**SCOTTISH FORESTRY**

**AUDIT & ASSURANCE COMMITTEE MEETING**

**13 December 2022 – Teams Meeting**

**Present**

**Members** Phil Taylor (PT), Non-Executive

Eleanor Ryan (ER), Non-Executive

Richard Morris (RMo), Non-Executive

**Attendees** David Signorini (DS), Chief Executive Officer

 Brendan Callaghan (BC), Head of Operational Delivery

 Ross MacHardie (RM), Head of Finance & Business Support

 Gary Henderson (GH), Senior Finance Manager

 Alison Thomson (AT), Internal Audit, Scottish Government

 Kate Moffatt (KM), Internal Audit, Scottish Government

 Cathy Smith (CS), Grant Thornton

**Apologies** James Stuart (JS), Non-Executive

Joanne Brown (JB), Grant Thornton

 Amy Grant (AG), Internal Audit, Scottish Government

Action Point Summary

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| Action Point Ref | Description | Status | Completion date | Owner |
| 30/20 | That DS and RM discuss themes/topics for future AAC’s as a starting point for a possible phasing of key topic conversations with the non-executives. | Open |  | Non-Execs |
| Audit Tracker | Finance teams to update the tracker and recirculate to Non-Execs after the meeting | Open | Closed | Finance |
| 05/22 | GH and RM to review and enhance cash drawdown processes and procedures for 2022-23, and report back to the December meeting of the AAC.  | Open | Closed | GH & RM |
| 04/22 | MT and Audit Scotland to lead on handover to Grant Thornton, but to keep DS and RM informed, with a view to building good initial relationships with the new senior team.  | Open | Early 2023 | Audit Scotland |
| 06/22a | A needs analysis to be done by the chair, PT and DS to discuss | Open |  | PT & DS |
| 06/22b | Assessing performance and attendance of Non-Executives | Open |  | PT & DS |
| 06/22c | Draft governance statement should be brought to the Committee at the meeting before the accounts are signed | Open | June 2023 meeting | DS, RM & GH |
| 06/22d | paper to be written for the next meeting on how the statement is pulled together | Open | Closed | RM & GH |
| 06/22e | Agenda programme to be developed with Fraud as a periodic interval | Open |  | RM |
| 06/22f | Standing annual agenda item to be documented | Open |  | RM |
| 06/22g | Modify self-assessment  | Open |  | PT, RM & GH |
| Oct AOB | Send out proposed dates for AAC | Open | Closed | GH |

**1. Preliminaries/Introductions/Conflicts of interest**

PT welcomed everyone to the Audit and Assurance Committee (AAC), he introduced the new auditor from Grant Thornton CS and asked if there were any conflicts of interest. There were none.

**2. Minutes / Matters Arising**

ER asked if additional wording could be added in point three with the exception of this, the minutes were accepted as a true recording of the meeting.

**Cash Drawdown (08/22)**

GH presented the paper explaining the proposed basis of future cash drawdowns and the conversations that they have had with Scottish Government with regards to this proposal.

ER stated that they were very appreciative of the paper and stated that this was a good idea and thought that the approach proposed would be in line with arrangements Scottish Government has with some other bodies. RM asked about what procedures were in place regarding a lower bank balance and the possibility of not being able to make payments. GH spoke about the processes in place to ensure that this was not a possibility.

The paper was approved.

**Governance Statement (09/22)**

GH presented the paper laying out where the information for each of the areas of the governance statement came from in the recent annual report and accounts came from.

ER said that they found this extremely helpful and looked forward to the draft governance statement in the June meeting. ER also asked about benchmarking to ensure a consistent approach across all areas, and GH explained that work on this was in hand.

The paper was approved.

**3. Audit Recommendations Tracker and Risk update (10/22)**

RM explained the work that has been done on the tracker, the updating of Internal Audit’s follow up reviews and on the clearance of the outstanding recommendations.

DS reiterated that a lot of work has been done on the tracker since the last meeting. ER asked about the number of recommendations to be cleared in the next quarter. RM stated that there was specific action plans to address each of the recommendations. RMo said that the new tracker was easier and clearer to monitor.

RM went on to talk about the Finance System paper, giving a brief overview of the work carried out with Forestry and Land Scotland and regarding the new Scottish Government ERP system. He stated that Scottish Government are unable at present to give us any idea of costs or timescale for on boarding, as a result we have looked at external providers.

RMo commented that it was good to get visibility on this and asked if there were enough people on the team to ensure that the project will run smoothly. DS said that one of the key risks is Forestry and Land assistance, which has been assured through the transfer implementation board. ER asked about the target date of 16 January 2023 for making a decision and is there additional information to come back. RM replied that questionnaires and demos are still outstanding and that the timescale is quite tight but achievable.

ER asked what the contingencies were. RM stated that Forestry and Land Scotland could have slippages in their move to a new system which would allow the current eFinancials being extended or we could agree with them to increase eFinancials for us alone for a short period. DS added that they are exploring the possibility of extending eFinancials.

**4. Internal Audit - Progress Report (11/22)**

KM introduced the paper and AT spoke about the one audit report in draft and that one audit’s field work is currently being finished and that an assurance and advisory review will be carried in quarter four and follow up audits are still outstanding. The two papers presented were for Forestry Grants Scheme was reasonable while the Timber Transport Scheme audit was Limited.

DS stated that the audit on Timber Transport has been helpful for the clarity of what we need to do.

**5. External Audit**

CS gave a brief introduction to Grant Thornton including that they will be meeting with Audit Scotland for a handover in the start of 2023 and that JB had a conversation with RM re high level timetables.

**6. Finance Update (12/22)**

RM presented the paper stating that it has been presented to SET recently, and highlighted the savings.

RMo asked where we were in comparison to last year-end are we concerned. After a discussion RM stated that the majority of the expenditure in the last few months.

RMo asked if there was any budget for an office move in quarter four. There is some budget within the Admin heading but the vast majority of expenditure will be in 2023-24.

**7. National Fraud Initiative**

RM informed the meeting that Scottish Forestry were partaking in the latest National Fraud Initiative, with the data already been submitted.

**8. AOB**

ER asked about the revised Service Level Agreement particularly about building maintenance. DS spoke about this and the possible additional work and on the review of offices throughout the country including Silvan House.

The Chair thanked RM and GH for the quality and clarity of the papers provided.

The next meeting will take place on 14 March 2023.

**9. Discussion between Non-Executives and Auditors**

The auditors and the Non-Executives agreed that no private discussion was necessary at this time.