

## **PSAA audit committee annual report 2018/19**

1. The audit committee oversees the PSAA board's financial reporting process on behalf of the board. PSAA officers have the primary responsibility for producing the financial statements and for internal control.
2. The audit committee met in April, June and October of 2018 and in April and June of 2019. All members of the committee attended all of those meetings.
3. The meetings of the audit committee are designed to facilitate and encourage communication among the committee, PSAA's internal auditors and the appointed external auditor, UHY Hacker Young.
4. All members of the committee are appraised in line with the PSAA corporate governance framework. The committee has recent and relevant financial experience through the Chair, who is the Auditor General for Scotland, and Kathryn Cearns who has a professional background in financial reporting.
5. The committee discussed with the internal auditors and UHY Hacker Young the overall scope and plans for their respective audits. The committee also met with the auditors with and without officers present and discussed the results of their work and evaluations of internal control and the overall quality of PSAA's financial reporting. In addition, the approach for assessing the effectiveness of internal audit and external audit is being formalised.
6. UHY Hacker Young had no matters of concern to raise with the committee and are proposing an unqualified audit opinion on the financial statements. They confirmed the accounting policies selected by PSAA were appropriate.
7. The internal auditors provided substantial assurance on all of the controls they considered.
8. In fulfilling its oversight responsibilities, the committee reviewed and discussed the annual report and accounts, including a discussion of the appropriateness of the accounting policies proposed, the reasonableness of significant judgements and the clarity of disclosures made.
9. The committee has received assurances from the Chief Executive about the operation of internal controls, including those that inform the annual report and accounts.
10. The committee oversaw PSAA's risk management arrangements and reviewed treasury management performance/policy on behalf of the board.

11. The audit committee recommends the annual report and accounts to the board for approval.
12. The committee has received assurances from UHY Hacker Young confirming independence from PSAA. The board has policy of not buying non-audit services from UHY Hacker Young, with the exception of work on 'tagging' the accounts for tax return purposes. This policy has been adhered to.

**Caroline Gardner**  
**Audit Committee Chair PSAA**  
**25 June 2019**