

PSAA Audit Committee Annual Report 2017/18

1. The PSAA 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 PSAA Audit Committee met in April, July and November of 2017 and in April and June of 2018. All members of the committee were present at all of those meetings with one exception. Kathryn Cearns was not able to attend the July 2017 meeting.
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, to discuss the results of their work and their evaluations of internal control and the overall quality of PSAA's financial reporting.
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. Updates in respect of data security, where limited assurance had been provided in November 2016, have been given at various meetings.
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 Officer about the operation of internal controls, including those that inform the annual report and accounts. The Committee also oversaw PSAA's risk management arrangements throughout the year on behalf of the Board.

10. The PSAA Audit Committee recommends the annual report and accounts to the PSAA Board for approval.
11. The Committee has agreed that its membership, remit and working practices will be reviewed over the next twelve months.
12. The Committee has discussed with UHY Hacker Young the firm's independence from PSAA officers. The PSAA Board has a policy of not buying non-audit services from UHY Hacker Young, with the exception of work on 'tagging' the accounts for tax return purposes.
13. The Audit Committee would be content for UHY Hacker Young to continue to serve as PSAA's auditor, if it is successful in a forthcoming competitive process.

Caroline Gardner
Audit Committee Chair PSAA
26 June 2018