

*Report to the Board Members -
Audit of the 2014 financial statements*

European Evaluation Society
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Confidential

To the Board Members of the European Evaluation Society
Prague Congress Centre, 5
Prague 4, Czech Republic

Werkhoven, 16 November 2015

Dear Sirs,

Please find enclosed our report on the audit of the 2014 statutory financial statements as agreed in our engagement letter dated 29 April 2015. This report includes the key issues and areas of significance identified as a result of our procedures and is provided on the basis that it is for the sole use of the Board and that it will not be quoted or referred to, in whole or in part, without our prior written consent.

Based on the procedures performed to date we are not aware of any facts or circumstances that would require amending the draft financial statements. Issuing our auditor's report is subject to the approval of the annual report by the Board and the general meeting of the association.

We would like to thank the Treasurer of EES and Czech-In service provider employees for their co-operation and assistance. This report contains other matters that came across out procedures that might be of interest to you.

Yours sincerely,
NielenVanDeLaar accountants

G. van de Laar RA
partner

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Scope

The scope of our engagement has not changed from prior year

All audit misstatements have been corrected

Financial statements audit

The financial statements are prepared based on the accounting policies determined by the European Evaluation Society ('EES'). These are based on the accounting policies that apply in the Netherlands and are in line with the international accepted accounting policies. The quality of the financial statements has been further improved by providing more information on the disclosures and the critical accounting policies applied.

Board Members and Service Provider (Czech-In) responsibility

The financial statements are the responsibility of the Board Members. However the close relationship with Czech-In ('C-In') resulted in performing audit procedures at C-In. As auditors, we expect that all the requested documentation is made available to us either by the board or C-In, and that they co-operate in order to enable us to properly perform our procedures.

Both parties are responsible for setting up and maintaining a proper system of administrative organisation and control, including keeping up-to-date accounts, safekeeping the companies' assets, as well as discovering fraud or taking measures to prevent fraud.

Audit responsibility and approach

Our audit is designed to obtain a reasonable level of assurance that the financial statements are free from material misstatements. Based on our prior experience with the association, we have applied a substantive audit approach and focusing on the key areas that there is a greater risk of a misstatement.

Audit focus

We have focused on the following significant items in performing our procedures:

- Accuracy and completeness of the membership revenues ['Secretariaat Income'].
- Existence and accuracy of the expenses and approval procedures performed by the Secretariaat and the EES.
- Accuracy and completeness of the conference revenues ['Conference Income'].
- Existence and accuracy of the expenses relating to the conference.

For our findings, if any, on these matters, we refer to the applicable sections in this report.

Audit misstatements

No uncorrected audit misstatements were identified as part of our audit procedures.

All audit adjustments have been corrected in the financial statements.

Audit conclusion

We have issued a qualified opinion as based on the available information we were unable to obtain sufficient audit evidence on the completeness of revenue associated with the congress registration that took place during the congress (on-site registration).

Scope (continued)

Fraud and compliance with laws and regulations

The Board Members are primarily responsible for the prevention of fraud, compliance with laws and regulations and a culture of honesty and ethical behavior, and should take both preventive and repressive control measures in order to minimize the risk of fraud and the risk of laws and regulations being breached. Subsequently, it is the responsibility of the Board to determine the extent to which management has taken the necessary control measures to safeguard the reliability of financial reporting.

As part of our risk assessment, we have identified the risk of fraud in the following area: risk of management override (fraude).

As part of our audit we identify the risk of fraud and non-compliance with laws and regulations and assess controls aimed at preventing and identifying (material) fraud and non-compliance with laws and regulations. To the extent necessary for the audit of the financial statements, we perform substantive audit procedures. However, our audit is not specifically focused on the identification of fraud and non-compliance with laws and regulations.

Summary of findings and areas for improvement

Completeness of revenue controls can be further improved through visible (high level) reconciliations

Conference Income

The conference revenue consists of participants that have registered them to the conference. Part of the revenue is generated by on-site registration in Dublin. For the registration C-In utilizes a web-based registration tool which initiates the invoicing. This tool has also been used for the on-site registration. The payment process of the invoices could be different for the on-site registration could be different from on-line payment process. Due to absence of sufficient visible internal controls surrounding the completeness of registration and payments of the on-site registration we have not been able to test the completeness of this part of the revenue. Accordingly, we have qualified our opinion for this.

During our audit procedures, we identified a system omission regarding the conference income. The fee per delegate category was initially lower recorded. This has been adjusted increasing the overall income by EUR 8.180.

Conference Expenses

As part of our substantive audit procedures we noted that the expenses recorded in the financial statements are a mixture of initial budgeted amounts and actual expenses. In various instances, we received invoices for actual expenses that were higher than the amounts reflected in the financial statements. The amounts have been approved and settled with C-In.

Suggested areas for improvement

Completeness of revenues – membership fees

The members apply to the website, and upon application, C-In administrators process the information and send the invoice. When the membership fee is received, the membership period is initiated. The use of a separate bank account for EES has contributed to the improvement of the process.

The membership fees received at the bank statements do not include an unique identification number or name that can be directly linked to the (deferred) revenue. We would suggest to introduce a link or periodically make visible reconciliations to strengthen the controls safeguarding the completeness of revenue.

Completeness of revenues – conference registration

The conference revenues are based on the registration fees of the delegates attending. In addition to the delegates registering prior to the conference, there is also a number of delegates registering on site. The internal controls surrounding these revenue stream are limited visible. In order to be able to assure the completeness of revenues, we suggest introducing a process that addresses segregation of duties and visible reconciliations between number of attendances, payments and invoices.

Summary of findings and areas for improvement

Presentation of expenses on a higher level will contribute to more insight

Suggested areas for improvement, continued

Conference expenses

The C-In tool is used for presenting the conference result. This tool is primarily designed for organizing and managing congresses, however, not necessarily for presenting the result in the financial statements.

As a result of the various expense categories identified for the organization of the conference, the mixture of budget and actual expenses, the split of contract expenses over differences categories (for example C-In expenses), and the treatment of VAT the congress performance result and vouching of expenses is difficult to follow. Summarizing the congress result in a more condensed presentation for management discussion purposes (without losing track of the reconciliation to individual invoices) would increase insight of the results.

Independence

We believe we have operated independently with respect to the organization

Auditor independence

In this report, we wish to draw attention to auditor independence. This report is one of the safeguards that the “Nadere Voorschriften inzake onafhankelijkheid” (detailed standards, part of the Dutch auditor’s code of conduct concerning the independence of the auditor) require to be prepared annually and discussed with you.

Confirmation of independence

On the basis of this report, we believe we have operated independently with respect to your organisation in accordance with the detailed standards part of the auditor’s code of conduct concerning the independence of the auditor, pursuant to Section B1-290.1 of the VGC, and that the objectivity of our opinion has not been affected in the past year.

Quality assurance

NielenVanDeLaar has implemented several organisational measures to ensure its own independence and that of its staff. These include:

- NielenVanDeLaar rules and procedures concerning independence. These rules apply to every NielenVanDeLaar professional and are additional requirements to the rules that apply for auditors in general;
- Annual and engagement specific confirmation of independence by partners, NielenVanDeLaar professionals and support services;
- External quality reviews by the regulator;
- Review of higher risk audit engagements by a partner that is not involved in the engagement, to guarantee a sound/professional opinion is provided.