VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 3 October 2024

Members
Alison White (Chair)
David Catlow

Present
Abi Seager – VMD
Gavin Hall - VMD
Mike Griffiths – VMD
Muiz Agbaje – VMD
Karl Harman - VMD
David Martin - GIAA
Andy Hamer – NAO
Kieran Purcell – NAO
Sian Wright – Boardroom apprentice
Chris Abbott – VMD (note taker)

1.   Announcements and apologies for absence
1.1   There were no apologies.

2.   Declarations of interest in the matters to be discussed
2.1   There were no interests.

3.   Minutes of the meeting held on 25 June 2024   VMDARAC 24/32
3.1   The minutes were agreed.

4.   Matters Arising/Actions   VMDARAC 24/33
4.1   The recruitment of a new ARAC Chair has been substantially delayed due to the change in government.

4.2   An update on Synergy will be provided at the December meeting.

5   Review of IT risk and mitigations
5.1   VMD's Head of Digital Services, Karl Harman, explained that VMD is outside Defra's provisions for IT delivery and relies on its own team and several external contractors to provide new systems and updates. There is a significant risk around the failure of ageing legacy systems and contractors are providing replacements. Delivery has been slower than expected and mitigations have focused on contract management. The foundations of a new systems platform have now been built and the first new service is due to be completed in April. Hosting costs have reduced as systems have been moved to the cloud and the transition of VMD's documents and intranet to Sharepoint is due to be completed this year. He will flag any issues which arise to the Executive Management Board and seek its guidance on the future direction of the IT programme.

5.2   It was noted that recruitment of suitable staff is a challenge within public sector pay limits but a new Head of IT has been recruited and is due to start next week. VMD is making a strong case in the current Defra spending review for the additional funding needed to deliver the new systems. The IT team has passed an internal gap audit in preparation for the GIAA audit later in the year and renewed ISO 27001 accreditation provides security assurance.

5.3   Members noted the substantial risks the IT team is facing and asked that these be listed fully on the risk register. Prices in the sector have gone up significantly and VMD is chasing a costings road map which will help it decide what choices need to be made. A replacement for the application tracking system will be a priority. Despite the problems experienced, it was agreed that it was the right decision for VMD to develop its own systems as costs and delivery times would be greater from the central Defra IT provider. Members recommended that VMD take away learning points from the difficulties experienced with contract management and that mitigations are updated on the risk register.

6.   Risk Register   VMDARAC 24/34
6.1   The Chair and Head of Finance had revised the risk register to streamline it by merging related risks together. Outcomes are clearer and mitigations comply with risk appetite ratings. Any new risks will be considered in relation to existing ones before being added. The Committee approved of the changes and noted the actions taken by VMD since the last meeting.

6.2   Climate change risks have been added to the register in accordance with NAO guidance and will be expanded in due course. They include flooding, extreme temperatures and actions needed to achieve government net zero policies. There is also the risk of the rise of new animal diseases developing. The focus needs to be on the impact on individuals and their ability to deliver work and the Executive Management Board will need to consider how the consequences will affect delivery of policy obligations. VMD confirmed that risk owners will consider how to manage them.

Financial Year 2023/24

7.   External Audit – NAO   VMDARAC 24/35
7.1   The external auditor's completion report for 2023/24 gave an unqualified opinion. The Committee considered the unadjusted misstatements and accepted advice that they did not need to be adjusted. The findings of the report were reviewed and the audit certificate and draft letter of representation approved. The Chair thanked the NAO and VMD teams for their work producing a good report.

8.   Final Draft Annual Report and Accounts   VMDARAC 24/36
8.1   Members welcomed the final draft of the annual report and accounts which showed that VMD has delivered strong results while dealing with considerable pressures. It was a useful document both for stakeholders and as an account of the year's activities and VMD will try to publicise it widely possibly in summary form. The members confirmed that having reviewed the annual report, financial statement and audit that they were in a position to recommend that the Chief Executive sign the report.

9.   Timetable   VMDARAC 24/37
9.1   The timetable for publishing the annual report and accounts was noted.

Financial Year 2024/25

10.   Internal Audit   VMDARAC 24/38-45
10.1   The auditor reported that delivery of the audit plan was progressing well and two more audits had been completed. Several previous audit recommendations had been actioned and a VMD request for an extension to complete one action was agreed and the importance of setting realistic deadlines noted. It was agreed to change the scope of the upcoming audit on the VMRs to focus on how they are being implemented. The

auditor confirmed that relevant Defra group reports will be circulated to the Committee when completed. He will also check that GIAA is complying with its own disclosure policy of not sharing reports outside the VMD.

10.2   The audit report on Handling of External Correspondence gave moderate assurance. It concluded that arrangements are in place for the handling of correspondence, however, not all correspondence is being recorded and the use of additional logs and spreadsheets is inefficient. VMD would benefit from the use of a single system for the recording of all types of correspondence and the auditor could recommend systems used by some other ALBs. Members appreciated the challenges involved in recording different types of correspondence and using the information gathered and that AI could help to identify themes. The Committee asked that information about complaints received be provided periodically.

10.3   The completed audit on Approvals and Authorisations had looked at the processes in place for ensuring that authorisation has been provided and documented before expenditure is committed. It provided moderate assurance as although policies and procedures are in place, there is scope for improvement, in particular compliance with the prior approval process for international travel and overtime. VMD noted that it is working on this issue and will improve the request forms involved for staff.

10.4   The Chair welcomed the several insights guidance documents provided. She noted that the audit committee handbook had been updated and would check whether the Committee's terms of reference need to be revised.

11.   Security report   **VMDARAC 24/46**
11.1   The security report was noted.

12.   Work Plan   **VMDARAC 24/47**
12.1   The plan was noted.

13.   Any Other Business
13.1   There was no other business.