

Internal Audit report – 2023 Spring Congress

15 January 2023

Dear LYMEC member organisations and individual members,

On 13-15 January 2023, we, the Internal Auditors, carried out an internal audit for the last 2022 financial year, and were briefed on the financial situation going into 2023. 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 2023. 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.

New for this audit, we also investigated the management of LYMEC's staff and their working conditions. We conducted interviews with those bureau members that interact with the staff on a regular basis, and also performed a review of internal documents. This culminated in some informal suggestions that were shared with the Treasurer and Secretary General.

We would like to extend our gratitude towards LYMEC Treasurer, Tuuli Helind, 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 2023-1:

Status: Pending

Consider changing bank: we have observed high fees for the account as well as for non-Euro transactions. We first suggested switching to a free neo-bank such as Revolut. However, as a political ASBL, LYMEC did not pass the KYC test. We therefore recommend considering changing the bank to a more cost-effective competitor of KBC.

Advice 2023-2:

Status: Discussed

Setting up professional accounts for Uber and Bolt: with the aim of reducing the administrative burden for the Treasurer and the Secretary General, we suggest setting up professional accounts for Uber and Bolt. In discussion with the Treasurer and Secretary General, it became clear that the risk of accidental misuse is high, and that the time consumed on processing invoices from Bolt/Uber would be more significant compared to processing the existing refund forms.

Advice 2023-3:

Status: Pending

Donations: with the aim of diversifying and increasing LYMEC's sources of funding, we recommend putting a strategy in place to increase small donations. For example, LYMEC could prepare QR codes and goodies to attract donations both at LYMEC and ALDE events. Additionally, LYMEC could reach out to its alumni network via email and ask for small donations up to 100 EUR (pursuant to Art. 35, subsection 5 of the LYMEC statutes). We also recommend adding a banner to LYMEC's website inviting people to make small donations.

Advice 2023-4:

Status: Pending

Accounting tool: we have observed that the cost of the accounting tool XERO has increased by 12% in 2022. We strongly recommend keeping an eye on the price

evolution. If the price continues to rise, LYMEC should look for a more cost-effective solution from XERO's competitors. We understand that changing the accounting software is a complex undertaking, so we will reassess this point in the next audit.

Advice 2023-5:

Status: Discussed

Taxi costs and risks: following multiple reports of members being charged extortionate taxi fares at the Autumn Congress in Bucharest, we strongly recommend reminding participants, staff and bureau members to use ride-sharing apps such as Uber or Bolt. They are transparent about their fares, have online support and offer digital invoices. We understand that this is already done through the official programme guide, but it seems like this information does not reach everybody within the organisation.

Advice 2023-6:

Status: Pending

Alternative sources of income/sponsoring: in light of LYMEC's financial situation and the risks associated, we recommend considering sponsorships from alternative sources such as private companies. We recommend opening a discussion among the bureau and membership to consider this topic in more detail. We will reassess this point in the next audit.

Advice 2023-7:

Status: Pending

Internal policies regarding safeguarding practices: following the adoption of the LYMEC Equality and Diversity Plan in 2019, there are numerous inconsistencies in how safeguarding issues should be resolved when compared to the Code of Conduct. For example, in the Code of Conduct, the Chairs are named as point of contact for complaints at congresses, while in the Equality and Diversity Plan, the Ombudspeople are the point of contact. There needs to be a review of these documents by the Bureau in order to ensure transparent and trustworthy safeguarding processes.

Pending advice

Advice 2022-6:

Status: Pending

Travel reimbursement costs: we have observed that at multiple occasions, LYMEC has reimbursed very high travel expenses. We previously recommended investigating the option of centralising travel bookings through one travel agency. As this could provide LYMEC with better booking conditions and hence reduce costs for the organisation. During the latest audit, the auditors have reviewed alternative offers from travel agencies along with the Secretary General and will support in further negotiations with travel agencies.

Implemented advice

Advice 2022-3:

Status: Implemented

Role of the Internal Auditor: during our period of acting as the Internal Auditors, we have noticed that the current role in the organisation of our position is not clear enough. We would recommend for the future LYMEC Bureau to give the Congress recommendations for extending and clarifying the tasks for Internal Auditors. This is done as a part of the updated financial protocol as adopted by the Autumn Congress 2022 in Bucharest.

Advice 2022-4:

Status: Implemented

Paypal Transaction costs: we have observed that LYMEC pays significant percentages of transaction fees to Paypal - meaning it effectively subsidises transactions when this payment method is used.

Advice 2022-5:

Status: Implemented

Broadband costs: we have observed that LYMEC pays high fees for its broadband services. Now, LYMEC has cancelled its broadband subscription in favour of using the ALDE broadband services as a part of the office resources included in the rent.

Advice 2022-7:

Status: Implemented

Google Workspace use: to ensure full compliance with GDPR standards, we recommended to include a disclaimer on official forms informing members that their data will be stored on Google servers since Google Workspace is LYMEC's primary internal software system. This is now done.

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,

Daniel Ruiz Viejobueno

internalaudit@lymec.eu

Elsie Gisslegård

internalaudit@lymec.eu