**SCOTTISH FORESTRY**

**AUDIT & ASSURANCE COMMITTEE MEETING**

**30 March 2022 – Teams Meeting**

**Present**

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

Eleanor Ryan (ER), Non-Executive

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

 Doug Howieson (DH), Head of Operational Delivery

 Gary Henderson (GH), Senior Finance Manager

 Mark Taylor (MT), Audit Scotland

 Stephanie Harold (SH), Audit Scotland

 Emma Keggans (EK), Audit Scotland

 Sharon Fairweather (SF), Internal Audit, Scottish Government

 Kate Moffatt (KM), Internal Audit, Scottish Government

 Alison Thomson (AT), Internal Audit, Scottish Government

 Amy Grant (AG), Internal Audit, Scottish Government

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

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

Action Point Summary

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 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 |
| 09/21 | To incorporate recommendations on the audit tracker | Closed | March 22 | RM / GH |

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

PT welcomed everyone to the Audit and Assurance Committee (AAC) and asked if there were any conflicts of interest. There were no conflicts of interest.

**2. Minutes / Matters Arising**

ER asked if the minutes could be amended as the inclusion in full of the comments and questions she had emailed ahead of the meeting made the minutes read slightly awkwardly and didn’t appear to truly reflect the discussion at the meeting. This was agreed ER to meet with GH and redistribute the minutes to all.

GH explained that the action point 09/21 was closed as the recommendations had been incorporated into the audit tracker and this had been shared with AT in advance of the meeting.

A general discussion took place regarding action point 30/20, with topics including Tree Health, Planting Targets including ways to increase demand, and Centralised Functions

**3. Audit Recommendations Tracker update (14/21)**

GH introduced the paper stating that the recent Internal Audit recommendations are included in the document along with Management updates including those on the Forestry Grant Scheme audits.

ER said she was concerned about the number of recommendations that are not being progressed, especially those that were given high priority, and also that there appeared to be information which had not been updated. ER was concerned about how effectively the committee could scrutinise progress if the tracker was not up to date. GH stated that the follow up audits had only been passed to him twenty four hours earlier so could not be updated onto the tracker in time, but he would ensure that it was fully updated for the next meeting. PT agreed with ER and insisted that the tracker should be kept up to date.

**4. Financial Update (15/21)**

GH gave a brief summary of the budget monitoring for the current year highlighting the under spend in Forestry Grant Scheme payments. He also spoke about the funding from Scottish Government for 2022-23, highlighting that whilst the amounts for Grants has increased this was due to the increase in the planting target. In addition, Finance are working on requests from Scottish Government for the 2023-27 resource budgets and capital budgets.

DS stated that as part of the resource spending review, we had offered up savings against the FGS, through reducing the unit cost. This could be hard to achieve as costs are increasing. ER stated that Scottish Forestry would still be required to clearly demonstrate what we are doing to achieve the ambitious targets and demonstrate what the benefits of planting trees to Scottish Government and Ministers to ensure that sufficient budget is maintained.

**5. AAC Review**

PT stated that he wanted to do a review of the AAC with input from internal audit, external audit, senior management as well as the non-execs. SF stated that there was a self-assessment form on the Scottish Government website which can be used. PT asked if GH and ER could look at the self-assessment form and feedback to the non-execs.

**6. Internal Audit Progress Paper (16/21)**

KM introduced the paper stating that these papers completed the full years plan, speaking briefly about the paper.

The Paper was noted.

**7. Internal Audit Planning Report (17/21)**

KM presented the paper, stating that the agreed work would be for the same level of budget and that the plan covered a variety of areas including the Key Performance Indicators

DH stated that he was happy with the approach that Internal Audit take and as a result the organisation greatly benefits from it. PT echoed these thoughts.

**8. External Audit Plan & Progress Report (18/21)**

MT said that this was the third year of the audit for Scottish Forestry and sixth overall and as such would be the last under the current team. The 2022-23 audit has been awarded to KPMG and that the current Audit Scotland team would be doing a handover to the new auditors.

SH introduced the final draft audit plan highlighting certain areas including materiality levels and key risks. It was stated that the interim audit has commenced.

The paper was noted

**9. AOB**

DS mentioned that the number of non-executives was increasing to four, and asked for the non-execs view on if all four of them should be part of AAC. ER thought due to possible absence it would be better if all four of them were members. PT then asked DS for his thoughts on other roles for non-execs

**Action Point** – DS to arrange a meeting between the new non-exec and the other non-execs

The next meeting has been provisionally set for September 2022

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

A meeting between the auditors and the Non-Executives took place