**SCOTTISH FORESTRY**

**AUDIT & ASSURANCE COMMITTEE MEETING**

**2 September 2021 – Teams Meeting**

**Present**

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

James Stuart (JS), Non-Executive

Eleanor Ryan (ER), Non-Executive

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

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

 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

 Alison Thomson (AT), Internal Audit, Scottish Government

 Amy Grant (AG), Internal Audit, Scottish Government

 Iain Burns (IB), Internal Audit, Scottish Government

**Apologies** Kate Moffatt (KM), Internal Audit, Scottish Government

Action Point Summary

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| --- | --- | --- | --- | --- |
| Action Point Ref | Description | Status | Completion date | Owner |
| 24/20 (a) | RM to bring the results of the risk review and outcome of SET recommendations to the committee | Open |  | RM |
| 24/20 (b) | BC to look into feasibility of tidying up (removing/closing/updating) prior years data/claims on casebook | Open |  | DH |
| 26/20 | RM to produce paper on revised FSV’s for SET | Closed |  | RM |
| 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 |

**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**

The minutes of the previous meeting were accepted as a true and accurate record.

AP 26/20 RM stated that he presented a paper to SET on the proposed Finance Support Visits which had been approved and that this had been passed to Internal Audit. The action point is now closed.

**3. Internal Audit – Assurance Report 20-21**

IB summarised the 2020-21 work that Internal Audit carried out. He said that based on the work carried out during the year their opinion was that of a reasonable assurance.

The paper was approved by the Committee.

**4. Internal Audit – Update & Progress Report**

AT introduced the paper stating that Annex A related to the original plan and that Annex B related to the revised plan, which had changed due to discussions with Management and in particular the Brexit review which was to look at processes which are now being taken at a national level.

Currently the review of the Electronic Finance Process is at draft stage, the Governance and Assurance paper has been issued for discussion and the Forestry Grant Scheme has just started.

RM said that there is a continuing good relationship with Internal Audit and that the reviews were challenging and supplied good advice especially in the current virtual reality.

JS stated that he was glad that the plan was adjusted as this shows is a responsive plan. IB added that if anything relevant comes out of the Scottish Government’s EU exit audit he will share it with the Committee

The paper was noted by the members.

**6. Scottish Forestry Annual Reports & Accounts 2020/2021**

GH introduced the paper and spoke about the main points including the large underspend in the Forestry Grant Scheme which had an impact on the over drawdown of funding from Scottish Government which External Audit had mentioned in their recommendations. RM added that this was the first full year under lockdown which had resulted in additional work undertaken within Finance and he was happy to say that the Audit has gone smoothly. RM stated that going forward that there were areas of improvement in the Annual Report, that was required and through the work on Key Performance Indicators being undertaken this will assist in those improvements. JS stated that the KPI’s should not be just monetary, which was agreed by the other non-execs.

ER wished to extend her thanks to GH for his hard work in bringing the Annual Report and Accounts to the Committee. ER also asked with regard to the large underspend and the drawdown what was being done to ensure that this wouldn’t happen again. RM stated that the Grants team will commence on the 2021-22 figures shortly which will be passed to Finance. DH also spoke about the current monthly meetings between the Grants team and Scottish Government.

GH also presented a loss paper for Committee’s approval and briefly explained the reasons for these losses.

 The papers were approved

**5. External Audit – Annual Audit Report 2020/21**

MT presented the paper and stated that SH would be carrying the final checks before the electronic signing off tomorrow. MT brought to attention that he now has to make a comment on the organisations Going Concern due to a change in auditing standards. He also added that the audit resulted in an unqualified opinion and no there were no unadjusted errors and asked the non-execs if there was anything that they wish to bring to audit’s attention. The non-execs said that there was nothing

MT added that whilst currently the Annual Report and Accounts were in draft but once signed it will be final and will not be brought back to the Committee as no changes are expected, the Accounts will also be on the Audit Scotland website.

A discussion took place regarding the Audit Scotland recommendations , noting that the improved management information from Casebook would go to answering several recommendations.

The paper was noted and DS was asked to sign the accounts

**7. National Fraud Initiative 20-21**

GH presented the paper, giving a background to the paper and stating that whilst there were matches these were reviewed with a valid explanation for them all.

PT asked if there were ongoing checks which MT said there is no scope to do it out with this initiative.

The paper was noted.

**8. Financial Update (Discussion)**

As a result of a discussion at the previous AAC, RM presented the paper showing an example of the financial information presented to the Senior Executive Team meetings and asked was this what the Committee had in mind and what frequency would they wish to receive the report.

JS said as we are not the Finance Committee, that he would wish table with figures and commentary, with any risks being included and how we are treating the risk. ER and PT agreed with this.

**9. Information Governance Group**

RM presented the update paper highlighting that the records management plan had been submitted to national Records Scotland and that feedback from them had been received. Also not all records management will be covered by eRDM and some teams are progressing quicker than others in moving over to eRDM. JS queried the RAG rating, which RM explained.

The paper was noted

**10. AOB**

No other business

The next meeting has been provisionally set for November or December 2021

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

Audit Scotland met with the non-execs