

VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 12 March 2026

Members

Laura Catterick (Chair)
David Catlow
Mike Venables

Present

Abi Seager – VMD
Gavin Hall - VMD
Mike Griffiths – VMD
Nidhi Gupta - VMD
Karl Harman – VMD (for item 6)
David Martin – GIAA
Andy Hamer – NAO
Yusha Akinsowon - NAO
David Broughton – RSM
Christian Muegge – RSM
Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

- 1.1 There were no apologies. The Chair welcomed representatives from the new internal auditor provider RSM to the meeting who will be taking over from GIAA next year.
- 1.2 The Chair noted the papers received for the meeting were lengthy and difficult to navigate and will review the format with the Secretary. The Chair also noted that it was time for the annual ARAC Effectiveness review and a survey would be sent out post the ARAC meeting to capture the members' views.

2. Declarations of interest in the matters to be discussed

- 2.1 There were no interests.

3. Minutes of the meeting held on 4 December 2025

VMDARAC 26/01

- 3.1 The minutes were agreed.

4. Matters Arising/Actions

VMDARAC 26/02

- 4.1 Action 165: NAO explained that its increased fee for delivering its annual audit this year was set in order to cover its costs and has been market tested. The Committee was satisfied and the action closed.
- 4.2 Other actions were addressed during the meeting under the appropriate agenda items.

5. Risk Report

VMDARAC 26/03

- 5.1 It was noted that there had been changes to four of the risk ratings, with one decreasing following the improvement in recruitment and increase in staff numbers, and three increasing. The need to comply with statutory requirements for meeting FOI requests is taking up a lot of time and resources and VMD needs to reconsider what it is reasonable for it to do. There are high reputational risks around the supply of veterinary medicines in Northern Ireland. VMD is financially secure but the finance risk rating has been increased to more accurately reflect the consequences of failure.
- 5.2 A business non-conformity has arisen following the publishing of incorrect guidance information on non-medicinal products and VMD reported this was down to the proper

checks and clearance procedures not being followed. The information has been retracted for correction and publishing procedures will be reviewed and embedded.

- 5.3 Risk appetite, mitigations and tolerance ratings will be reviewed at an EMB awayday focusing on risk next week which the ARAC Chair will also attend. Members commented that the purpose of the register is to help the organisation by identifying risks and addressing them with mitigation plans. Software programmes are available to help manage registers and VMD can look into this.

6. Cyber Security

VMDARAC 26/04 & 05

- 6.1 Karl Harman, Head of Digital Services, gave an update on VMD's work on cyber security. It uses a multi-layered approach, incorporating firewalls, endpoint protection, advanced monitoring tools to safeguard assets and secure by design development to provide defence in depth. The IT estate is accessed by remote workers, stakeholders and customers but there is no longer a direct link to Defra systems. A technology security forum is being set up to look at the whole estate. The threat level caused by external bad actors is increasing with cyber-attacks growing in sophistication and frequency. Penetration exercises are regularly run by external companies and have found no material faults.
- 6.2 Insider threats caused by improper use of systems by staff are a significant danger and a recent phishing simulation exercise found that a number of staff need further training and more exercises will be run. Staff should be following VMD's information security policy. Another area of concern is the need for VMD's small IT team to keep up with innovative technologies and it is looking to recruit to fill skills and capability gaps and is employing contractors to work on replacing legacy systems. Data loss prevention measures are being expanded and there is the potential to join the Defra Security Operations Centre. Members noted that VMD takes a less conservative approach as compared to some government organisations when sending out meeting papers and this will be reviewed. All digital operations are now run on the Cloud and VMD agreed to report back on possible vulnerabilities.
- 6.2 The high-level IT Road Map for the next 5 years was presented. Developments are planned which will affect all areas of the business, including the replacement of current finance and HR systems with Synergy, better access to EU systems and development of AI working practices. VMD is now working with an IT business partner and recruiting for a project manager to help create a new database for managing information on veterinary medicines.

