

Internal Audit report – 2024 Autumn Congress

6 January 2024

Dear LYMEC member organisations and individual members,

On 5-6 January 2024, we, the Internal Auditors, carried out an internal audit for the 2023 financial year, and were briefed on the financial situation going into 2024. During our audit, we analysed relevant accounting data, including the balance sheet and the profit and loss statement, and gave feedback on the budget for 2024. Based on the provided accounting information, we compiled a risk-based sample of transactions and payments evaluated based on materiality assessment. Items listed in the sample were more thoroughly checked for correct documentation. During our audit, we only made procedure and cost related observations, which are listed below under 'Observations made'. We did not note any significant errors in the accounting of LYMEC.

For this audit, we also investigated the management of LYMEC's staff and their working conditions. We conducted interviews with all staff, as well as the bureau members that interact with the staff on a regular basis. This culminated in various recommendations that you will find in the report.

We would like to extend our gratitude towards the LYMEC Treasurer, Marten Porte, and the Secretary General, Bálint Gyévai, who were attentive during the course of the carried-out audit procedures and carefully listened to our feedback. As a general remark, the Internal Auditors find that the finances of LYMEC are correct and well-kept, and that the staff are well managed. We would also like to note that the Secretary General and the Treasurer have implemented previous recommendations.

Observations made

Advice 2023-11:

Status: Pending

Institutional knowledge: with the Secretary General leaving LYMEC at some point in the second half of 2024, there is a significant risk of knowledge loss. We recommend putting in place a framework of formal and informal knowledge sharing. The Secretary General has indicated that discussions on this have already taken place with the Bureau.

Advice 2023-12:

Status: Pending

Communication etiquette: despite repeated calls on MOs and their representatives to use official communication channels only, many members of LYMEC continue to contact staff members through their private social media accounts such as Whatsapp or Instagram for all kinds of queries related to LYMEC. This is a problem as LYMEC staff members have a right to separate their work from their private life. We would like to remind MOs and their representatives to communicate with LYMEC through official email channels only.

Advice 2023-13:

Status: Pending

Work phones: LYMEC staff members currently use their private phones to conduct LYMEC's business. Going forward, in an effort to better promote a separation between work and private life, we recommend the purchase of 2 mobile phones. That way, it can also be ensured that the costs of the phone and communications are entirely paid for by LYMEC directly.

Advice 2023-14:

Status: Pending

Over-time meals: Staff members have indicated that they regularly work long hours, specially before and after key events throughout the year. To honour their efforts, we recommend that LYMEC covers the cost of over-time meals whenever the workday is

longer than 7PM (ie. 2 hours longer than the hours agreed in the work contract). A year from now, this will be a very clear KPI of the total workload of our members. It can - and should - inform future staff decisions.

Advice 2023-15:

Status: Pending

Recuperation days: due to heavy workloads, some staff members have not been able to take all of their recuperation days in 2023. This is a problem as the recuperation days are there to ensure our staff members get the rest they deserve. We recommend that staff members take up a maximum of their recuperation days in Q1 2024. Going forward, the recuperation days need to be planned ahead - to ensure they are all used by 31st December of each year.

Advice 2023-16:

Status: Pending

Work load: we would like to remind all Bureau members that under the current setup, LYMEC has finite staff resources working at full capacity. To keep a realistic approach, it should be ensured that the Bureau clearly states its prioritisation of projects. Simultaneously, new projects should only be accepted if LYMEC has the required capacity to do so.

Implemented advice

Advice 2023-4:

Status: Implemented

Accounting tool: After looking into the increase in cost of LYMEC's accounting software and comparing alternatives, and bearing in mind the cost of transition, we have come to the conclusion that for the foreseeable future there is no striking benefit in changing software.

Advice 2023-8:

Status: Implemented

Misuse of corporate card:

Since the last congress, no misuse has been observed on any of LYMEC's corporate cards. With the introduction of 'Financial guidelines for card use', we are satisfied that there are sufficient routines and procedures if this issue should arise again.

Advice 2023-9:

Status: Implemented

Costly foreign currency transactions: While we are avoiding FX conversion fees, we still occasionally observe costly non-EEA+UK transactions due to transfer fees. LYMEC should not be covering other costly bank fees, and a disclaimer has been included in reimbursement claim forms. To mitigate this we strongly recommend organisations and individuals to use euro accounts in neo-banks such as Revolut.

Advice 2023-10:

Status: Implemented

Petty Cash: We are happy to conclude that the petty cash has been reduced and with no significant consequences to members' ability to pay LYMEC. We continue to encourage LYMEC and all its members to go cashless whenever possible

Final remarks

Should you have any further questions or comments regarding the audit or the current audit report, please feel free to reach out to us for further clarifications.

Yours sincerely,

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