

## **VMD Audit & Risk Assurance Committee**

### **Minutes of meeting held on 3 July 2020**

#### **Members**

David Corner (Chair)

Julia Drown

David Catlow

#### **Present**

Peter Borriello – VMD

Paul Green - VMD

Abigail Seager - VMD

Mike Griffiths – VMD

Linda Simmons – VMD

Nick Stokell – Defra

Peter Morland - NAO

Emma Parkinson – NAO

Chris Abbott – VMD (note taker)

#### **1. Announcements and apologies for absence**

1.1 No apologies were received. The meeting was held by video conference.

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

2.1 None.

#### **3. Minutes of the meeting held on 19 March 2020 VMDARAC 20/21**

3.1 The minutes were agreed. It was noted that the internal audit report on policies and procedures to deal with product defects had been circulated after the meeting and members were satisfied with the substantial assurance it gave.

#### **4. Matters Arising/Actions VMDARAC 20/22**

4.1 The committee were informed that the communication difficulties caused by VMD not being included in Defra's Unity project had not yet been resolved but the problems were now better understood and related to security software. VMD were pushing for a solution at every opportunity, but members were concerned at the lack of progress being made and asked VMD to let them know if their input was needed.

4.2 In regards to providing a single 24 hour point of contact for travellers to use in an emergency, VMD reported that they are still looking into options with the travel insurer and booking companies, as well as checking what measures other agencies are using, and will report back at the next meeting.

4.3 It was noted that there were no inspections being carried out due to Covid-19 so it was not possible to currently check RCVS's compliance with the veterinary practice premises inspections MoU. VMD felt that a review of the nature of the relationship with the RCVS in this area may be needed at some point after the current review is completed.

#### **Financial Year 2019/20 and 2020/21**

#### **5. VMD Finance and Year-end**

5.1 Final Internal Audit Annual Report and Opinion

**VMDARAC 20/24**

- 5.1.1 The final Internal Audit report gave only an overall moderate opinion mainly due to problems found with the MoU between the VMD and RCVS for veterinary practice inspections. This outcome had been accepted by VMD. The GIAA representative said that they were working on improving the issues identified in the feedback received from their customer survey.
- 5.2 External Audit Report – NAO **VMDARAC 20/33**
- 5.2.1 The external auditor presented their current draft of the completion report on the 2019-20 financial statement audit. They anticipated recommending an unqualified opinion but needed to finalise their work on the land and buildings valuation and to add a paragraph on ‘emphasis of matter’ to reflect the uncertainties on valuations due to Covid-19. It was agreed that they would send their final report to the Chair for agreement.
- 5.2.2 It was noted that VMD was reviewing the structure of its Finance team to help with the proper segregation of duties and the committee asked to be kept informed.  
**ACTION**
- 5.3 Review of Annual Report and Accounts **VMDARAC 20/34**
- 5.3.1 The committee reviewed the final Annual Report and Accounts for 2019-20 and agreed that, subject to a minor amendment being made to the report and the external auditors completing their work for agreement by the Chair, they could make the recommendation to sign by the Chief Executive. It was noted that the off payroll engagements at the VMD were regularly reviewed to make sure they were appropriate.
- 6. Internal Audit**
- 6.1 Audit reports finalised since the March meeting **VMDARAC 20/25 & 20/26**
- 6.1.1 The committee reviewed the audit report on Communications and Stakeholder Engagement which gave moderate assurance. One of its recommendations was that better use is made of social media and VMD was in the process of setting up a trial to ascertain the benefits of various media with the help of Defra’s communications experts. VMD’s communications strategy is being reviewed and would be sent to the committee when updated.  
**ACTION**
- 6.1.2 The committee noted Defra’s review of Corporate Services Governance and its relationship with Arm’s Length Bodies. VMD reported that Defra had arranged workshops with ALBs to help find ways of improving matters.
- 6.2 The internal auditor gave an update on progress against the Internal Audit Plan 2020-21 and said that two audits on the AMR reference centre and the IT business enhancement plan should be completed in time for the September committee meeting.
- 7. Other**
- 7.1 Implementation of auditors’ previous recommendations **VMDARAC 20/27**

7.1.1 The committee reviewed progress against the auditors' previous recommendations and asked that the recommendations coming from the review of the implementation of GDPR be added.

**ACTION**

**Audit & Risk Committee Procedural Items**

**8. Papers circulated to the Committee since the last meeting**

8.1 It was noted that monthly reports on activities during the transition period were no longer being produced due to changes to the reporting structure. The VMD would however keep non-executives regularly updated on progress on the Transitional Process.

**9. Risk and Assurance**

9.1 Risk Register **VMDARAC 20/28**

9.1.1 The Committee noted that loss of revenue due to Covid-19 had not yet made a big impact and provision had been made for bad debt.

9.2 Risk Assurance Map **VMDARAC 20/29**

9.1.2 The map was reviewed and some changes requested.

**10. Update on data handling, fraud and corruption issues VMDARAC 20/30**

10.1 Members noted that there had been some unauthorised direct debits set up using the VMD bank details and were reassured that the payments had been quickly reversed as the Finance team reviews transactions made on the VMD's bank account on a daily basis. It was noted that any direct debits not properly authorised by the VMD could be reclaimed from the bank even if they were not spotted immediately on the daily check. SSCL had made an error when handling confidential pay information but this was not regarded as a serious breach.

**11. Audit Committee, Internal Audit and External Audit annual assessment returns VMDARAC 20/31**

11.1 The results of the annual performance assessment were reviewed and found to be satisfactory. Both internal and external auditors thanked VMD for the feedback provided.

**12. Audit Committee Workplan VMDARAC 20/32**

12.1 VMD agreed to find a volunteer from one of their teams to speak on how they manage risk at the next meeting.

**ACTION**

**13. Any Other Business**

13.1 There was no other business.

**14. Dates of future meetings**

14.1 24 September, 8 December