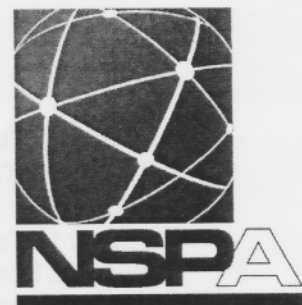




NATO SUPPORT AND PROCUREMENT AGENCY
AGENCE OTAN DE SOUTIEN ET D'ACQUISITION



AUDITOR GENERAL OFFICE
BUREAU DE L'AUDITEUR GÉNÉRAL

GI/2017/NOBA/062 SC/ab

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11 October 2017

TO : Danielle Schoder, Treasurer, NSPA Old Boys Association

SUBJECT : 2016 NOBA Financial Statements

1. The purpose of this document is to provide an opinion on the 2016 Financial Statements of the Old Boys Association.
2. Tasking: Following the request by the Old Boys Association, I have been tasked by the Auditor General to conduct this audit.
3. Scope: It should be noted that although the audit was conducted in accordance with professional standards, it cannot be excluded that there are material errors in the financial statements. The auditor, in conducting a review of the financial statements provides reasonable assurance that the financial statements are based on documentation provided to the auditor
4. Approval of the financial statements
 - a. The Minutes of the NSPA Old Boys Executive Committee held on 31 July 2017 noted that the "Balance Sheet 2016" should be sent "to the NSPA Auditor General for approval." The NSPA Auditor General does not approve the financial statements of the Old Boys Association.
 - b. Paragraph 6.3.6 of the NSPA Old Boys Association Statutes states: The audited Financial Statement (including Balance Sheet and the Statement of Income and Expenditure) shall be presented to the members of the Association for approval by the General Assembly and the discharge of the treasurer (Ref Art 4.2). In keeping with the Old Boys Association Statutes, the Treasurer should present the financial statements and the auditor's report to the General Assembly and request the assembly approve the financial statements.

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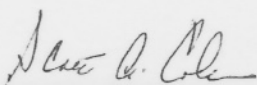
5. Status of future audits: Paragraph 6.3.5 of the NSPA Old Boys Association Statutes states: "Each year, the Association shall submit its financial statement with supporting documents to the NSPA auditor. Following the audit, the Executive Committee shall issue the auditor's report to the members of the Association." The Statutes need to be amended to reflect that the Old Boys Association may request the Office of the Auditor General to identify a member of staff to conduct the audit.
6. Discussion of the 2016 Financial Statements
- a. Write-off: The Minutes of the NSPA Old Boys Executive Committee held on 31 July 2017 stated: "The Committee agreed unanimously the write-off of €48,63." There is no contemporaneous documentation in the file supporting what the amount was for and why it is being written off the books. This documentation is necessary to ensuring write-offs occur for valid reasons. An email from Fortunato Iaconelli dated 06 October 2017 provided background on the write-off.
 - b. Expenditure for the AGM Lunch: The amount for the AGM lunch is €1858,00 on the income and expenditure statement which agrees with the invoices for the lunch from Sodexo. The debit note from the bank, however, is for €1560,00 or a difference of €298,00. This has the effect of overstating the amount of expenditures, understating the excess of income over expenditures, and reducing the amount of cash needed to be shown on hand on the Balance Sheet.
 - c. Expenditure for IT-Database Etc.

There are a number of minor issues affecting this account. Specifically,

- 1. The entry dates 21/07/16 for €69,22 is overstated by €10 based on the receipts provided.
 - 2. There are receipts for €56,81 for which there is no corresponding expenditure
 - 3. The account is presumably for IT and database related items. There is also a charge for biscuits of €16,30. While the amount is minor and does not affect the statement as a whole, items which are purchased and do not fall within the title on the income and expenditure sheet should be recorded in a separate account. A hospitality or miscellaneous account could be used in this case, for example.
- d. Income -- Cash reimbursement for AGM Lunch: There is a form documenting a 120 euro cash reimbursement to Danielle Schoder. The reimbursement, however, appears as income on the summary statement and the total agrees with the Balance Sheet. It is not clear whether this is an expenditure of the Association or if it is income. Additionally, there is an envelope attached to the cash reimbursement form with a document and €20,00 inside.

7. Conclusion

Notwithstanding the discussion above, in my opinion, there is no evidence of error that could materially affect the correctness of the financial statements.



Scott A. Cohen
Internal Auditor