7. Declaration of Interests policy

VMDARAC 26/06

- 7.1 VMD's declaration of interest policy was reviewed. This requires staff to declare annually if they have any interests in pharmaceutical companies, any outside employments and any memberships of groups which could have a bearing on VMD's work. It was noted that it has to be assumed that staff make honest and complete disclosures, particularly on financial matters. Product assessments are peer reviewed and not subject to undue influence. Members asked that family and personal relationships be considered further as well as relationships with suppliers and VMD would check if that was covered by HR policy. It would also be checked that VMD staff are all completing the same version of the declarations form.
- 7.2 The Information Security Policy was also reviewed and Members were comfortable with the content.

8. Internal Audit Progress Report

VMDARAC 26/07-13

- 8.1 The internal auditor reported that one audit report has been finalised since the last meeting on managing business non-conformity with the review of marketing authorisations revenue declaration issued in draft. The final audit on the transfer to

SharePoint is due to conclude in March with the report expected in early April. The overall indicative opinion at this stage is moderate with common issues found around policies and procedures not being updated. VMD accepted this point and activities are being planned to deal with it.

- 8.2 The audit report on Business Non-Conformity monitoring gave limited assurance and found that there is a lack of recognition by staff of the requirement for it and a need to build a culture of reporting issues. Automation of the reporting form would help. Members commented that this sort of reporting process is unusual and creates additional work for VMD if staff members are reporting non-conformities in multiple ways.
- 8.3 Following an RFP process, VMD has engaged a new internal auditor, RSM, from next year; the GIAA auditor confirmed they would fully assist with the handover and knowledge transfer.
- 8.4 Cross government insights reports on data breaches, productivity in the public sector and navigating risk and assurance were provided.

9. External Audit planning report 2025-26 **VMDARAC 26/14 & 15**

- 9.1 The external auditor explained that interim audit testing had been completed and no new risks had been found. The situation in regard to the VAT underpayment was now much clearer. The auditor confirmed that it was on track to deliver the final audit in accordance with the revised timetable which had been shortened by a week in agreement with VMD.
- 9.2 VMD provided a paper showing progress against the auditor's previous recommendations, articulating how each recommendation was being addressed in this year's process. It indicated that mitigations were in place for dealing with issues around intangibles. Guidance is expected soon from Defra on using indexation to value land and building assets and the office refurbishment plan has been reduced in scope and is no longer a risk. Members welcomed the information provided in this new paper.

10. Annual Report and Accounts **VMDARAC 26/16 & 17**

- 10.1 A draft version of the Annual Report and Accounts with governance statement was provided. There is no clear narrative theme yet but VMD would like it to show how it is achieving growth in line with Defra missions. A revised version of the report will go to the ARAC Chair and NAO for reviewing in early May before it is sent to Members in the 3rd week of May for comments by the end of May.

11 Assurance **VMDARAC 26/18-20**

- 11.1 The format of the assurance map had been revised in accordance with comments made at the last meeting and it would be reviewed further at the upcoming EMB away day.
- 11.2 VMD had provided templates for Heads of Division/Office to use to provide end-of-year assurance to the CEO. Members agreed that it was appropriate to take a light touch approach for providing and recording this information and VMD will test and report back at the June meeting.

12. Security/Data handling/Fraud/Complaints **VMDARAC 26/21**

- 12.1 The report was reviewed. VMD will include information on trends in future reports.

13. Work Plan **VMDARAC 26/22**

- 13.1 The work plan was noted.

14. Internal Audit plan

- 14.1 RSM have been appointed the new internal audit provider and representatives presented the draft audit plan for 2026/27 and an indicative plan for several years beyond, explaining that it is based on VMD's risk register and the audits which had already been proposed by GIAA. The four audits plus the annual review of revenue declarations planned for 2026/27 were agreed by the Committee and further consideration will be given to audits beyond that.

15. Any Other Business

- 15.1 There was no other business.