

# **VMD AUDIT & RISK ASSURANCE COMMITTEE**

## **Minutes of meeting held on 25 June 2024**

### **Members**

Alison White (Chair)

Philippa Hardwick

### **Present**

Abi Seager – VMD

Gavin Hall - VMD

Mike Griffiths – VMD

Muiz Agbaje – VMD

Kim Nobbs – GIAA

David Martin - GIAA

Andy Hamer – NAO

James Highton – NAO

Sian Wright – Boardroom apprentice

Chris Abbott – VMD (note taker)

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

1.1 Alison White will be standing in as ARAC Chair while the recruitment of a new Chair is ongoing.

1.2 Apologies had been received from David Catlow.

1.3 This was Philippa Hardwick's last meeting and the Chair thanked her for her valuable contribution to the committee. Kim Nobbs was also leaving for a new role and she was thanked for her support and advice to the members. Her GIAA replacement, David Martin, was welcomed to the committee.

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

2.1 There were no interests.

### **3. Minutes of the meeting held on 28 March 2024**

**VMDARAC 24/16**

3.1 The minutes were agreed.

### **4. Matters Arising/Actions**

**VMDARAC 24/17**

4.1 It was noted that the new Chair will decide on the format of the assurance map and that GIAA could help with this.

4.2 It has been agreed with MHRA that VMD will take back inspections of veterinary premises which will satisfactorily resolve any issues.

4.3 GIAA confirmed that its declarations review audit will remain advisory but letters to companies will be amended to make clear the need for them to report the nature of their relationships with subsidiaries.

### **5. Risk report**

**VMDARAC 24/18**

5.1 VMD reported on the main risk areas. Provisional MA applications for highly pathogenic avian influenza and emergency use dossiers for BTV3 are being assessed by the Biologicals team. The Residues SI is due to come into force in October and the implications of any delay on income revenue has been flagged with Defra.

5.2 Staff retention and recruitment remain significant challenges. Surveys are sent to leaving staff and exit interviews offered with senior managers. Members noted these

were a good opportunity to build resilience and recommended their effectiveness be reviewed. Effective CPD is important for retaining staff and the Chair offered to contribute to what VMD offers in this area. Objective and subjective measurements, showing what should be done and what is actually achieved, are needed. Handover notes are important to maintain knowledge transfer and SOPs and desk instructions need to be kept up to date for new starters. In regard to recruitment, VMD offers job sharing when advertising most roles but they can be difficult to fill this way. It was suggested a task force could be established to support the in-house HR team with the large number of recruitments VMD intends to run this year.

- 5.3 Members recommended that some presentational changes be made to the risk report to emphasise cause and effect and deadlines for mitigations - the Chair offered to help with this work.

## **6. Internal Audit - GIAA**

**VMDARAC 24/19-26**

- 6.1 The committee noted that the final audit for 2023/24 on pharmacovigilance had given moderate assurance. Whilst operational processes for managing adverse effect reporting and inspections are established, some governance arrangements have not always been in place and are still being developed to ensure system improvements can be effective and efficient. Progress will be reviewed during the audit of the Veterinary Medicines Regulations (VMR) implementation.
- 6.2 The auditor's annual report for 2023/24 for the VMD gave a moderate opinion. Governance arrangements have remained stable during the year with appropriate management and escalation of risks but further work is required to refine and coordinate cross cutting risks so that key risk areas can be managed to support effective decision making. Policies and procedures remain under review as a result of the changes to the new VMR to ensure they remain fit for purpose. Challenges with capacity and capability have impacted teams' ability to operate efficiently at a time of significant change.
- 6.3 The auditor noted that VMD's record on implementing audit recommendations has improved significantly but emphasised that realistic deadlines should be set and actions closed when the initial recommendation has been met. VMD agreed that its Business Compliance team would report at the end of the year on the internal audits carried out by VMD staff.
- 6.4 Two Defra wide reports on security of estates and risk escalation had also been provided. VMD was aware that not all risks it escalates go to Defra's ExCo. The committee asked that follow up reports be provided at future meetings and the auditor agreed to identify a process for reporting progress. A supplementary report on the growing use of artificial intelligence to commit fraud and cyber-crimes had also been provided.
- 6.5 The Chair noted the members were pleased with annual report outcome and the improvement of the control regime. The auditor thanked the VMD for the service standards it had provided during the process.

## **7. External Audit – NAO**

- 7.1 The external auditor reported that interview work for the audit had been completed and draft financial statements received. Materiality has been increased and intangibles will need addressing. The auditors are ready for when parliament reforms and will inform the committee if ministers make any changes to the timetable.

- 8. Draft Annual Report and Accounts** **VMDARAC 24/27**  
8.1 A revised draft of the annual report and accounts was presented which now has a narrative link between objectives and performance. The Chair had conducted a technical review of the financial statements with the Head of Finance.
- 9. Timetable** **VMDARAC 24/28**  
9.1 VMD confirmed that the timetable gives ministers time to review and comment on the annual report if necessary.
- 10. Security report** **VMDARAC 24/29**  
10.1 Instances of errors by admin sending emails to the wrong recipient were regrettable but very few in number. VMD said that system changes will be introduced which will link digital submissions from companies with their application correspondence in order to help eliminate human errors.
- 11. ARAC annual report for 2023/24** **VMDARAC 24/30**  
11.1 The annual report for ARAC was approved.
- 12. Work Plan** **VMDARAC 24/31**  
12.1 A deep dive on the introduction of Synergy will be provided at the next meeting.
- 13. Any Other Business**  
13.1 There was no other business.