

DOC-AGA-20-05-04 G

Internal Audit Report 2019

Introduction

Following their appointment by the AGA 2019, Jamie Bolling and Raymond Ceccoto have been examining the accounts of the EDF for the year 2019 as well as the general financial situation of the association.

Remarks related to the accounts 2019

The internal auditors appreciated the result of the year being positive and leading slowly to a higher financial sustainability and the opportunity to create a social reserve (reserve of money to protect legal staff costs in case of difficulties).

They noted that the amount of surplus available was partly due financial sustainability efforts made during the year leading to a positive result of approximately 30 000 €. They noted that the remaining amount was the result of tax refund from the Belgian state following past overcharges.

Even with this positive result, the internal auditors encouraged the EDF to continue the efforts to find new complementary funding/income to increase the unrestricted income. It was noted as an improvement although the percentage of unrestricted funding remained very small.

The higher participation to projects with a scope of international development was confirmed. It was acknowledged that international development was leading to new opportunities for funding with an opportunity to include some general unrestricted funds (generally of around 10 % of the project).

The Finance Manager confirmed that all participation to projects were presented to the Executive Committee and that ad-hoc concept note were presenting the objectives of the projects as well as the plus value in relation with EDF's main objectives. She also explained that the objectives and activities of all projects considered were in line with the EDF's Strategic Framework discussed and approved by the EDF Board.

With regards to financial report, it was noted that most expenses were in line with the foreseen budget and that no major area of overspending was noticed.

The Finance Manager explained that due to the change in Belgian law and the increased level of justification on expenses requested to the European Commission, the External audit had been adapted with a more in-depth check of all financial and administrative aspects of the EDF. The auditors and external accountant also took the opportunity to give some clear guidelines to adapt the bookkeeping process for the year to come.

Lessons learned from previous internal audits

In view of adaptation to new Belgian laws and in view of transparency some administrative documents and policies have been put in place such as safeguarding policy, anti-harassment policy, Human Resources Manual.

In view to increase financial reporting efficiency and bookkeeping and following new Belgian laws, the bookkeeping frame has been revised as well as the analytical process. The introduction of a virtual invoice system has also been introduced.

The continuous research of new sources of funding to maintain financial stability was continued as well as the opening of EDF to a greater range of partners/supporters/donors. As in previous years, the need for EDF to focus more on new income sources was highlighted.

The higher level of justification related to some expenses led to an increased and more in-depth management of expenses.

Recommendations for the future

It was noted that due to higher level of expense justification needed, a **systematic filing of price offers requested from various suppliers was necessary** to give evidence of the competitive procedure put in place in hiring providers or services.

It was also noted that **great attention should be paid to receive all travel evidences from members, including boarding passes.**

In view of systemizing all financial actions and financial management procedures, it was advised to **start building up a Financial Manual.** It was noticed that procedures existed for many subjects but that these were not **gathered in one single place.**

Conclusion

The EDF Director, the Finance Manager thanked Jamie Bolling and Raymond Ceccoto for their participation and their advice.