**SCOTTISH FORESTRY**

**DRAFT MINUTES OF THE AUDIT & ASSURANCE COMMITTEE MEETING**

**5 December 2023 – Saughton House and Microsoft Teams**

**Present**

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| **Members** | Phil Taylor (PT), Non-Executive & Chair |
|  | Eleanor Ryan (ER), Non-Executive |
|  | Richard Morris (RMo), Non-Executive |
|  | James Stuart (JS), Non-Executive |
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| **Attendees** | Paul Lowe (PL), Interim Chief Executive |
|  | Jonathan Taylor (JT), Head of Executive Office |
|  | Gary Henderson (GH), Senior Finance Manager |
|  | Ross Machardie (RM), Head of Finance & Business Support |
|  | Kate Moffatt (KM), Internal Audit, Scottish Government |
|  | Alison Thomson (AT), Internal Audit, Scottish Government |
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| **Apologies** | Hannah McKellar (HM), Grant Thornton  Angela Pieri (AP), Grant Thornton |
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**Action Point Summary:**

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| **Action Point Ref** | **Description** | **Status** | **Completion date** | **Owner** |
| 06/22 | Modify self-assessment and circulate to members. **Amended**: PT to write to AAC members with proposals on the use of the AAC self-assessment questionnaires and seek feedback, with a view to formal adoption at next meeting. **Update: PT has sought comments on introduction of new questionnaire and can be adopted.** | **Closed – subject to agreement** | December | PT |
| 02/23 | Amend risk report/register to make commentary and narrative the main part of the document | **Open** | After revision to Risk Appetite Statement | JT’s Team |
| 03/23 | LB to continue to work with Internal Audit to continue its scrutiny (annual or as agreed) in this area and to share any changes to the current position (alternative/options) on grant succession, the revised relevant risk controls and link to corporate risk appetite at future AAC meeting. | **Open** | Future meeting in 2024 TBC | LB/BC |
| 04/23 | Brendan Callaghan and new Delivery and Improvement Conservator to come to future meeting with an update on the training and development programme for operational/Conservancy staff. | **Open** | May meeting TBC | BC / Matt Young |
| 05/23 | Discussion to be scheduled on Records Management for a future meeting. | **Open** | May meeting | JT |

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

* 1. PT welcomed everyone to the Audit and Assurance Committee (AAC) and sought confirmation there were no conflicts of interest.

**2. Minutes / Matters Arising / Audit Tracker**

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

**2.2** PT noted the previous discussions on the effectiveness of the AAC self-assessment process and the outstanding action point to update. It was agreed to consider using the relevant annexes of the SG Audit Handbook as the basis of the review, which would sit alongside the more procedural questionnaire. PT would write to committee members seeking views on these documents and recommend who would complete each document.

**Action Point (continuation of 06/22g)**: PT to write to AAC members with proposals on the use of the AAC self-assessment questionnaires and annexes, and seek feedback, with a view to formal adoption of the process at next meeting.

**Audit Tracker (08/23)**

**2.3** PL noted the efforts to clear outstanding audit recommendations and thanked the teams who have focused on this. JT noted that the structure and format would be updated to allow for easier tracking in the future and would be shared with Internal Audit to seek feedback. Record of thanks to Internal Audit for all their help in working and supporting staff through their audits.

**2.4** JS noted if possible the number of High and Medium outstanding actions could be highlighted/separated out within the summary table.

**2.5** Lindsay Bisset, SF Grant Scheme Manager joined to the meeting to update on the FGS audit recommendations highlighted, specifically around the management of grant successions. LB gave an overview of the current process and how succession documents cannot usually be issued through the RP&S system and due to these limitations, subsequent iterations of the grant contracts are issued and tracked manually by the central FGS team.

**2.6** Whilst incremental improvements are being made to this process, and the improvements form part of BAU management; there is no IT solution to produce succession contracts or generate the necessary MI to manage the cases, as the SG RP&S will not be changed without significant and major investment that even the major agriculture reform programme is unlikely to accommodate.

**2.7** The Committee raised points on the level of risk (such as fraud, payments to wrong people) this creates for the organisation and whether this could be tolerated. The Committee would welcome being updated on this, the options and confirmation of the risk controls in place and relation to the organisation’s risk appetite.

**2.8** LB noted that there were in reality limited options to change the processes due to the IT constraints, but that once the risk appetite and register were revised this would be shared with the Committee to provide assurance on management controls. It would also be entered on the Corporate Risk Register and LB would work with IA to ensure reviews/advisory audits are undertaken.

**Action Point:** LB to work withInternal Audit to continue its scrutiny (annual or as agreed) in this area and to share any changes to the current position (alternative/options) on succession management, the revised relevant risk controls and link to corporate risk appetite at future AAC meeting.

**3. Internal Audit – Progress Report (16/23)**

**3.1** The Committee noted the paper and recorded their thanks to Alison and Kate. The following points were noted:

**3.2** Approaching annual planning time and AT would be in contact with JT to start that process, with a view to bringing the proposed plan to the March AAC meeting for endorsement.

* PL noted that that the HR transaction service procurement exercise did not award and is going back to Improvement Delivery Programme to consider re-tendering options.
* On digital assurance PL noted engagement with the SG DAO on the SLA work, and also the website redevelopment; the website project has now become part of the Improvement Programme.

**4. Finance Update (17/23)**

**4.1** RM presented the finance update paper, and in particular highlighting the evolving situation with the annual Budget Bill.The Committee noted the paper and raised a number of issues on the preparation for the Budget Bill settlement and its impact.

**4.2** PL updated on the likely timetable for the draft Bill (19th December) and that the Senior Team had already started to look at scenarios and planning, both in terms of impacts and communications. Anticipate that we’ll be in a position to update non-execs at the January SAG meeting in terms of budget settlement and more detailed planning.

**4.3** JS sought clarification that this year’s budget for woodland creation would be spent and whether any underspend would impact on the future budget settlement. PL confirmed the current approval levels (c.13K hectares and rising) and that at this historic level we are confident of spending the allocation. Also noted was the reduction to zero in the contribution from Transport Scotland towards the Timber Transport Fund; a meeting with Ministers is scheduled for January to discuss the scheme and Scottish Forestry’s support.

**4.4** The committee discussed the support and budget for training. RM noted some key changes, such as the move to adoption of the SG Pathways on-line training module, which will improve the offer of courses. RM also noted the on-going work to look at the structures and grades within Conservancy teams to improve training, career progression and retention. The Committee note this work and would welcome a more detailed update on this area, and agreed that the an update from the new Delivery and Improvement Conservator who will lead this area of work would be useful (recruitment/start of this post expected in February).

**4.5** RM also noted the finance team is actively recruiting additional resources, especially on the accounting side. The Committee reiterated it’s support for resourcing and capacity within the team to ensure resilience of key functions.

**Action Point:** Brendan Callaghan and new Delivery and Improvement Conservator to come to future meeting with an update on the training and development programme for operational/Conservancy staff.

**5. Update from Information Governance Group (18/23)**

**5.1** JT spoke to the quarterly update from the Information Governance Group. The Committee noted the work of the group, and requested that a specific discussion at a future meeting on records management would be welcome. This would be scheduled once the new Information Governance Manager, covering staff absence, was in post.

**Action Point:** Discussion to be scheduled on Records Management for a future meeting.

**6. Declaration of official gifts (19/23)**

**6.1** GH presented the paper, which was noted and no comments made.

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

7.1 The Non-Executives had a private discussion with the auditors.