**Audit Committee – Convener’s Report**

Committee members

Fiona Larg (Convener)

Abigail Clark

Peter McCall

Sara Scott

Deborah Wilson-McCuish

David Cullen (Secretary)

Governance and membership

I was delighted to be appointed as the Convener of the Audit Committee for my first three year term from 1 January 2020. However, I did not anticipate the unheralded challenges the Committee would face due to the impact of covid-19. My first year as Convener has been an exceptional one.

The Committee working with our finance team and external auditors undertook a huge amount of work to ensure the statutory accounts were audited and presented to the members on time at the Annual General Meeting in May 2020. A significant amount of work was carried out by our finance team in relation to the additional stress testing required by the auditors due to the impact of covid-19.

The Committee’s reporting procedure remained the same as in previous years. The full committee minute is reported to the Society’s Board, with a one page summary report of each committee meeting being presented to the Society’s Council. The committee convener also formally reports on the committee’s work at the annual general meeting of the Society. The Secretary to the Committee is the Society’s Registrar.

Responsibilities

The work of the Committee is to review and report on the effectiveness of the Society’s arrangements for audit, internal control and risk management. The Committee oversees the appointment of and monitors the work carried out by the Society’s internal and external auditors. Informed by its consideration of the work of the auditors, the Committee comments and makes recommendations on the appropriateness, practical application and effectiveness of the Society’s financial policies and procedures, management controls and its arrangements to identify and manage risk.

The Committee reviews the following at each of its meetings:

* progress by the Society against its corporate plan objectives especially in relation to their financial impact on the Society; and
* the Society’s risk register with emphasis on changes in the risk profile and actions taken to mitigate key strategic risks

Through that regular review the Committee will question the actions and judgements of the Society’s senior leadership team, the Board and the office bearers in relation to the Society’s financial stewardship, safeguarding of the Society’s assets and the extent to which the Society achieves best value in the acquisition and use of resources. The Committee oversees the Society’s relations with the external auditors. To this end it receives and comments on the Society’s annual financial statements prior to their approval by Council and receives the report from the external auditors in forming their opinion on the financial statements.

**Audit Committee – Convener’s Report (continued .)**

The Committee also commissions and oversees the delivery of an agreed programme of work from its appointed internal auditors. It will also follow up to ensure that recommendations contained in internal audit reports are implemented appropriately and within a reasonable timeframe.

The Committee will from time to time carry out reviews into or report on ad hoc matters as it may consider appropriate or as it is requested to do by Council or the Society’s office bearers in accordance with the Society’s protocols on such matters.

Overview

The Committee met on six occasions this year. Three of these meetings were with our colleagues on the finance subcommittee. These joint meetings ensured a joint approach to the unprecedented challenges and risks due to the impact of covid-19 so that the finances of the Society were kept under constant review. This allowed the committee to assist the Council in its financial support package for the profession.

The overall work of the Committee should continue to be seen within the context of the Society’s approach to good governance as the Committee plays a key role in holding the Society’s office bearers, Council and senior leadership team to account for the management of risk and the effective operation of all risk management systems.

I have at the beginning of my report highlighted the extra work involved by both our finance team and external auditors in relation to production of the audited accounts in 2020. The production of this year’s accounts for the forthcoming AGM in May 2021 have been much less intense. The Committee, our finance team and external auditors are now all well accustomed to remote working. The Committee’s review of the work of the external auditors has not been adversely affected by remote working which is a testament to the thorough systems our finance team have in place.

The Committee received fewer reports from the internal auditors (Wylie and Bisset who are an external firm of accountants) due to the initial impact of covid-19 when access to our office was severely restricted. The two reports we did receive were on the topics of information technology controls and the general control environment at the Society.

The Committee was satisfied with the overall conclusion of the internal auditors which was that the Society does have adequate and effective risk management controls and governance processes in place to help achieve and in support of the Society’s long term objectives.

A considerable proportion of the Committee’s time at our meetings was spent reviewing the principal risk register of the Society. This register was comprehensively updated due to the impact of covid-19.

I thank all of all my fellow Committee members and everyone in our finance team for their exceptional hard work in the most demanding of years.

Fiona Larg

Convener