

7 October 2021

EACTS – External audit for the year ended 31 March 2021 - Summary

We have now concluded the majority of our work on the audit of EACTS and its three active subsidiary companies for the year ended 31 March 2021.

The Council members (in their capacity as the Directors) are asked to approve the accounts at the 13 October 2021 Council meeting. Subject to the audit finalisation points, we will subsequently sign the auditor's report of each entity. Accounts for all entities must be filed with Companies House by 31 December 2021 and, for EACTS, with the Charity Commission by 31 January 2022.

Audit opinions

We are proposing to issue an 'unqualified' audit opinion in each of the four sets of accounts i.e. we will give a true and fair view on the presentation of the financial results and financial position for the 2020/21 financial year.

Two of the subsidiary companies, EACTS Publishing Limited and European Academy for Thoracic and Cardiac Surgery Limited, report a negative financial position due to the financial losses incurred by these companies. In the audit report for these two entities, we have flagged this point and note that the EACTS Directors (also referred to as Trustees) have committed to providing financial support to these subsidiaries, if required. A signed letter from the EACTS Directors will be required to evidence this support (a draft letter has been provided for approval).

Audit findings

Our attached post audit report sets out the detailed findings from the audit, including:

- Appendix 1 - journal adjustments made to the accounts as a result of the audit; and
- Appendix 2 - detailed observations and recommendations relating to the policies, procedures, systems and controls of EACTS.

Within Appendix 2, a number of the recommendations have been given a 'red' rating, meaning that action must be taken as soon as is practically possible. Although some progress has been made by EACTS during the year and since 31 March 2021, a number of these points have been carried forward from the previous year. As a result, we strongly recommend that these red rated points are given priority and a deadline is set by which to action these. In our view, the most urgent points relate to:

1. Debtors management - EACTS does not have a clear policy for managing unpaid membership subscriptions nor is there a formal policy for providing for old debts that may no longer be recoverable. A credit control system is required.

2. Finance policy and procedures manual - EACTS does not have documented financial policies and procedures. Policy documents and a financial procedures manual should be set up and subsequently approved by the Directors.
3. VAT review - the VAT structure for EACTS is complex and has not been reviewed for some time. Errors can lead to financial penalties. EACTS should seek a review of its VAT treatment.

I will be in attendance at the Council meeting on 13 October and will be happy to respond to any questions in relation to our findings report.

Katharine Patel
Partner
Buzzacott LLP

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