

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 28 March 2024

Members

Tim Riley (Chair)
David Catlow
Philippa Hardwick

Present

Abi Seager – VMD
Gavin Hall - VMD
Mike Griffiths – VMD
Muiz Agbaje – VMD
Kim Nobbs – GIAA
Andy Hamer – NAO
James Highton – NAO
Sian Wright – Boardroom apprentice
Alison White (Chair of Management Board)

Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

- 1.1 This was Dr Riley's last meeting as Chair and he thanked the other committee members for their support. It was noted that since the Management Board (MB) had decided revised membership for the Committee, the Chair of the MB was present as an observer, and would continue to do so in the event that the vacancy had not been filled by the time of the next meeting.
- 1.2 There were no apologies.

2. Declarations of interest in the matters to be discussed

- 2.1 Dr Riley has been elected a fellow of the Royal Agricultural Society of England.

3. Minutes of the meeting held on 5 December 2023

VMDARAC 24/01

- 3.1 The minutes were agreed.

4. Matters Arising/Actions

VMDARAC 24/02

- 4.1 There were no matters arising.

5. Risk Register

VMDARAC 24/03 & 04

- 5.1 VMD reported that there was a risk that the SI for residues could be considerably delayed. Delays to revised fees coming into force under the new VMR are stretching income and some quantitative information would be provided for the next meeting. The CMA report on veterinary services for pets contains some inaccuracies which have caused a reputational risk to VMD and could have been avoided with better communication between the agencies before it was published. The risk of a reduction to the central services provided by Defra due to savings cuts has become very high. The MHRA may be unable to carry out all the inspections work agreed with VMD and members asked that a short report be provided on how the SLA is being used to manage the situation.
- 5.2 Members asked that VMD's risk process document is updated to capture how some issues require direct attention before their rating is assessed and activities agreed.

- 5.3 VMD gave a verbal report on the progress of the Defra Group Corporate Services review and how it could affect the services it receives from them. These currently include human resources and property management and partial support to comms and commercial activities. It is intended to introduce the Synergy services platform across Defra by 2027 which will expand the central services provided to include finance and all commercial activities. It is not clear whether the finance team will be incorporated into group services or remain with VMD to continue to deliver its policy and procedures. VMD recognises that its own commercial team needs strengthening. IT services are also under review but no changes are expected for at least 5 years as VMD transitions out of its legacy systems.
- 5.4 It was noted that the prospect of a complete takeover of services has gone away and a revised approach to merging services now needs clarifying. Risks have been mitigated but the aims of the review are subject to change. A new head of the Synergy project will start in May and it is hoped that they or a representative will be able to attend the June Management Board meeting to explain the implications involved with moving to the new platform. The internal auditor noted that it is a focus area for the Defra audit plan. Members were cautious about the one size fits all approach and would like to revisit the topic at board level.

6. Internal Audit - GIAA

VMDARAC 24/05-11

- 6.1 The internal auditor reported that the MA declarations consultancy review had completed and found no issues other than that MAH's relationship with their sister companies was not always made clear. It has been suggested that VMD undertake a short exercise to ensure they have sufficient transparency and information on the MA holder organisation structures. Members questioned why the annual review of MA declarations was a consultancy review rather than substantive and this would be considered further outside the meeting.
- 6.2 The review of the BITE programme found good governance arrangements were in place and provided assurance while noting there were risks around resources and recruitment in the IT team.
- 6.2 The final audit report for 2023/24 on pharmacovigilance has been drafted and would be circulated when completed and findings will be included in the annual audit report.
- 6.3 It was pleasing that all the outstanding audit recommendation actions with one exception had been completed after some delays. It was recommended that VMD always try and set realistic deadlines.
- 6.4 A group audit has recently been finalised into security of estates and found different arrangements were in place across sites, that compliance is needed with anti-terrorist risk assessments and that there is a lack of documentation. The report will be circulated after the meeting.
- 6.4 The draft Internal Audit strategy and plan for 2024/25 was presented with audits proposed on external correspondence handling, business approvals processes, workforce planning, implementation of the new VMR and review of MA declarations. Members asked if assurance could be sought over the strategic approach to the revenue base used by VMD in comparison to other organisations due to the significant risk of a funding gap. The auditor would include this in the declarations review and add to the longer indicative plan.
- 6.6 No changes had been made to the MOU and Audit Charter with GIAA and the Chair was content to sign them.

- 7. External Audit – NAO** **VMDARAC 24/12**
7.1 It was noted that the external audit aims to complete after the summer recess. The MB Chair had written to the C&AG to ask if the audit could be brought forward but this had not been possible due to resourcing challenges and the increased complexity of the work involved. An undertaking has been given to accelerate the process next year. The Chair noted this response was less than what had been hoped for but recognised the constraints the auditor was working under.
- 8. Year-end Timetable** **VMDARAC 24/13**
8.1 Noted.
- 9. Security report** **VMDARAC 24/14**
9.1 Noted.
- 10. Work Plan** **VMDARAC 24/15**
10.1 Noted.
- 11. Any Other Business**
11.1 The Management Board Chair thanked Dr Riley for his work chairing the committee so well over the last three years and wished him well for the future.