



FORESTRY AND LAND SCOTLAND AUDIT AND RISK COMMITTEE

10am, 27 May 2025, Apex 1 (Livingstone Room) & MS Teams

Present:

Members: Jo O'Hara (JO), Acting Chair, Non-Exec
Clea Warner (CW), Non-Exec
Therese O'Donnell (TO), Non-Exec

Attendees: Kevin Quinlan (KQ), Chief Executive, FLS
Tom Greenan (TG), Director of Corporate Services & Transformation, FLS
Andrew Hunt (AH), Regional Manager, FLS
Colin Buchanan (CB), Senior Finance Manager, FLS
Michael Hymers (MH), Head of Corporate Office, FLS
Rhondra Salmond (RS), Change Manager, FLS
Kate Moffat (KM), Head of Internal Audit, SGIAD
Ashley Green (AG), Internal Audit, SGIAD
Angela Pieri (AP), Grant Thornton UK LLP (External Audit)
Sophia Christopoulos (SC), Secretariat Assistant, FLS (Minutes)
Matthew Henderson (MH), Secretariat Assistant, FLS (Observer)

Apologies: Lyndon Jones (LJ), Chair, Non-Exec
Graeme Prest (GP), Director of Land Management & Regions, FLS
Alison Thomson (AT), Internal Audit, SGIAD
Amy Beveridge (AB), Internal Audit, SGIAD
Hannah McKellar (HM), Grant Thornton UK LLP (External Audit)

Action Point Summary:

Action Point Ref	Description	Status	Owner
21/2024	MH to provide monthly updates on the ASPEN Project to the Non-Executives.	Open	Michael Hymers
01/2025	RS to review realism and rationale behind target scores and timelines in Risk Register.	Open	Rhondra Salmond
02/2025	Arrange a Teams meetings between Non-Executives, Internal Audit and FLS leads to Internal Audit papers and actions.	Open	Secretariat Assistant

03/2025	RS to ensure named owners for audit actions, with clearer timelines.	Open	Rhondda Salmond
04/2025	Arrange meeting between Jason Liggons, Head of Health, Safety & Wellbeing, and the ARC ahead of the Deep Dive in September.	Open	Secretariat Assistant
05/2025	Revisit the ARC dates, ensuring these align with the Annual Report & Accounts timeline.	Open	Secretariat Assistant

1. PRELIMINARIES/INTRODUCTIONS

JO welcomed everyone to the FLS Audit and Risk Committee (ARC) and advised that she had been approached to Chair the meeting as LJ was unable to attend.

Conflict of Interests

No conflicts of interests were declared.

2. MINUTES OF LAST MEETING AND ACTION POINTS

The ARC members agreed that the minutes were a fair and accurate record of the meeting held on 5 March 2025.

Matters Arising

It was agreed that Action Points 15/2024, 19/2024, 24/2024, 25/2024, 26/2024, 27/2024, 28/2024, 29/2024, 30/2024, 31/2024 and 32/2024 were closed. The following Action Points were discussed:

21/2024 – Monthly Updates on ASPEN: MH apologised for the gap in communication on this and provided assurance that the Non-Executives will receive monthly updates going forward. JO requested that there be a short summary paragraph at the start of each update.

21/2024 – Cyber Security Training: TO stressed the importance of mandatory training for all staff, not just new entrants. RS confirmed that a review is planned in Quarter 2, while MH added that the ELT will be discussing cyber security at their next meeting on 29 May 2025.

JO asked for greater consistency in paper numbering between the file name, agenda item and paper number on the agenda.

3. RISK

3a. New/Emerging Business and Potential Risks

KQ outlined several external risks including timber price volatility, global tariffs, and the repowering of windfarms. On this latter point, he explored the challenges around fair value, commercial viability, and community involvement, noting that FLS is working closely with SG to address these, as well as to support with the energy transition. Internally, the delayed launch of the new Oracle system was raised, now due in autumn following a stocktake. The “Fit for our Future” (FFF) programme was flagged as another key area, with ongoing challenges in aligning culture and recruiting programme management capacity.

JO proposed establishing an additional 'Issues' tab under 'Emerging Risks', citing wildfires as a prime example. RS confirmed a revised, more dynamic Corporate Risk Register is about to go live, which will be supported by regular updates and improved usability. KQ suggested that a monthly issues stocktake may help operational teams shift from a granular spreadsheet format to a more practical tool.

3b. FLS Risk Update, including Revised Corporate Risk Register Approach

RS introduced the new Risk Register format, designed to better reflect risk ownership, ensure actions are meaningful and not confused with business-as-usual activity as well as incorporating previous feedback from the ARC, including introduction of an Issues Tab. The committee welcomed its improved accessibility and content.

