**SCOTTISH FORESTRY**

**AUDIT & ASSURANCE COMMITTEE MEETING**

**19 November 2020 – 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

 Brendan Callaghan (BC), Head of Operational Delivery

 Gary Henderson (GH), Senior Finance Manager

 Helen Russell (HR), Audit Scotland

 Kerry Nelson (KN), Audit Scotland

Kate Moffatt (KM), Internal Audit, Scottish Government

 Alison Thomson, Internal Audit, Scottish Government

 Amy Grant (AG), Internal Audit, Scottish Government

**Apologies** Mark Taylor (MT), Audit Scotland

Action Point Summary

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| --- | --- | --- | --- | --- |
| Action Point Ref | Description | Status | Completion date | Owner |
| 20-03a | Update the Business Continuity plan | Closed |  |  |
| 21-04 | Prepare audit recommendation tracker  | Closed |  |  |
| 21-08 | Formulate responses to the Internal Audit’s checklist | Closed |  |  |

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

PT welcomed everyone to the Audit and Assurance Committee (AAC), which was taking part by Teams for the first time. There were no declarations of conflicts of interest.

**2. Minutes / Matters Arising**

Action Points

20-03 (a) A Business Continuity Plan was presented by RM. It was agreed by all that the Plan was clear, helpful and was fit for purpose. As a result, it was agreed that it should be signed off by the Senior Executive Team.

21-04 Paper 5 below relates to this.

21-08 Paper 4 below relates to this.

ER asked that the wording in the last sentence of the third paragraph of point 5 be amended. With this amendment, the minutes were accepted as a true and accurate record.

**3. Governance & Risk Management Process**

RM introduced the paper. A general discussion took place with regard to the risk register and how the risks could be embedded into the business and cost centre plans and ensuring a buy in from staff.

ER then asked about what mitigating actions were in place for the highest risk – Woodland Creation Targets. DS stated that discussions had taken place around the planting targets with the Government. Whilst the Minister’s target was stretching but was achievable only if funding is available.

PT asked how confident were Scottish Forestry that there is enough people/organisations that wish to plant trees. DS said that the main constraint was the incentives offered to landowners as agriculture and peatland restoration are each promoting their agendas. BC added that our track record shows we have been good at pitching the incentives and there is strong demand at the moment particularly with organisations looking at long-term investment, and carbon offsets. He also stated there was always the possibility of a UK Government announcement or a change in the Scottish Government in 2021, which may have an impact on the demand

JS then spoke about risk 4 asking about the underlying risk. BC stated that whilst productivity was down due to Covid-19 discussions within SET has been monitoring the situation and taking action to minimise the risk.

**4. Internal Controls & Assessment (COVID-19) – Action Point 21-08**

RM introduced the paper stating that he had reviewed the internal controls and risk using a checklist provided by SGIAD and had feedback from SGIAD from their recent reviews, from this he was reasonably assured that all controls are in place.

ER thanked RM for a well-written paper.

The paper was noted by the members.

**5. Audit Recommendations Tracker – Action Point 21-04**

RM introduced the paper.

JS stated that he found it immediately helpful and thanked both RM and GH for pulling this together.

A general discussion took place around the format and content and it was agreed that whilst Management may have closed off a recommendation, these would be dependent on either internal or external audit reviewing the actions and this should be reflected in the tracker.

The paper was approved

**6. Internal Audit update & Progress Report**

KM introduced AT as the new Audit Manager. KM said that they were about to look at the annual plan for 21-22 and emails have been sent out to Scottish Forestry Management for their views.

AT brought to the attention that the Corporate Governance and Regulatory Framework audits would now be one paper.

AT introduced the paper thanking the SF team for their co-operation.

BC stated that his team valued the feedback from Internal Audit

The paper was noted.

**7. External Audit update & Progress Report**

HR discussed the paper, stating that the finalisation of the 2019-20 audit. Due to a delay in the current 2019-20 audits due to Covid, the planning of the 2020-21 audit had not started but initial discussions will take place with RM and GH at the start of December. With the subsequent plans being issued at the next meeting.

HR also mentioned that the audit appointment had formally been extended to the 2021-22 audit.

The paper was noted.

**8. National Fraud Initiative Exercise 2020-21**

GH introduced the paper setting out the actions that have taken place and the timetable going forward.

The paper was noted.

**9. Implementation of new finance system update**

RM presented the update paper, explaining the progress on the new finance systems and what were the options going forward.

JS thanked RM for the update and future updates.

**10. AOB**

PT asked the other non-executives to think about reviewing the terms of reference at the next meeting.

The next meeting has been provisionally set for March 2021

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

The non-Executives and the Internal Auditors met after the meeting