VMD AUDIT & RISK ASSURANCE COMMITTEE

Minutes of meeting held on 11 June 2026

Members
Laura Catterick (Chair)
David Catlow
Mike Venables

Present
Abi Seager – VMD
Gavin Hall - VMD
Mike Griffiths – VMD
Nidhi Gupta – VMD
Richard Ayris - VMD
David Martin – GIAA
Andy Hamer – NAO
Yusha Akinsowon - NAO
Christian Muegge – RSM
David Broughton - RSM
Chris Abbott – VMD (note taker)

1. Announcements and apologies for absence

1.1 The Chair announced that she was leaving the VMD at the end of July due to a change in her external commitments and that this would be her last ARAC meeting. VMD has begun an exercise to recruit a new chair.

1.2 There were no apologies.

2. Declarations of interest in the matters to be discussed

2.1 There were no interests declared.

3. Minutes of the meeting held on 12 March 2026 **VMDARAC 26/24**

3.1 The minutes were agreed.

4. Matters Arising/Actions **VMDARAC 26/25**

4.1 Action 123: The updated assurance map was reviewed under item 9.

4.2 Action 158: The corporate risk register is being updated and will go to Management Board.

4.3 Action 168: A report on the end-of-year assurance process was provided for review under item 9.

4.4 Action 169: Meeting papers had been presented in a new format to make them easier to navigate, however it was noted that some papers had been provided too late to read before the meeting. Members asked that the structure and frequency of meetings, and their roles within them, be reviewed under the new chair when appointed.

4.5 Action 170: VMD reported that hosting IT services on the Cloud provides adequate security. However, it was noted that external providers need to be checked as they are a point of weakness in this model which can be exploited by cyber criminals, particularly in light of the recent developments in Fronter AI. VMD acknowledged that conversations on business continuity with Defra experts have highlighted the need to do more to plug gaps.

4.6 Action 171: It was confirmed that it should be made clear to staff that they need to declare any conflicts of interests that arise from their personal relationships and business contacts with delivery partners outside the pharmaceuticals industry.

4.7 Action 173: VMD has carried out an internal review of procedures for handling business non-conformities and improvements will be implemented and reported back to ARAC.

Financial Year 2025/26

5. Internal Auditors' Annual Report and Opinion VMDARAC 26/26-29

5.1 The internal auditors' annual report for 2025/26 gave a moderate opinion. Despite significant challenges, the VMD has continued to achieve its objectives. The governance and risk management framework continues to operate well, which ensures that the VMD effectively achieves its strategic priorities of delivering its core regulatory services. However, recent audits have been effective in identifying areas of control weakness and in emphasising areas that the VMD know they need to improve - should the necessary compliance not be embedded then there is a risk that the control environment deteriorates. In addition, some policies and procedures need to be updated or are absent. It was noted that proper project management is often a challenge for an organisation of VMD's size.

5.2 VMD confirmed it welcomed audits of underperforming areas in its business so that improvements can be made. Members noted that audits create a burden on resources and it is important to prioritise areas of high risk, such as managing supplier relationships.

5.2 The final audit report for 2025/26 on VMD's transfer to SharePoint gave limited assurance. It found that there were positive aspects of the migration process, with good evidence of change management taking place through staff engagement and training, but process guidance is needed for staff, access to files is insufficiently protected and there is over-reliance on third party assurance of successful transfer from the previous document management system. The previous system needs to be shut down to comply with GDPR. An update on progress achieved against the recommendations will be provided at the next meeting.

5.4 The Marketing Authorisation Revenue Declaration advisory report provided assurance on the annual fees for Industry.

6. External Audit VMDARAC 26/41, 44 & 45

6.1 The external auditor's finance completion report for 2025/26 expected to give an unqualified opinion. No new risks or material errors had been found. It noted that office refurbishment plans had been significantly reduced and IT issues resolved. A watching brief will be needed on starters and leavers and VMD confirmed that any problems with SSCL are regularly raised with the responsible Defra contact. A misstatement had been adjusted without affecting the financial position. An extrapolated misstatement remains unadjusted in the accounts as the actual amounts are immaterial and does not warrant any significant movement in the reported figures. The auditor thanked the finance team for their assistance with the audit process and the Chair thanked all those involved for delivering the report on time.

