

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 18 March 2021

Members

David Corner (Chair)
Julia Drown
David Catlow

Present

Peter Borriello - VMD
Abigail Seager – VMD
Mike Griffiths – VMD
Linda Simmons – VMD
Kitty Healey – VMD
Karl Harman - VMD
Kim Nobbs – GIAA
Chloë Tyler-Young - GIAA
Emma Parkinson – NAO
Paula Stone - NAO
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.

2. Declarations of interest in the matters to be discussed

2.1 None.

3. Minutes of the meeting held on 8 December 2020 VMDARAC 21/02

3.1 The minutes of the last meeting were agreed. It was agreed to revisit the Business IT Enhancement (BITE) programme at the September meeting.

ACTION

4. Matters Arising/Actions VMDARAC 21/03

4.1 VMD and the Forestry Commission will meet with DDTS and Defra corporate board at end of March and early April for preliminary project meetings looking at ways of gaining access to Defra communications systems.

4.2 Following a review with Core Defra and other Defra Agencies, VMD has agreed to contract International SOS (ISOS) to provide 24/7 support for travellers.

4.3 VMD is carrying out a review of options for restructuring the Finance department in order to improve segregation of duties; this will be completed in time for the new financial year.

4.4 The ARAC annual report for 2020/21 will be reviewed at the July meeting.

4.5 Cyber security threats VMDARAC 21/04

4.5.1 Karl Harman, VMD's digital delivery lead, reported on how the IT team deals with cyber security threats through its in-house systems and cloud based digital services. VMD follows the gov.uk security policy framework, aligns with NAO guidance on cyber security and maintains ISO 27001 certification through regular audits with security consultants. Security principles are drawn from industry best practice and a defence in depth approach has been adopted, with multiple layers of security controls throughout the system.

Protective monitoring is carried out and external penetration testing is performed by specialist external security testing companies, with two tests planned this year. VMD receives around 10 million requests to its database a year from around the world and successfully blocks those from hackers trying to exploit the service, such as cross site scripting attacks. The security posture is effective but more measures are on the roadmap and will be introduced. It is planned to grow the IT team and replace consultants with permanent employees.

4.5.2 The committee was reassured by the measures being taken and appreciated that VMD is continuing to strengthen its defences.

5. Management of risk by the AMR team

5.1 Kitty Healey, head of the VMD's Antimicrobial Resistance (AMR) team, explained how her team manages risk while taking a broad angle approach to tackling antimicrobial resistance for the veterinary sector. Their 5 year action plan, which runs from 2019-24, aims to reduce the use of antibiotics largely through the encouragement of responsible stewardship and optimal use. A targets task force has been formed and VMD's monitoring programme identifies resource and delivery issues through its working and steering groups. An action plan co-ordinator has recently been appointed to work with the various different bodies involved and the team develops networks and relationships to help reduce information gaps. Evidence from surveillance reporting and stakeholders is analysed to inform decision making and help identify and prioritise emerging risk areas. A resistance plan is submitted to the CVO group which helps decide how issues are escalated according to their risk. The international AMR reference centre receives external funding and looks to improve regulations and treatment proficiency in low and middle income countries. VMD contributes to the One Health report and publishes results in the annual VARSS report. Overall, there has been a 50% drop in UK sales of antibiotics since the AMR team began operating in 2014.

5.2 The committee congratulated Kitty and her team on the success they have achieved.

Financial Year 2020/21

6. Internal audit progress report

VMDARAC 21/05-7

6.1 The internal auditor gave an update on progress since the last meeting including the two audit reports completed. A draft of the report on special imports had been sent to VMD and the final report would be circulated to members when completed. The committee welcomed the supplementary information provided and the auditor's intention to share information about best practice and cross government audits. The preventive actions taken by GIAA following the potential data breach reported at the last meeting were noted.

6.2 Audit Charter

VMDARAC 21/08

6.2.1 The internal auditor introduced the audit charter and explained how it relates to their MoU with the VMD in setting out what services they provide and the terms of the relationship.

6.3 Audit reports finalised since the last meeting

VMDARAC 21/09-10

6.3.1 The committee noted the moderate assurance given by the completed report on the AMR Reference Centre, and welcomed the review of 2019 marketing authorisations revenue declaration which had also been provided.

6.4 Internal audit and strategy plan

VMDARAC 21/11

6.4.1 GIAA explained that they are transitioning to a three-year planning period which was welcomed by the committee. The 5 audits planned for 2021/22 had been identified following an assessment of VMD's risk register and business

priorities and have been agreed by VMD. The auditor would be charging a transitional fee but confirmed that they try to keep costs down by taking into account other assurance mechanisms. The committee took assurance from the logical structure of the plan and were content to approve it.

- 7. External audit plan** **VMDARAC 21/12**
- 7.1 The NAO representative reported on progress for their 2020/21 Financial statement audit which was substantially complete pending assurance from VMD on intangible assets and remuneration disclosures.
- 8. VMD Finance/Other**
- 8.1 Second draft Annual Report & Accounts **VMDARAC 21/13**
- 8.1.1 Members were asked to send any comments on the second draft of the Annual Report & Accounts to VMD by 12 May.
- 8.2 Year-End timetable **VMDARAC 21/14**
- 8.2.1 The timetable was noted.
- 8.3 Implementation of auditors' previous recommendations **VMDARAC 21/15**
- 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 The February transition report and the draft Communications and Engagement Strategy had been circulated.
- 10. Risk and Assurance**
- 10.1 Risk Register** **VMDARAC 21/16**
- 10.1.1 The Committee reviewed the Risk Register and noted that there were severe pressures on funding which would require investigating further for possible increased efficiencies, cutting back on work and securing more income opportunities.
- 11. Update on data handling, fraud and corruption issues** **VMDARAC 21/17**
- 11.1 VMD reported that remedial measures had been put in place following an incident when a test website had accidentally gone public. The CEO's office was trying to arrange a meeting with a body that had complained about lack of access. The committee was content that proper procedures were being followed.
- 12. ARAC Terms of Reference review** **VMDARAC 21/18 & 19**
- 12.1 Revised terms of reference were presented and agreed.
- 13. VMD Declarations of Interests** **VMDARAC 21/20**
- 13.1 The declared interests were noted.
- 14. Audit Committee, Internal and External Audit annual assessment form** **VMDARAC 21/21**
- 14.1 The form was agreed and would be circulated by the secretariat following the meeting.
- 15. Audit Committee Workplan** **VMDARAC 21/22**
- 15.1 It was agreed to review VMD's risk policy and assurance map at the September meeting.

16. Any Other Business

16.1 There was no other business.

17. Dates of future meetings

17.1 2021: 1 July, 28 September, 15 December