

## Internal Audit report – 2023 Autumn Congress

9 September 2023

Dear LYMEC member organisations and individual members,

On 9th September 2023, we, the Internal Auditors, performed an interim audit for the first 8 months of the 2023 financial year. 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.

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 2023-8:**

**Status: Pending**

**Misuse of corporate card:** we have observed a notable increase in misuse on the corporate card in the first half of 2023. Following an internal discussion between auditors and leadership, the policy on 'Financial guidelines for card use' was introduced. Misuse of a LYMEC issued card should be reduced to an absolute minimum. Misuse of LYMEC funds has both financial and organisational consequences and is a criminal offence.

### **Advice 2023-9:**

**Status: Pending**

**Costly foreign currency transactions:** over the first 8 months of 2023, we have observed a few instances of very costly foreign exchange transactions. Since we own a corporate account, we strongly encourage the use of Wise for all foreign currency transactions to partners of LYMEC. They are far more cost effective than regular bank transfers.

### **Advice 2023-10:**

**Status: Pending**

**Petty Cash:** as internal auditors we believe that holding cash in the office premises comes with a risk. We encourage LYMEC and all its members to go cashless whenever possible. If members need to pay the organisation in cash for lack of other options, we strongly encourage them to carry exact amounts. Petty cash should be kept to an absolute minimum (<100 EUR).

## Pending advice

### **Advice 2023-4:**

**Status: Pending**

**Accounting tool:** we were informed that the cost of the accounting tool XERO has increased by 12% in 2022, and still plans to increase in 2023. 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.

## Implemented advice

### **Advice 2022-6:**

**Status: Implemented**

**Travel reimbursement costs:** previously we observed that at multiple occasions, LYMEC 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. However, after investigation we found that this would not turn out to be more affordable. We have come to the conclusion that the best course of action is to ensure that flights are booked well in advance. We have seen a notable decrease in flight costs after discussing this with the treasurer and secretary general.

### **Advice 2023-1:**

**Status: Implemented**

**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. LYMEC has since changed to Wise and the costs associated are notably lower.

### **Advice 2023-3:**

**Status: Implemented**

**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. This has been implemented as seen with the new merchandise sales at both LYMEC and ALDE congress.

**Advice 2023-5:**

**Status: Implemented**

**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.

**Advice 2023-6:**

**Status: Implemented**

**Alternative sources of income/sponsoring:** in light of LYMEC's financial situation and the risks associated, we recommended considering sponsorships from alternative sources such as private companies. Given that there have been meetings between the LYMEC treasurer and ALDE staff specialising in corporate sponsorship, where several potential partners have been identified, we deem this recommendation implemented.

**Advice 2023-7:**

**Status: Implemented**

**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. This issue has been remedied with a policy update.

## 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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