**SCOTTISH FORESTRY**

**AUDIT & ASSURANCE COMMITTEE MEETING**

**29 March 2023 – 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

 Kate Moffatt (KM), Internal Audit, Scottish Government

 Beth Busby (BB), Internal Audit, Scottish Government

 Angela Pieri (AP), Grant Thornton

 Hannah McKellar (HM), Grant Thornton

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

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

 Alison Thomson (AT), 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 |
| 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.  | Closed | 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 | 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 | Closed |  | RM |
| 06/22g | Modify self-assessment  | Open |  | PT, RM & GH |
| Oct AOB | Send out proposed dates for AAC | Closed |  | GH |
| 14/22 | Totals from the previous months audit tracker should be included for comparison | Open | June 23 | GH |

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

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

**2. Minutes / Matters Arising**

The minutes were accepted as a true recording of the meeting.

PT went through the Matters Arising stating that a paper had been sent to DS with regard to 06/22b and 06/22g and it was agreed that the following were now closed 04/22, 06/22d, 06/22f and Oct AOB

**3. Audit Recommendations Tracker and Risk update (14/22)**

GH spoke about the tracker and spoke about the Finance Support Visits the oldest recommendation, explaining that as a result of a change in practices with more paperwork being electronic, Finance were changing the reviews from conservancy to subject matter. A general discussion took place with KM offering assistance which both GH and ER thought that this was a good idea. ER noted that it would be important to have a plan for the range of topics to be covered under the new arrangements as well as carrying out a trial of the new approach for a specific topic. ER also advised that, following discussion with KM, the target dates for completion of the actions relating to the Finance Support Visits should be revised in the tracker.

RMo asked about the capacity in relation to the Grants recommendations and BC stated that there was some capacity issues and spoke further. KM asked about the reports and suggested an easier option could be flowcharts as this should suffice.

A general discussion took place around certain other recommendations with the external audit recommendation AS02/21 deemed to be closed.

The Committee welcomed the new format of the tracker which groups actions according to the Business Area and SET Lead. It would be particularly important that the relevant lead had signed off any updates and actions before the paper was brought to the AAC, so that there was a clearly agreed management position on each area.

**Action Point – GH to add in totals from the previous months for comparison.**

**4. Internal Audit - Progress Report and Annual Plan (15/22)**

KM introduced the papers and stated that the progress is on track, with follow up audits scheduled for April, she also mentioned that there were a few changes in internal audit with Sharon Fairweather leaving. ER wished to express her thanks on behalf of the Non-Execs to Sharon Fairweather for all that she has done.

KM then stated that two reviews have been undertaken for Certificate of Assurance and Data Protection. There was no further comments and the paper was approved.

KM briefly went through the Annual Plan stating that Business Continuity, Tree Health, Learning & Development and Advisory work were on the agenda. The paper was approved.

**5. External Audit – Planning & Risk Assessment (16/22)**

AP talked about the audit plan highlighting the materiality, risk timelines and fee. They mentioned that due to a change in auditing standards that there was an increase in the IT area of their work.

RM asked about their ability of achieving the timeline taking into account that the AAC is scheduled to meet at the start of September several weeks after the timeline ends. AP took this point on board and stated that they would notify Audit Scotland that the accounts would not be signed off until the second week of September.

PT and ER appreciated the way that AP had shown the fee within the document. There was no further questions or comments, and the paper was approved.

**6. Gifts (17/22)**

GH presented the paper explaining the background to the financial contribution made, in conjunction with CONFOR, to a gift for the retiring Chair of the Timber Transport Forum after eighteen years of unpaid service.

Several questions were asked about the approval process and the value of CONFOR’s contribution. The Committee recognised the exceptional circumstances and noted the Scottish Public Finance Manual guidance on gifts, which requires that this gift be disclosed in the annual accounts The paper was approved.

**7. National Fraud Initiative Update (18/22)**

GH stated that the results from the NFI data matching had come back and after further checking it appears that two invoices were paid for the same work. Further work has to be undertaken to ascertain if the invoices are both correct and if not, how this happened.

PT asked how this could be prevented going forward. GH explained through Purchase Orders being raised for goods or services this will greatly reduce the possibility of this happening again.

PT also asked about the lessons learnt, KM stated that SG had a counter fraud department which she could pass on their details to GH.

The paper was noted.

**8. AOB**

The next meeting will take place on 6 June 2023.

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

The Non-Executives had a private discussion with the External Auditors.