

PSAA audit committee annual report 2021/22

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 March, June and November of 2021. 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 (TIAA) 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 previous Chair (Caroline Gardner), who was the Auditor General for Scotland and the independent members. Marta Phillips (up until April 2021) and Alan Edwards (from April 2021) both have professional backgrounds in financial reporting. Marta Phillips is the Chair from April 2022.
5. One non-executive director changed during the year, Stephen Sellars attended the March 2021 meeting but was then replaced by Marta for June and November meetings.
6. The committee discussed with the internal auditors (TIAA) and external auditors (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 has been formalised. This is carried out in the form a private meeting between audit committee and board members covering a set of appropriate and proportionate questions.
7. 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.
8. The internal auditors provided substantial assurance for 3/3 areas reviewed for 2021/22.
9. 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.

10. The committee met its terms of reference.
11. The committee has received assurances from the Chief Executive about the operation of internal controls, including those that inform the annual report and accounts.
12. The committee oversaw PSAA's risk management arrangements and reviewed treasury management performance/policy on behalf of the Board.
13. The audit committee recommends the annual report and accounts to the Board for approval.
14. The committee has received assurances from UHY Hacker Young confirming independence from PSAA. The 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. This policy has been adhered to.
15. The audit committee effectiveness survey completed by members and attendees showed consistently positive responses, with the majority of scores being either 'strongly agree' or 'agree'.
16. The above points confirm that the audit committee is effective.

Marta Phillips
Audit Committee Chair PSAA
20 June 2022