7. Final Draft Annual Report and Accounts VMDARAC 26/28

7.1 The Chair commended the final draft of the annual report and accounts.

8. ARAC Annual Report 2025/26 **VMDARAC 26/29**

8.1 The ARAC annual report was approved.

Financial Year 2026/27

9. Risk **VMDARAC 26/30-33 & 42**

9.1 The Risk Summary Report was presented in a new format to reduce complexity and aid clarity. Members found it to be an improvement and noted that the government's preference is to be less risk averse but that has to be balanced by the need to identify and manage risks. It was recommended that more specific and timely mitigations are added for the higher risks to reduce their impact and likelihood, a threshold score introduced below which risks do not need to be brought to the Committee and a heat map added.

9.2 VMD has been active in reducing the risk of AI bot incursions across its systems and is now cautiously opening up to use external systems like eCase. It was noted that it is important that suppliers update their patches to tackle frontier AI incursions.

9.3 The Chair will discuss risk appetite at the June Management Board meeting. It is important the principles are understood across the VMD and Defra's definition of risk aversion can be used as a starting point.

9.4 The latest version of the assurance map was reviewed and it was agreed that it is now in a format which is useful for managing risk. It was used successfully to provide end-of-year assurance for the CEO in combination with constructive conversations with Heads of Division/Office. Members asked for the map guidance to be shared with them.

9.5 The Chair had provided two training sessions on risk management basics and creation of the risk universe for VMD EMB members in March and May which were well received. The next step is for teams to use the information to help them produce their own risk registers.

9.6 As part of the May training session, the Chair and EMB members had discussed and then created a substantial list of emerging risks which would be considered further at Management Board. The ARAC discussed other potential risks, including: i) the movement of animals for trade and the potential for spreading disease, and ii) The risk of single points of failure and knowledge loss. This will come in useful during any EU reset discussions which may affect VMD.

10. Internal Audit **VMDARAC 26/34-36**

10.1 The RSM internal auditors gave an update on their progress against the agreed audit plan for this year and provided a draft high-level report on staff travel process and traveller safety. This gave reasonable assurance and it was noted that the new procedure is an improvement on what was done before and that robust lines of communication are now in place. The use of ISOS to support travellers was sensible and it was noted that further apps are also available. However, it was found that infrequent travellers find the booking request process difficult and there is some unnecessary duplication in admin which causes delays and increases costs. The travel desk does not have enough travel information to assist travellers and it was noted that FCDO could provide a good source of data and advice. The final report will be submitted for consideration at the next meeting.

11. Business Continuity Plan **VMDARAC 26/37**

11.1 The Committee reviewed the revised Business Continuity Plan which had been updated but not yet fully implemented. Members noted this provided some reassurance but severe disaster scenarios need to be considered and captured. A fundamental plan needs to be put in place that people outside the executive can follow. Its usability and value needs to be checked at all points which can be done in a desktop exercise. VMD confirmed it would develop the plan accordingly.

12. ARAC Effectiveness review **VMDARAC 26/38**

12.1 The Chair had carried out a review of the Committee's effectiveness in May which found that it was meeting its obligations but there was scope for improvement. The quarterly meetings were productive but it was felt that more frequent meetings with the non-executives could be useful, and members cited the two training days as successful examples – this could be taken forward by the next chair. The relationship between ARAC and Management Board needs improving to clarify their roles and remove any work duplication. MB should be the body for taking strategic decisions. There will be an opportunity to review the Board meetings' terms of reference at the October MB meeting. It was noted that Defra is reviewing its own committee structure.

13. Security/Data/Fraud/Complaints report **VMDARAC 26/39**

13.1 The report was reviewed and no concerns raised.

14. Work Plan **VMDARAC 26/40**

14.1 It was proposed that contract management be reviewed at the next meeting. Any other topics for consideration can be taken from the high-level ones on the assurance map.

15. Any Other Business

15.1 There was no other business.