



FORESTRY AND LAND SCOTLAND AUDIT AND RISK COMMITTEE

13:15, 23 September 2025, Apex 1 (Burns Room) & MS Teams

Present:

Members: Lyndon Jones (LJ), Chair, Non-Exec
Jo O'Hara (JO), Non-Exec
Clea Warner (CW), Non-Exec
Therese O'Donnell (TO), Non-Exec
Gio D'Allesio (GD), Non-Exec
Maf Smith (MS), Non-Exec
Nicola Gordon (NG), Non-Exec

Attendees: Kevin Quinlan (KQ), Chief Executive, FLS
Tom Greenan (TG), Director of Corporate Services & Transformation, FLS
Graeme Prest (GP), Director of Land Management & Regions, FLS
Colin Buchanan (CB), Senior Finance Manager, FLS
Michael Hymers (MH), Head of Corporate Office, FLS
Rhonda Salmond (RS), Change Manager, FLS
Jason Liggins (JL), Head of Health, Safety and Wellbeing, FLS
Kate Moffat (KM), Head of Internal Audit, SGIAD
Pamela Wilkinson (PW), Deputy Director of Internal Audit, SGIAD
Ashley Green (AG), Internal Audit, SGIAD
Angela Pieri (AP), Grant Thornton UK LLP (External Audit)
Hannah McKellar (HM), Grant Thornton UK LLP (External Audit)
Matthew Henderson (MHe), Secretariat Assistant, FLS (Minute Taker)

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
06/2025	GP/TG to confirm any major contracts between 10/25 and 01/26 and what the implementation date will be regarding Contract Tender Compliance.	Open	Graeme Prest / Tom Greenan

07/2025	RS to continue to improve the Risk Register, with a focus on trends and mitigations for report at next ARC	Open	Rhondda Salmond
08/2025	RS to send associated papers for November ARC at least two weeks prior to meeting.	Open	Rhondda Salmond

1. PRELIMINARIES/INTRODUCTIONS

LJ welcomed everyone to the FLS Audit and Risk Committee (ARC), thanking JO for chairing the previous ARC and welcomed the three new non-exec members to the Committee.

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 27 May 2025.

Matters Arising

It was agreed that Action Points 01/2025, 02/2025, 03/2025, 04/2025 and 05/2025 were closed. The following Action Points were discussed:

21/2024 – Monthly Updates on ASPEN: It was agreed that this action will remain open until ASPEN is delivered, to ensure the ARC members are kept apprised of progress in this pivotal stage of the project.

3. Audit

3a. Internal Audit – Progress Report

KM presented the progress report, noting new audit activities and a special investigation. Several actions have been cleared since the last meeting. A new notice on fees and charging has been issued, with minor methodology changes, though FLS will see minimal impact as it's already on the standard rate. KM and RS explained that discrepancies in figures stem from time lags between audit snapshots and ongoing FLS progress, meaning further developments can occur post-audit. The risk register reflects the most current information, while the IA report highlights outstanding issues.

GD asked about any major contracts between Oct 2025 and Jan 2026, now that a date has been set for the Contract Tender Compliance issue. NG questioned the delay in developing a business case for Legacy Systems despite its priority status. GP explained an Agile approach is being used, tackling issues in stages. KQ added that ELT has commissioned a heat risk map of existing systems to assess vulnerabilities and guide decisions on short- vs long-term solutions. ELT will also visit Coillte in November to learn from their decade-long IT overhaul. GD noted ongoing background work to assess next steps.

NG raised concerns about SRP viability, but GP confirmed a mitigation is in place, using a broader team to avoid single-point failure. MH explained that some timelines are now governed by the

Scottish Government's Digital Portfolio, which may affect projects like FIRS, as it does ASPEN; requiring reporting to the Public Audit Committee.

PW highlighted the DIAA Bulletin as a valuable resource, especially the 20 challenge points for public bodies. She also noted that an external quality assessment is underway, and colleagues may be contacted for input.

AP 06/2025 - GP/TG to confirm any major contracts between 10/25 and 01/26 and what the implementation date will be regarding Contract Tender Compliance.

3b. Audit Recommendations and Actions – Progress Update

RS opened discussion on the audit action tracker and its role in monitoring progress.

LJ raised that there are 7 high outstanding actions that are over 18 months old and RS commented that while progress hasn't been as expedited as we would have liked, particularly around Fit for the Future, there is work ongoing and discussions were had with IA regarding these actions. A lot of these actions had to be reviewed in light of the programme delivery schedule and work done to align the audit activities with the programme taken forward. TG advised regarding Business Sustainability he did notice progress was not happening as they wanted, and they have refocused on this and revised timelines with a commitment to delivering on those particular items. TG noted a much more heightened focus and priority on closing out the longer standing actions and it has been incorporated into the day-to-day ongoing delivery.

GD asked whether there is any information about trends within issues/risks and actions. KM advised looking at the Annual Plan for 24/25 as that will outline the last three years of activities, as well as the Annual Assurance Report for 25/26 for background reading on this. KQ commented that there is a much improved approach for actions and deadlines to previously, as well as tracking of this. JO agreed there is a much increased level of maturity compared to 18 months ago, and this gives them the information to provide informed advice.

4. Risk

4a. New / Emerging Business and Potential Risks

Commercial Challenges: FLS's primary income is from timber, but current market conditions affected by Swedish exchange rates and housebuilding in the South have softened prices. Production must be maintained, though the South and West are slightly behind. GP noted that hitting target volumes has historically been difficult, so securing these targets is the first priority. Flexibility in volume based on market conditions is the next step. Given strong market intelligence, volume models remain conservative to manage risk.

