



FORESTRY AND LAND SCOTLAND AUDIT AND RISK COMMITTEE

13:15, 25 March 2026, Apex 1 (Fleming Room) & MS Teams

Present:

Members: Lyndon Jones (LJ), Chair, Non-Exec
Jo O’Hara (JO), 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
Nicola McBain (NMcb), Director of Corporate Services & Transformation, FLS
Graeme Prest (GP), Director of Land Management & Regions, FLS
Michael Hymers (MH), Head of Corporate Office, FLS
Rhonda Salmond (RS), Change Manager, FLS
Pamela Beattie (PB), Senior HR Manager, FLS
Jo Ellis (JE), Head of Planning and Environment, FLS
Lena Boukelia (LeB), Climate Change Officer, FLS
Iain Gray (IG), Senior Financial Accountant, FLS
Colin Buchanan (CB), Financial Controller, FLS
David James Reay (DJR), Senior Internal Audit Manager, SGIAD
Lauren Banks (LB), Internal Audit, SGIAD
Hannah McKellar (HM), Grant Thornton UK LLP (External Audit)
Joanne Brown (JB), Grant Thornton UK LLP (External Audit)

Apologies: Adam Dearnley (AD), Head of Finance FLS
Angela Pieri (AP), Grant Thornton UK LLP (External Audit)

Action Point Summary:

Action Point Ref	Description	Status	Owner
01/2026	Cyber Security – Continue discussions and provide feedback on CIRP and ISO 27001	Open	Graeme Hutton
02/2026	Red Squirrel License – Maintain sector-wide communication and monitor compliance	Open	Graeme Preset / Jo Ellis
03/2026	Payroll Audit – Complete maternity leave process improvements	Open	Pam Beattie

04/2026	Audit Tracker Automation – Explore and propose automation options for the tracker	Open	Rhondda Salmond
05/2026	Deep Dive: Overdue Actions – Reassess relevance and timelines of older audit actions	Open	Nicola McBain / Iain Burns / Rhondda Salmond
06/2026	Risk Management Proposal – Bring proposal for corporate risk review group or alternative to ELT for consideration	Open	Nicola McBain
07/2026	Scenario Planning: Cost Pressures – Conduct scenario planning for fuel price impacts	Open	Nicola McBain / Adam Dearnley
08/2026	Climate Change Adaptation – Continue embedding adaptation actions and review progress in 12 months	Open	Jo Ellis / Lena Boukelia
09/2026	Field Visit Preferences – Non-Execs to submit preferences for June field visit topics to Rhondda.	Open	Non-Execs
10/2026	External Audit Logistics – Maintain joint project plan and ensure timely audit completion	Open	Nicola McBain / Adam Dearnley
11/2026	Assurance Mapping – Share Revenue Scotland’s assurance mapping process with ARC for review	Open	David James Reay

1. Welcome & Declarations of Conflicts of Interest

LJ welcomed everyone to the FLS Audit and Risk Committee (ARC) and led introductions, noting new members and clarifying roles.

Conflict of Interests

No conflicts of interest declared.

2. Minutes and Matters Arising

The ARC members agreed that the minutes were a fair and accurate record of the meeting held on 26 November 2025.

Action Points

Action log was discussed, including lessons learned, overdue recommendations, red squirrel licenses, cyber security and climate deep dive.

Cyber security: GD highlighted ISO 27001 certification and positive progress, with further meetings planned.

Red Squirrel Licenses: Sector-wide communication and compliance efforts ongoing.

It was agreed that all actions are to remain on the log to allow for continued tracking.

3. Internal Audit

DJR and LB presented strategic updates and progress against the 26/27 Audit Plan. External quality assessment has been completed with a positive outcome, with two areas of partial compliance being addressed. The financial management review is now underway, with follow-ups on HR retention/recruitment and data governance in progress. Draft reports on data protection and health and safety work equipment are now with management for finalisation.

Payroll audit: Received a Limited Assurance rating due to weak controls, overlapping access, lack of debt recovery policy and team resilience issues. Positive practices noted in documentation and onboarding. PB explained context; staff turnover had caused temporary issues, this is now mostly resolved with several of the audit actions already completed.

GD and KQ emphasised the importance of context within audit reports and suggested the use of automation for payroll notifications.

Audit Tracker and Recommendations

RS reported there are 3 new audits, 31 actions completed and 90 ongoing actions, with 4 fully complete reports. The special investigation report has several actions now overdue, with a deep dive planned to reassess relevance and timelines of all outstanding actions. Automation options are being explored for the Audit Tracker.

4. Risk

4a. New/emerging business and potential risks

KQ introduced BANI (Brittle, Anxious, Non-Linear, Incomprehensible) as a new context for risk. Cost pressures from oil/fuel prices and dampened demand was discussed; with scenario planning suggested. Pre-election period risks and change management pressures were also highlighted.

4b. Deep Dive: Climate Change

JE and LeB presented a comprehensive climate risk analysis, identifying four strategic themes and two cross-cutting priorities: systemic resilience through silviculture/land management, and mainstreaming climate risk into business processes. Emphasis was placed on adaptation as a corporate capability, not just an environmental project. Scenario planning, data use, and portfolio-level risk were discussed. It was agreed there is a need for incremental progress, diversity in planting, and learning from other organisations (e.g., Scottish Prison Service).

4c. FLS Risk Update

RS and NMcB described the risk review process, emphasising director involvement and the need for more rigorous, system-wide risk management. There was a proposal for a corporate risk review group or bilateral progress testing to improve risk management, this will be discussed with ELT.

5. FY 2025/26 Annual Report and Accounts

IB and CB provided a brief update on the Annual Report and Accounts.

JB and HM outlined the external audit plan, highlighting the risks (Oracle migration, asset valuation, management override), materiality thresholds, and logistics for July-September audit.

Additional fees for IT specialist involvement were noted. Joint project plan in place between FLS and external audit teams.

6. ARC Self-Assessment

LJ summarised the feedback from ARC Self-Assessment survey. There is a need for the right people at ARC to answer questions in real time, and stronger risk ownership by directors. Improvements noted in monitoring, but deeper questions now being asked. LJ will include these points in the end-of-year summary.

7. AOB

The next SAB meeting in April will focus on transformation and workforce planning. The June SAB field day and overnight confirmed for non-execs and execs. The locations is TBD, but will have remote dial-in possible.

The preferences for field visit topics (planting, harvesting, renewables) are requested by Easter.

October joint meeting with Scottish Forestry is planned to review sector-wide risks.

8. Meeting between non-executive advisors and external / internal audit

Meeting was held but not minuted.

9. CLOSE

LJ concluded the meeting and thanked KM for her service in advance of her retirement and the Grant Thornton team for their audit support.

The date of the next ARC meeting is 21 May 2026.