

VMD Audit & Risk Assurance Committee

Minutes of meeting held on 8 December 2020

Members

David Corner (Chair)
Julia Drown
David Catlow

Present

Peter Borriello - VMD
Abigail Seager – VMD
Mike Griffiths – VMD
Linda Simmons – VMD
Nick Stokell – Defra GIAA
Kim Nobbs – Defra GIAA
Chloë Tyler-Young - Defra GIAA
Emma Parkinson – NAO
Paula Stone - NAO
Olwyn Jenkins – VMD (observer)
Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

1.1 The meeting was held by video conference. Apologies were received from David Kennedy and Christine Middlemiss.

2. Declarations of interest in the matters to be discussed

2.1 None.

3. Minutes of the meeting held on 24 September 2020

VMDARAC 20/46

3.1 The minutes of the last meeting were agreed.

4. Matters Arising/Actions

VMDARAC 20/47

4.1 The result of the CSR bid submitted by VMD with the Forestry Commission for a tenant friending relationship with DDTS in order to work collaboratively and resolve the ongoing electronic communication problems is expected in January.

4.2 VMD is still looking into options for establishing a single 24 hour point of contact for travellers to use in an emergency, in addition to the measures that are already in place, which will align with Defra policy.

4.3 The restructuring of the Finance department in order to improve segregation of duties is ongoing and VMD is looking to fill a new SEO post in the team using recruitment agencies. It was confirmed that it is a priority to get a permanent person into finance as soon as possible.

4.4 The revised Communications Strategy has been drafted and will go to the Senior Staff Forum to check it meets all teams' needs. It will be sent to members when finalised.

ACTION

5. GIAA survey on good practice for audit committees

VMDARAC 20/48

5.1 GIAA had run a survey of audit committees they serve and produced a report on the results. Members reviewed this and were assured that the VMD committee was following good practice guidance. There were three areas where VMD did not follow usual good practice but it was agreed the reasons for this were reasonable: post ARAC meetings between NEDs and auditors were not held but auditors and NEDs

are content that lines of communication are open outside meetings; department representatives do not attend often but they are issued with a standing invitation and the committee can function well without their attendance; terms of reference are reviewed every 3 years which was adequate.

- 5.2 It was noted that cyber security is regularly reviewed by the committee and VMD would provide a record of threats it has dealt with at the next meeting.

ACTION

Financial Year 2020/21

6. Internal audit progress report **VMDARAC 20/49**

- 6.1 GIAA reported that the AMR audit had been delayed but would be completed before the end of the year. The special imports audit would be completed by February.
- 6.2 The committee reviewed the completed report on the Business IT Enhancement (BITE) programme, which was put in place to develop new and replacement IT systems, and congratulated VMD on the substantial assurance it provided. Members noted it would be useful to revisit the subject once the road map was finalised and milestones identified.
- 6.3 GIAA reported that it had accidentally shared data from a previous audit with a company representative. The recipient had not viewed the material and GIAA was now using different software which would prevent it happening again. The committee asked GIAA to provide a written note on the incident and actions taken for the next meeting.

ACTION

7. External audit plan **VMDARAC 20/50**

- 7.1 NAO presented their audit plan for 2020/21 which will focus on eight areas of the VMD's business. An interim report will be provided in February and the final report will be produced by the end of May. Concerns were raised over the audit fee which had increased due to new risks.

8. VMD Finance/Other

- 8.1 Draft Governance Statement **VMDARAC 20/51**
- 8.1.1 Members reviewed the draft Governance Statement and requested some minor amendments.
- 8.2 Year-End timetable **VMDARAC 20/52**
- 8.2.1 It was agreed to reschedule the ARAC meeting planned for 27 May to 1 July in order to allow review of the final financial audit and accounts. VMD will circulate documents at the start of May for comments by the end of the month.
- 8.3 Implementation of auditors' previous recommendations **VMDARAC 20/53**
- 8.3.1 The report on implementation of auditors' previous recommendations was reviewed.

Audit & Risk Committee Procedural Items

9. Papers circulated to the Committee since the last meeting

- 9.1 Transition and Trade reports had been circulated.

10. Risk and Assurance

- 10.1 Risk Register **VMDARAC 20/54**

- 10.1.1 The Committee reviewed the Risk Register. It was noted that IT improvements are partly reliant on receiving Treasury funding which will hopefully be confirmed in January but VMD is prepared for the worst case scenario.
- 10.1.2 The initial results from the 2020 civil service staff survey had been received and it was noted that VMD's staff engagement score had improved as had recruitment and retention figures. It was also noted that dealing with transition issues had led to a number of temporary staff changes and promotions and it would be a delicate task to cascade those changes back down.
- 10.1.3 VMD reported long delays in recruiting new staff members due to Defra processing times, Counter Terrorism Checks (CTC) and notice periods being served which meant it could be up to 8 months before they were in place.
- 10.1.4 The Committee welcomed the changing nature of the register which evidenced it being a document actively in use by the VMD.

11. Update on data handling, fraud and corruption issues VMDARAC 20/55

- 11.1 There had been two attempts by third parties to set up direct debits against the VMD bank account which had been promptly identified and reversed on the same day.

12. Audit Committee Workplan VMDARAC 20/56

- 12.1 It was agreed to invite the AMR team to the next meeting to talk about how they manage risk.

13. Any Other Business

- 13.1 There was no other business.

14. Dates of future meetings

- 14.1 2021: 18 March, 1 July, 28 September, 15 December