TO expressed concern over some target scores being overly optimistic. TG agreed and emphasised the need for more realistic goals, especially around Health, Safety & Wellbeing (HSW), to ensure staff engagement and delivery. KM cautioned that lowering impact scores, especially for HSW, should be considered carefully.

There was consensus that target scores and timelines must be both achievable and clearly justified. JO asked for greater visibility on areas with the widest gaps between current and target scores, highlighting HSW as a key concern. KM and RS also reflected on the importance of tracking risk trajectory and making risks more embedded into organisational processes. KQ supported the use of visualisation tools and monitoring through ELT and LMLT meetings.

AP 01/2025: RS to review realism and rationale behind target scores and timelines in Risk Register.

4. AUDIT

4a. Internal Audit – Annual Assurance 2024/25

KM confirmed the assurance rating remains limited, with progress acknowledged but cultural inconsistencies persisting across regions. A key observation was the continued siloed mentality within the organisation.

CW asked about flexibility within the framework. KM and JO agreed that a “freedom within a framework” approach should be supported through tools such as the balanced scorecard and clear Standard Operating Procedures (SOPs). TO reinforced that while local culture may vary, underlying behaviours and standards must be consistent. KQ noted that audit implementation remains a weakness, but internal improvements are underway. He expressed concern that the assurance report lacked recognition for the organisation’s progress, particularly around the balanced scorecard and increased timber output.

KM responded to this that she had added positive feedback throughout the report.

4b. Internal Audit – Progress Report

KM updated on Internal Audit staffing and scheduling, highlighting changes to leadership and upcoming reviews. She confirmed that the awaited Regional Management report is now embedded in the progress paper. Detailed discussion on this was not possible as the Non-Executives had not received the report ahead of the meeting due to a circulation issue. RS was

asked to circulate the full report and a follow-up session was proposed for the Non-Executives, Internal Audit and GP.

AP 02/2025: Arrange a Teams meetings between Non-Executives, Internal Audit and FLS leads to Internal Audit papers and actions.

4c. Audit Recommendations and Actions – Progress Update

RS opened discussion on the audit action tracker. CW raised concerns around the outdated business sustainability section. TG confirmed actions have been reviewed and restructured, with more meaningful metrics and supporting detail, which will be shown in the balanced scorecard.

TO noted the need for clearer ownership, with JO adding that governance actions currently attributed to “teams” should be assigned to named individuals. CW and TO also requested better use of completion dates and clarity on action sequencing.

AH described how the tracker is used in regions and tied to performance processes. TG noted that it is becoming more integrated and relevant but must continue to evolve.

Discussion highlighted the need for improved consistency across the organisation - particularly around values and behaviours, targets and the application of effective SOPs.

AP 03/2025: RS to ensure named owners for audit actions, with clearer timelines.

5. BREAK

6. 2024/25 ANNUAL REPORT AND ACCOUNTS (ARA)

6a. Annual Audit Plan 2024/25 and Progress Update

AP provided an update on early interim testing and upcoming work, which is currently on track and no delays anticipated. One significant issue was noted with prior year income under-accrual linked to late billing from a renewables customer, which may require a prior period adjustment.

TG clarified that this stemmed from an accounting issue between commercial and finance teams, which has since been addressed. Measures are now in place including quarterly renewables reviews and an independent expert to review future processes. KQ and TG emphasised that this was a process failure, not misconduct, and that corrective actions were underway. They also highlighted the challenges around forecasting renewables income, particularly transparency around fluctuating prices of electricity.

6b. FLS Preparations and Update

CB confirmed that preparations for the audit are on track and no major issues have been identified.

7. AOB

7a. Potential Fraud

A potential fraud case was highlighted, with a special investigation ongoing. The ARC requested that management keep External Audit informed.

7b. Next Deep Dive Theme

The ARC agreed that the meeting in August will feature a deep dive on HSW. JO and TO requested that this explore whether current actions reinforce effective outcomes. KQ recommended that the Non-Executives meet with Jason Liggins, the Head of HSW, beforehand and have sight of the HSW end of year report and data.

The upcoming ARC dates were also discussed with the Non-Executives raising concerns around the ARA timeline. They requested that these dates be reviewed to ensure alignment with ARA sign-off.

AP 04/2025: Arrange meeting between Jason Liggins, Head of Health, Safety & Wellbeing, and the ARC ahead of the Deep Dive.

AP 05/2025: Revisit ARC dates, ensuring these align with the Annual Report & Accounts timeline.

8. MEETING BETWEEN NON-EXECUTIVE ADVISORS AND EXTERNAL / INTERNAL AUDIT

This meeting was held but not minuted.

9. CLOSE

JO concluded the meeting and thanked everyone for attending.

The date of the next ARC meeting is 23 September 2025.