Year-end timetable **VMD ARC 19/27**
 - 6.2.1 It was noted that the timetable needs to be amended following the comments made by the External Auditors (see 6.4).
- 6.3 Internal Audit progress report **VMD ARC 19/20**
 - 6.3.1 The Committee welcomed the substantial assurance given by the final internal audit report for 2018/19.
- 6.4 External Audit Completion Report **VMD ARC 19/28**
 - 6.4.1 The External Auditors reported that they had not yet been able to complete their audit and would need to carry out more testing in w/c 24 June and will circulate their final report to the Committee on a date to be determined with the aim of certifying pre-recess.

6.5 The Chair recommended that the Chief Executive sign the Annual Report and Accounts subject to the Chair or the Audit Committee being satisfied with the completion of the External audit report and the outstanding issues being in order.

7. Internal Audit

7.1 The Defra Internal Auditor reported that they are working on agreeing an MOU with the VMD. They have received a handover from KPMG and intend to carry on with their 3 year strategy. Suggested audit ideas include dealing with product defects, availability issues, contract management and stakeholder engagement. It was noted that the VMD does not appear on the Defra Group audit plan but there was the option to join any of the areas which are being looked at. The 2019/20 audit plan would be presented for review at the next meeting.

7.2 Concerns were raised by committee members about the lateness of the paper received from internal audit. The proposal to have a Memorandum of Understanding for the service was welcomed but not the unnecessarily lengthy document proposed. The Committee expressed a wish to have succinct papers in future.

8. Implementation of auditors' previous recommendations VMD ARC 19/21

8.1 The Committee reviewed the implementation of auditors' previous recommendations and noted that there was only one action outstanding. It was recognised that a good training plan is important for developing new staff and VMD agreed to send their training policy to members.

ACTION

Audit & Risk Committee Procedural Items

9. Papers circulated to the Committee since the last meeting

9.1 It was noted that the VMD would continue to send monthly EU Exit reports to the members.

10. Risk and Assurance

10.1 Risk Register **VMD ARC 19/22**

10.1.1 Members reviewed the Risk Register and noted that the exclusion of the VMD from Defra's project to introduce Office 365 has caused difficulties communicating by email. This has been escalated to the critical list and the Head of Business Support will raise it with the Head of Defra's corporate services and report back to the Committee.

ACTION

10.1.2 It was recommended that ensuring that VMD application processes and procedures remain user friendly, to ensure that unnecessary barriers and bureaucracy are not put in the way of licensing of vet medicines in the UK, be added to the Register.

11. Update on data handling, fraud and complaints VMD ARC 19/23

11.1 The Committee noted that no action had been required since the last meeting.

12. Audit Committee, Internal Audit and External Audit assessment results **VMD ARC 19/24**

12.1 The Committee reviewed the results of its annual performance assessment and noted the high scores received. It was agreed that there was scope for wider involvement from Internal Audit.

13. Audit Committee work plan **VMD ARC 19/25**

13.1 It was agreed that international work and the safety and wellbeing of staff travelling overseas would be the focus topic for the next meeting.

14. Any Other Business

14.1 There was no other business.

15. Dates of future meetings:

2019: 12 September and 5 December