**SCOTTISH FORESTRY**

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

**3 December 2024 – 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), Chief Executive |
|  | Jonathan Taylor (JT), Head of Executive Office |
|  | Gary Henderson (GH), Senior Finance Manager |
|  | Louise Maclean (LM), Information Governance Manager |
|  | Adam Dearnley (AD), Director of Finance |
|  | Hannah McKellar (HM), Grant Thornton  |
|  | Kate Moffat (KM), Internal Audit, Scottish Government |
|  | Pamela Wilkinson, Deputy Director of Internal Audit, Scottish Government |
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| **Apologies** | Alison Thomson (AT), Internal Audit, Scottish Government |
|  | Angela Pieri (AP), Grant Thornton |

**Action Point Summary:**

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| --- | --- | --- | --- | --- |
| **Action Point Ref** | **Description** | **Status** | **Completion / Target date** | **Owner** |
| 23/24 | LM to review recent audit reports and ensure that the tracker was updated accordingly.  | CLOSED | 01/2025 | LM |
| 24/24 | LB/BC to be invited to next meeting to update on FGS audits and improvement works. | CLOSED | 03/2025 | LM |
| 25/24 | LM to ensure risk and the risk register was on the agenda for the next AAC meeting. | NEW | 03/2025 | LM |
| 26/24 | JT to discuss with HR the reviewing ofScottish Forestry’s whistleblowing policy and bring back to AAC. | NEW | Q2 2025 | JT/MD |

**1. Welcome, introductions, declarations of interest**

* 1. The Chair welcomed everyone to the meeting, including AD and PW who were attending for the first time.
	2. No new declarations of interest were made.

**2. Minutes, actions and matters arising**

**2.1** The minutes from the previous meeting were approved.

**2.2** All actions were noted as complete and closed.

**2.3** There were no matters arising, or declarations of interest.

**3. Audit recommendations update**

**3.1** JT introduced the paper and explained that the format of the tracker had been changed and that a process for gathering updates with subject matter experts had been developed and is proving to work well and showed good progress. JT thanked LM for her work on this.

**3.2** JS stated that the changes in the audit tracker provided the Non-Executive Advisors with the assurance that actions were being tracked and nothing was being lost with the addition of the closed actions tab. It was proving to be an effective tool to support monitoring and prioritisation.

**3.3** EA had a query regarding Forestry Grant Scheme actions and whether previous recommendations had been superseded. KM stated that a new FGS report as well as a follow up on the previous FGS audits, had only recently been issued. Agreed

* **Action point:** LM to review recent audit reports and ensure that the tracker was updated accordingly.

**3.4** PT had a question on the update provided for the FGS action to introduce a formal change approval process for succession and contracts and the time scale for this to conclude. JT stated that Lindsay Bisset, Grant Schemes Manager could attend the next AAC meeting to update on this work.

* **Action point:** LB/BC to be invited to next meeting to update on FGS audits and improvement works.

**3.5** PT also questioned the steps and processes associated with post planting compliance and grant award checks, both paper and field based. There was an agreement to bring this point back for more detailed discussion by Lindsay Bisset and Brendan Callaghan.

**4. Budget and outturn update**

**4.1** AD introduced the paper and explained that it was prepared with the intention of providing the AAC with a half year update and the current position ahead of the SG Budget, due to be published on 4 December. He explained that the Scottish Forestry 24/25 budget was in broad line with projections, but movement has occurred in year due to the SG emergency spend controls and better clarity on staffing data. The finance team continued to monitor the position closely.

**4.3** AD advised the AAC that the Scottish Forestry budget settlement was still to be finalised from Scottish Government. However current indications appeared more positive than the settlement for 24-25.

**4.4** PL noted that whilst encouraging news the budget bill once finalised would have to clear Parliament and that might result in further change. Any positive progress would also have to be factored in against 33% overall decrease in budget this year, including the 57% capital reduction. This had as anticipated impacted investor and applicant confidence and there had been a decrease in woodland creation applications being submitted this year. This meant that the Agency were on track to approve around 9,500ha of woodland creation projects for 2024/25, in comparison to over 14,000ha in 2023/24.

**4.5** PT asked if there were plans in place if there was an underspend. PL advised that this would be considered as it had been in previous years, AD explained that there were some projects that could potentially have budget allocated.

**4.6** PT asked about the potential impact of the 2025/26 budget on staffing. AD explained that there were pressures related to pay and progression, including the pay deal and a likely increase in employer national insurance costs that were unlikely to be refunded in full by the treasury. The position was likely to be manageable but that there was very limited scope for material growth in staffing numbers. PL added that the remit of the Resourcing Committee would be reviewed in the new year to ensure that it met the needs of the Agency in the changing budget environment.

**4.7** JS noted that he was pleased to see this paper and that the content was reassuring. He was further reassured by the discussion and the actions the Executive Team were taking.

**5. Internal Audit Progress Report**

**5.1** KM informed the AAC that the schedule of work was running on time. The risk audit report had been presented for management response. Work on the Woodland Carbon Code was starting and the terms of reference for the recent Forestry Grant Scheme (FGS) was altered from the previous version, in light of management decisions on past FGS audit recommendations. Planning for 2025/26 was underway and IA were due to meet PL, JT and AD to discuss proposals.