Political Economy: KQ highlighted political economy as a growing risk ahead of elections, reflected in the risk register. JO mentioned renewed interest in start-up farms on social media, which may gain traction politically. KQ stressed the need to present clearer, tiered offers to ministers, showing what FLS is currently doing for new agricultural entrants and what more could be done, with associated costs.

Business Alignment: FLS will submit its Corporate Plan by year-end, with a SAB session planned. The plan must balance commercial sustainability with stakeholder needs. Communication should focus on what FLS delivers for people, followed by nature, climate, and the economy. Managing

expectations and engaging ministers on resource capacity is key. Risk categorisation aligns with Scottish Government guidance, and the Fit for the Future programme supports mitigation.

KQ noted the challenge of balancing priorities in the Business Plan, which will span 2026–2029. Key principles include prioritisation over perfection, clarity on required quality, and simplification.

4b. FLS Risk Update

The Corporate Risk Register has been updated based on ARC feedback and input from business leads, ensuring alignment with the issues log. JO thanked RS for her work, noting each version has improved in usefulness. RS clarified that risk categories follow the Scottish Government model and cannot be changed, but definitions have been reviewed to ensure accurate categorisation.

While actions aren't currently prioritised, there's scope to do so based on mitigation impact. Some risks naturally align with the Fit for the Future programme. ELT continues to engage with the register, particularly around high-risk/high-impact items. TG noted that, unlike IA actions, the register isn't yet fully embedded in day-to-day operations, which limits its value. LJ agreed that its strength lies in how mitigations are implemented.

GD suggested introducing an early warning dashboard to identify emerging high-risk areas and support trend analysis. He also recommended a more granular and specific approach to defining risk appetite.

AP 07/2025 - RS to continue to improve the Risk Register, with a focus on trends and mitigations for report at next ARC

4c. Deep Dive – Health, Safety and Wellbeing Risk

JL presented slides to ARC members, after which LJ opened discussion, noting that while H&S risk impact remains high, mitigations can reduce likelihood. LJ highlighted two risk areas; workers and visitors, and expressed concern that current mitigations don't adequately address fatigue-related risks. NG emphasised that fostering a strong H&S culture is crucial for effective mitigation.

JL explained that public accident data is limited to reported cases, but incidents involving FLS engagement are tracked, allowing differentiation between employee and contractor accidents. Regarding legal responsibilities, JL clarified that while FLS isn't liable for general accidents on the estate, they are responsible for accidents that occur due to defects in trails we put in place and haven't maintained.

JO proposed categorizing H&S risk into strategic and operational to better align risk appetite and scoring. JL noted that HSE's scrutiny of forestry has evolved, focusing more on fatalities due to inspection challenges. He also pointed out that the risk register lacks clarity on current mitigation efforts. Most forestry accidents involve chainsaws, often due to breaches of safety zones, highlighting the need for cultural change around safety practices and addressing the normalisation of unsafe behaviour.

KQ acknowledged progress in shaping H&S culture but stressed the need for sharper focus on significant risks and proportional mitigation. JL added that chainsaw accidents are most common among experienced workers aged 44–54. H&S will return to ELT for a deeper quarterly review.

5. BREAK

6. Special Investigation (Harvesting) Report Outcomes and Actions

GP provided the report with actions. A Management of Direct Production Timber Harvesting SOP was created. This will be rolled out through a series of face to face workshops in each region. The dates for these have now all been set. FLS doing their own audit check before Christmas and have asked IA to come back again in the Spring. LJ noted the actions are also recorded on the tracker which gives confidence in them being taken seriously and being addressed. MH noted as the Nominated Whistleblowing Officer, he saw that the Whistleblowing Policy worked exactly as it should, but as the report outlines, it shouldn't have needed to get to that stage and there were missed opportunities that led to action not being taken at an earlier stage. Brief discussion around the layers that led to whistleblowing being needed, and what is being done to ensure issues are captured earlier in future.

7. 2024/25 Annual Report and Accounts

7a/b. External Audit Progress Update and FLS Progress Update.

AP and HM provided an external audit progress update and FLS progress discussed in relation to transformation and staffing impacts. AP advised that it is a condensed timeframe and work that needs done on the ledgers so it is even more important to get responses back as soon as possible and that all responses and samples are fully submitted as capacity is limited. They explained that their work on disclosures happens after the work on the samples and the prior year adjustments. AP also reiterated the additional audit fees that were mentioned in March in areas such as prior period adjustments, an internal expert and the ledger work.

HM then gave an update on the wider scope work that Grant Thornton will be conducting in the next few weeks. Internal progress discussed, particularly in relation to staffing and transformation efforts under Fit for the Future. TG advised we should start getting information from Grant Thornton by start of November, to allow this to be circulated to ARC members ahead of the next meeting. LJ thanked RS for sending all the paperwork well in advance of today's ARC, as this had been an issue in May.

AP 08/2025 – RS to send associated papers for November ARC at least two weeks prior to meeting.

8. AOB

ASPEN: MH advised that the ARC will get a copy of the latest project update after the board update. The Go/No-Go gate has been met, and classed as amber-green, with no critical recommendations. They will be going to the project board with an assurance report and readiness checklist on 25 September. Following approval from the board and ELT, the view is to go live on 5 November 2025.

LJ acknowledged that this would be the last ARC for CW, as she concludes her time as a Non-Exec for FLS and extended thanks her on behalf of the ARC for all her contributions.

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

This meeting was held but not minuted.

10. CLOSE

LJ concluded the meeting and thanked everyone for attending.

The date of the next ARC meeting is 26 November 2025.