



**Report of the Financial Audit over 2018**  
**Auditors: Per Staugaard, Gijsbert van Willigen**

**Summary**

On February 18th and 19th 2019 the auditors met in Gent with Jurgen Plyson from the EBSA Administration Office (2MPact) and with the Treasurer, Jillian Deans. Gabriel O'Riordain (President) and Thomas Binz (President-Elect) were present for a short period.

The auditors received the majority of documents required for the preparation of the audit more than two weeks before the audit.

The EBSA Balance and Income-Expenditure Statement/Working papers for the year 2018 was provided by 2MPact and were prepared by Demuyne & Partners.

After two years of considerable losses EBSA has a positive financial result.

The auditors checked incoming and outgoing financial transactions. Although better overview was presented than last year, the required level of transparency was not yet achieved. The construction of invoicing for the conference and pre-conference courses through VMC, required to get the VAT returned, makes it impossible to combine all transactions in one book keeping system.

On the financial balance around 70% of the possessions of EBSA are in outstanding money; partially it is in VAT from the last three conferences, but mostly in unpaid invoices.

Procedures, as described in the previous draft financial handbook are mostly in place. The handbook was authorized by council in January 2019.

The auditors concluded that the finances were treated in good order and recommendations were partly implemented. Therefore the auditors advise the AGM to absolve council for the financial year 2018.

**Background**

The two auditors were appointed by the 2017 and 2018 AGM, respectively, to independently of the EBSA council check the accounts of the association and the implementation of the recommendations of the previous audit. They advise the membership on absolving the EBSA Council for the financial responsibility over the financial year 2018.

**Banking arrangements and accounts administration**

The Paypal account which is used by EBSA, is still not directly visible by the Treasurer. However, the money in the account is regularly transferred to the ING account of EBSA, and as such can be viewed by the Treasurer. The costs for EBSA to invoice through Paypal are high [3%] and were around €3800,- in 2018.

The outgoing invoices for the conference (incl. those for the sponsor and exhibitors) and preconference courses are not visible in the online book keeping system. They are monthly manually updated in a Excel worksheet by the EBSA Office. Only when an invoice is paid it is visible in the book keeping.

The time between incoming invoices and payment by the EBSA Office is often longer than the 30 days as mentioned in the financial handbook.

The actual liquidity is only a small fraction of the total possessions. Only approximately 10k€ is available as cash-on-hand in the ING account. More than 120 k€ is outstanding unpaid invoices. This is largely due to EBSA members that did not pay their conference-, preconference course tickets and

membership fees over 2017 and 2018. Even after reminders sent by the Administration Office, they are still not paid promptly. Another 35 k€ is as a result of refundable VAT of the conferences in various accounts, such as in the VMC accounts for the conferences of 2017 and 2018.

### **Procedures**

The financial handbook is in use and was approved by council in January 2019. Most of the procedures have been already in place during 2018. The scheme for incoming invoices gives a good overview of the flow; another scheme for outgoing invoices could be helpful to guide the flow through VMC and to trace the outstanding invoices still awaiting payment. All procedures must be written in such a way that they are consistent and easy to follow; e.g. the allowed time for submission and payment of reimbursement invoices.

The reimbursement policy was updated by council in 2018. The wording is not completely clear in some chapters.

Both the financial handbook and the reimbursement policy should be available to the members through the members section of the website.

The names of booking codes are not consistent through the administration and book keeping; for example course vs. workshops; communication vs. website. For the Treasurer and the EBSA Office these difference in nomenclature is not an issue.

### **Review of the books**

The auditors did review the ledgers with bank statements and with EVA entries on expenses and income. During the review no deviations were found. However, in the annual account the auditors observed a difference of €712,03 between the end balance 2018 and the begin balance of the same year added to the profit of 2018. This difference is due to overflowing accounts between accounting years. This was confirmed by the accountant.

The financial result shows a profit of almost 29 k€. After the last two years, where EBSA had a negative result in total of 50 k€, this is a good result, contributing to the trust in our finances.

Changes in BBP finances were minimal in 2018, as no symposium has been organized.

Booking to sub accounts in the financial journals is not always logical and consistent; as an example, some reimbursement invoices for representation were booked as council cost


In the proposed presentation to the 2019 AGM Miscellaneous costs and communication costs are polluted with other costs.

### **VAT administration**

The outstanding VAT represents a total balance of 35 k€. In the previous audit there was already noticed that EBSA still has a credit balance of French VAT from the 2016 Lille conference. Also in 2018 this amount is still not transferred to the EBSA bank account. The VAT surplus from the 2017 Madrid conference and courses is also not transferred to EBSA in 2018 and still outstanding with VMC. These were supposed to be transferred to the EBSA account in Q4 of 2018. Also the VAT of the Copenhagen bookings is still to be transferred to EBSA

### **Findings - unclear figures - questions**

- Outstanding invoices of the conference and preconference courses are only administrated in an Excel spreadsheet until they are paid. After payment the invoices are entered in the book keeping system. It is not directly clear to the Treasurer and the auditors how it is assured that all outstanding invoices will be paid.
- Outstanding invoices represent around 70% of all EBSA's financial reserves and is not directly available for use by EBSA.



## Recommendations


- Presentation to the AGM should not only include the balance of income and expenses. Also an overview should be presented of the amounts in EBSA accounts at the beginning and the end of the financial year.[recommendation of Financial audit 2017]
- Transparency of outstanding money should be increased for the Treasurer and the members.
- The financial handbook should be refined with a better description of the routing for the outgoing invoices and payment follow-up.
- Clearer templates could be provide for reimbursement. Tick-boxes can be considered for reimbursing to different sub-accounts.
- The wording in the reimbursement policy should be amended in such a way that the policy is not subject to interpretation
- Most of EBSAs capital is in outstanding money. Council should make a policy and procedure to shorten the time of outstanding invoices. Furthermore, Council should make EBSA members aware that this problem is largely created by them.
- Sending reminders of invoices is expensive for EBSA. Council should develop a policy and workflow to minimize the occurrence of reminders. Especially for member fees as invoicing costs are relatively high compared with the fee charged.
- Payments through Paypal are expensive. The auditors recommend to consider to change to a cheaper payment platform alternative.
- To avoid booking on the wrong sub-account, it can be considered to channel the invoices of reimbursements of speakers, instructors and working group members through Trello or The Box.
- Teleconferencing via MeetYou is expensive. It should be considered to use other systems for teleconferencing such as Appear.in or Skype (when possible). In Appear.in already several rooms have been created for EBSA by the EBSA office.

## Auditors

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Leiden, February 21st



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Utrecht , February 21st