**5.2** More widely,PL updated on the newly established Ministerial led UK Tree Planting Taskforce, which met for the first time on 28th November, which the Cabinet Secretary attended. The next meeting was scheduled for February/March 2025. Work continues to develop an approach for future forestry grant support mechanisms. He told the AAC that a workshop on 5 December would discuss high level options for this work.

1. **5.3** PW highlighted a number of recently published reports including the independent review of the Water Industry Commission for Scotland; Investigation into Whistleblowing in the Civil Service and the Fiscal sustainability and reform in Scotland report by Audit Scotland. She highlighted some of the main themes from the reports – the importance of having a robust and up to date framework document; the impact of organisational culture and behaviour; having a fit for purpose whistleblowing policy and process; welcoming of effective and robust challenge and fostering a “safe to speak up” culture.

**5.4** EA asked if Scottish Forestry intend to review the Agency’s whistleblowing policy and procedures to ensure that they align with current best practice. JT confirmed that this would happen. PL noted that the Agency Framework document had been reviewed and updated within the last 12 months.

* **Action point:** LM to ensure risk and the risk register is on the agenda for the next AAC meeting.

**5.5** PT asked for an update on the action on inspections that was raised in the recent Forestry Grant Scheme audit to be presented at the next AAC meeting. As above, there was agreement to bring this point back for more detailed discussion by Lindsay Bisset and Brendan Callaghan.

**6. External Audit**

**6.1** HM provided an update on external audit progress to date. She confirmed that the 2023/24 audit cycle was complete and that an unmodified opinion was issued for the 2023/24 Annual report and Accounts in August 2024. She confirmed that planning for the 2024/25 cycle was underway and that some extra engagement would be required due to the introduction of the new finance system.

**7. Quarterly Information Governance Report**

**7.1** JT introduced the paper and gave an overview of some of the work highlighted in the report. He informed the AAC that the Digital and Data Strategy was progressing and that a workshop was being held in the afternoon of 3 December and that following the workshop, the revised strategy would be presented to the Executive Board. The aim of the strategy was to prioritise the Agency’s resources and strengths.

**7.2** JT noted that a lot of good work was happening in relation to data protection, to improve the organisation’s maturity and processes. For example, bespoke workshops had been delivered and this led to an increased awareness amongst teams and had led to an increase in the number of data protection impact assessments completed / reviewed.

**7.3** JT informed the AAC that work on unacceptable behaviours had progressed and that it was agreed that Scottish Forestry would align with the Scottish Government approach. The Strategic Operations Group would initially consider how this was embedded within the Agency, and this was likely to involve workshops in Conservancies.

**7.4** RMo congratulated all those that were involved in the work highlighted in the report and stated that it was pleasing to see the strategic and consequential approach that the Information Governance Group were taking. JS stated that it was pleasing to see the progress with the work on unacceptable behaviours, particularly on the balancing of risks with the Agency’s risk appetite and that this provided a structure for the Agency to protect its’ staff.

**7.5** JT stated that the Digital Business Partner had been involved in a lot of work in relation to cyber security and proposed that this could be a topic for a future deep dive for the AAC.

**8. Update on Website Development Project Digital Scotland Service Standard Assessment**

**8.1** JT introduced the paper and informed the AAC that passing the project’s first Digital Scotland Service Standard (DSSS) assessment at Discovery phase, was a significant achievement to date, and that the Assessment Report advised that the work met all 14 assessment criteria and demonstrated good compliance with the Standard. The review team had made no recommendations.

**8.2** PL noted this excellent achievement and how unusual it was to pass without additional recommendations. JS also noted his congratulations to Cameron Edwards and all those involved in this work and asked about the agency’s process for internal recognition. JT stated that he would ensure that the feedback would be passed on and that any learning gathered as part of the process would be collated and shared. PL stated that establishing an internal process for internal recognition was being considered.

**8.3** PW informed the AAC that Scottish Government’s Digital Assurance Office produce a series of blogs on a regular basis to spotlight successes and share learning that could benefit others and that this could be a feature in the future as passing the DSSS assessment first time with no recommendations is very rare.

**9. Notification of whistleblowing complaint**

**9.1** In line with the Agency’s policy on whistleblowing, JT informed the AAC of a recent whistleblowing complaint. He reported that following an investigation and production of a report, the complaint was not upheld and was subsequently closed. The process had identified the need for a review and to ensure the policy was aligned with current SG best practice. The committee agreed that and would welcome a revised policy coming back for discussion.

* **Action point:** JT to discuss with HR the reviewing ofScottish Forestry’s whistleblowing policy and bring back to AAC.

**10. AOB**

**10.1** As the last meeting with James Stuart before stepping down as non-executive advisor, PT thanked JS for his service and contributions over the years. This was acknowledged by all the other Non-Executive Advisors and all those present who, thanked him for his work and wished him well. JS extended his thanks to his fellow Non Executive Advisor’s and the Executive team for their support and the positive experience of being with Scottish Forestry.

**10.2** There was no further AOB and the meeting closed.