

## **Internal Audit report – 2021 Autumn Congress**

27<sup>th</sup> of September 2021

Dear LYMEC member organisations and individual members,

On 4th of September of 2021, we, the Internal Auditors, carried out an interim audit for the 2021 financial year. During our audit, we analysed relevant accounting data, including the balance sheet and the profit and loss statement. 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. Minor issues were noted in the recording and kept proof of certain transactions, which were immediately corrected. These transactions will be additionally checked during the next audit on the full financial year. Altogether, the auditors did not make any negative observations.

We would like to extend our gratitude towards 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.

Earlier pending advice (2018-05) has been considered implemented. The advice was concerning on-demand access to internal audit reports on LYMEC webpage. As LYMEC has a new webpage where under the documents section internal audit reports are readily available, the referenced advice has been fully implemented.

## Implemented advice

### **Advice 2020-04:**

**Status: Implemented**

As part of the audit it was noted that all LYMEC-related travel documentation is kept separately, meaning transactions made directly by LYMEC and the subsequent documentation (i.e. refunds) are not categorised by trips or attending officials. This makes it more difficult to quickly analyse specific trips for Bureau members or any other officials. Therefore, we recommend the Secretary General and the Treasurer to further systematise travel documentation for the purpose of future audits. Additionally, we advise to include confirmations of any cancelled flights, trains, or other prebooked travel arrangements with other travel documents.

### **Advice 2020-03:**

**Status: Implemented**

As part of LYMEC Financial Protocol subsection 4. Operational financial decisions, a) Spending regulations, extraordinary expenditures up to 500 euros are to be authorised by the Secretary General, those over 500 euros are to be confirmed explicitly by the Treasurer and expenditures over 1000 euros need the silent approval of the Bureau. As per the Protocol, the Bureau is collectively responsible for the finances of LYMEC. Currently there is no way for recordkeeping of such decisions taken. As the finances of LYMEC are the collective responsibility of the Bureau, we recommend the Bureau and the Secretary General to determine a procedure within the guidelines set in the Protocol for recording these decisions. This can be, for example, done by including such decisions in the minutes for Bureau meetings or by saving any such written correspondence.

### **Advice 2020-01:**

**Status: Implemented**

During the audit, it was discovered that not all the cash transactions were entered into the accounting software Xero. The Treasurer had kept an overview the cash transactions in a respective separate spreadsheet. For the sake of correctness and transparency, we highly recommend reflecting all the transactions in Xero. However, we would like to clarify that this problem was taken care of almost immediately and therefore we would like to thank the Treasurer for the swift actions.

**Advice 2020-02:**

**Status: Implemented**

While conducting this internal audit, it rose to our attention that the current conduct of submitting reimbursement forms is troublesome in the sense of bookkeeping. A lot of reimbursement forms consisted of multiple expenses deriving from multiple different events. We strongly recommend that from further on, reimbursement forms shall only reflect costs related to a single event. If there is a need to claim reimbursement from multiple events, then multiple reimbursement forms shall be submitted.

**Advice 2018-05:**

**Status: Implemented**

The internal auditors believe that for the sake of continuity, and to give additional certainty that no recommendations go overlooked, a report of findings and recommendations should be compiled, which should be made available to MO's and IMS on LYMEC's website. The wish is to create a master document easily accessible and continuously updated. This is to create transparency in the work made by the internal auditors and the Bureau.

## **Earlier pending advice**

**Advice 2020-01:**

**Status: Implemented**

During the recent years, the persons who have held the position of Treasurer have been extremely capable individuals, who understand both the financial aspects and the principles of bookkeeping. However, we would like to point out that LYMEC cannot take these superb individual efforts for granted and cannot expect every single Treasurer to possess all the required knowledge. Sound financial management and accurate bookkeeping lays a foundation on which the organisation can thrive and succeed. Therefore, we would recommend both the Congress and the Bureau to take into consideration the potential outsourcing of the bookkeeping function.

Undeniably, this will result in a huge change in the role of the Treasurer. We believe that LYMEC should not be a platform where people come together in order to perform rather tedious administrative tasks – it should represent the ingenuity and innovation of our

MO's and individual members. Therefore, we suggest that going forward the Treasurer should focus more on tasks, which provide a higher value for organisation, for example fundraising.

The new concept of the role and responsibilities of the Treasurer should be developed jointly by the Bureau, the Secretary General and the Treasurer, but only in the case if the Congress believes the change to be necessary.

## **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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