

VMD Audit & Risk Assurance Committee

Minutes of meeting held on 2 December 2022

Members

Timothy Riley (Chair)
Julia Drown
David Catlow
Philippa Hardwick

Present

Abi Seager – VMD
Gavin Hall - VMD
Mike Griffiths – VMD
Muiz Agbaje – VMD
John Millward - VMD
Karl Harman – VMD
Kim Nobbs – GIAA
Paula Stone – NAO
Andy Hamer – NAO
Nicola Charlton – Boardroom Apprentice
Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

- 1.1 No apologies had been received. The Chair welcomed Nicola Charlton to the meeting who was attending under the Boardroom Apprentice programme.
- 1.2 Dr Riley had attended the GIAA ARAC member network meeting on 10 November which had given an interesting insight into the challenges faced by government departments.
- 1.3 Dr Riley and Philippa Hardwick had met with Defra director general David Kennedy recently and discussed with him the audit burden faced by arm's length bodies, the potential shortage of medicines in Northern Ireland and how to improve communication between VMD and Defra.

2. Declarations of interest in the matters to be discussed

- 2.1 None.

3. Minutes of the meeting held on 27 September 2022

VMDARAC 22/54

- 3.1 The minutes were agreed.

4. Matters Arising/Actions

VMDARAC 22/55

- 4.1 Julia Drown had written to David Kennedy to express the committee's dissatisfaction with the external audit fee increases imposed last year and the overall excessive auditing burden. She offered to also write to the Comptroller and Auditor General which was welcomed by VMD.

ACTION

- 4.2 VMD was behind its own forecast for fully incorporating GDPR by the end of this year but it is progressing and not expected to create any problems.
- 4.3 Abi Seager noted that recruiting suitably qualified scientific staff remains a challenge but she now has the authority to decide when to advertise critical vacancies.

5. Cyber Security Posture

- 5.1 VMD's Head of Digital Services, Karl Harman, gave an update on VMD's approach to cyber security for its in-premise and cloud-based systems. Government departments are an attractive target to data attacks and risk has been increased due to the war in Ukraine. The VMD defence framework aligns with NAO best practice on security and is certified by ISO27001 standards. It uses multiple layers of defence as part of in-depth protection and two penetration tests carried out recently had given good results. Most attempts to breach the firewall come from GB and US and most reconnaissance attempts have been traced to the far east, although that only indicates VPN location. A security culture is promoted within VMD through staff training and topical updates on items like recognising phishing attacks which are a major threat. The IT team collaborates with core Defra across IT operations and engages with them as a Cyber Incident Response (CIR) partner to help prepare and respond to cyber attacks. Microsoft Intune is being implemented to help IT manage devices and ensure they are secure, up-to-date, and compliant with organisational policies. Movement to a hybrid cloud system would create extra back up but would be prohibitively expensive. Disruption to industrial communication lines such as fibre optic cables would have a significant effect across a wide sector but traffic would reroute. VMD's security road map is always evolving to counter new threats.
- 5.3 Members thanked Mr Harman for a helpful and reassuring update on VMD's security measures and noted the need to keep reviewing the economies and scale of action to ensure an optimal approach. It was noted that VMD had the cost advantage of being included in Defra purchasing contracts for IT services.

Financial Year 2022/23

6. Internal Audit progress report – GIAA

VMDARAC 22/56, 57 & 58

- 6.1 The GIAA auditor reported that the remaining three audits are in field work and will be shared once finalised. GIAA is helping VMD on timings which are being pushed back slightly due to work pressures. Six out of seven recommendations from the 2021 Enforcement audit had now been implemented and all the higher priority recommendations from 2022/23 audits completed so far had been actioned. The Defra wide audit of SSCL's management information for stakeholders gave moderate assurance and found that contracts with ALBs were needed. VMD now has a contracts manager in place and is awaiting a report from SSCL.

7. External Audit

VMDARAC 22/65

- 7.1 The external auditor reported on its early risk analysis for the 2022/23 external audit plan which will be presented at the next meeting in March. All NAO auditors had now been through internal ISA training as part of its programme to develop and modernise how it conducts financial audits. VMD was content with the analysis.

8. VMD Finance/Other

VMDARAC 22/60 & 61

- 8.1 The first draft of the Governance Statement was reviewed and some amendments requested. Members asked if whistleblowing procedures were clear for staff and VMD gave assurance that they were visible.
- 8.2 The year-end timetable was reviewed and it was noted that the aim was to deliver the annual report and accounts before the summer recess. NAO has an audit planning meeting later in December and can't yet sign up to a timetable. GIAA will present its draft audit plan at the next meeting in March. The timetable will continue to be reviewed at future meetings.

9. Risk and Assurance

9.1 Risk Register

VMDARAC 22/62

9.1.1 The Risk Register was reviewed and it was noted that a new risk of not being able to charge fees for work done for DAERA in Northern Ireland had been added. It was hoped the deadline for completing the work required on retaining EU legislation in UK law will be put back to 2026 as more legal resource is needed. In regard to staff recruitment, VMD has engaged the services of an external recruitment agency for the first time to deal with a scientific post that has proved difficult to fill in a competitive environment and members appreciated the positive action taken.

10. Security

10.1 **Update on data handling, fraud and corruption issues**

VMDARAC 22/63

10.1.1 VMD reported on several data control incidences that had been dealt with satisfactorily since the last meeting. All international travel bookings made by CTM are being checked to ensure they comply with safety requirements. A salary overpayment made to a member of staff who had left the VMD was being recovered by SSCL and it was noted that staff are reminded to check their payslips.

11. Audit Committee Workplan

VMDARAC 22/64

11.1 It was agreed to look at Board members' declarations of interests at Management Board meetings each March and for homeopathic products to be considered as a potential focus topic at Board meetings. The internal and external audit plans for 2022/23 will be reviewed at the March ARAC meeting and there will be no focus topic.

12. Any Other Business

12.1 GIAA reported that Defra Group Chief Internal Auditor Chloë Tyler-Young has moved to a new position and Chris Westwood had taken her place on an interim basis while a replacement is being recruited.

13. Dates of future meetings

13.1 2023: 15 March, 6 July, 27 September and 19 December.