

# Internal Audit report 2018 Spring Congress

20. March 2018

Dear LYMEC member organisations and individual members

On February the 10th 2018 we, the internal auditors, conducted the full audit for the fiscal year of 2017. Additionally, the profit and loss statement and the balance sheet, as well as other in-depth budgets and actuals were analysed. Our findings and recommendations will be found below. We encourage you to join the discussion during the spring congress.

First and foremost, we would like to point out that we were satisfied in which order the books were kept in, which allowed us to review them fast and efficiently. We would for the last time like to thank the Treasurer, Marijn De Pagter, and the Secretary General, Danica Vihinen, for their excellent cooperation during the audit and for the cooperation the past two years. Minor mistakes were found but were immediately corrected. These inconsistencies were in the minor category and consisted of incorrectly booked transactions.

It has been a pleasure for us having served as internal auditors for the past term. It is our hope that the congress has appreciated our efforts and will see to it that recommendations given the past two years are followed up on.

## *Findings and recommendations*

### Advice 2018-01 recommendation

To ease the burden on Lymec's general secretary and assistant it would be convenient if the bureau members would be more considerate in the way their refunds are claimed. It is advised that the bureau members have the necessary documents to file claims for each event they participate at. Instead of having Lymec's staff spending time sorting out a puzzle of tickets, it would be more convenient that this precious resource is spent on matters more important.

### Advice 2018-02 recommendation

It has been noted that invoices are not always filed correctly in the ledgers and Xero. It is therefore advised that this is done correctly in order to not raise any unnecessary suspiciousness and scrutiny from the external auditors.

### Advice 2018-03 recommendation

Xero is the software which is used by Lymec for the digital booking. It has been noted that some invoices; such as the recurring ones, are booked ahead of time and once more when invoiced. It has been noted that the same invoice has been booked under two different categories, which might give

a blurry picture of Lymec's finances. It is advised that more effort is being put into bookkeeping correctly.

### *Earlier advices*

Advice 2017-05

Pending

The current upkeep and maintenance of the LYMEC website is a costly affair. The current service provider seemingly overcharges for all requests, including minute details such as downloading the list of member organisations. Moreover, the current arrangement is inflexible, rendering the management of the website a tedious affair. The bureau is advised to look into different server and service provider options, selecting the one with the best price/quality/service ratio.

Advice 2017-06

Pending

The work of the LYMEC staff is outstanding. As our organisation continues to expand, however, the workload grows with it. LYMEC staff is currently flirting with the limits of its capacity, even with the assistance of an intern. The bureau is advised to consider allocating more budget towards staff expenses so as to allow for the hiring of an additional staffer. Moreover, the bureau is advised to consult with other Brussels-based organisations of similar size and budget on how their staff is managed. Additionally, the bureau should consider outsourcing certain tasks to alleviate the workload.

Advice

2017-01

Implemented

The following advice is out of the ordinary. Having noted that the office furniture's are not up to modern standards, it is advised that new office equipment living up to contemporary standards are procured. It is advised that the expense is depreciated over the course of multiple years. It is our belief that the current Treasurer, Marijn de Pagter, has the right qualifications to find a proper solution. Improvements in the working environment of LYMEC's staff should result in increased efficiency and output.

Advice

2017-02

Implemented

The procedure to elect the Secretary General, as stated in Article 26 of the Rules of Association, is possibly non-compliant with the Belgian labour code, or potentially financially disastrous. The selection by the bureau of a candidate and the approval of this candidate by the congress do not necessarily happen within a short timeframe. In theory, this could result in the congress withholding approval of a selected candidate, who has nevertheless already been contractually signed on. Should this happen, the selected candidate has to be fired, which comes with steep costs under Belgian law.

Moreover, it is uncertain whether it is legally possible for the congress to withhold approval of the candidate selected by the bureau.

The bureau is therefore advised to review the (s)election procedure of the Secretary General, ensuring compliance with Belgian labour law.

Advice 2017-03

Pending

In light of the aim to increase revenue of LYMEC, it is advised that IMS members whose membership is about to expire receive an email to inform them of this. It is the hope of the auditors that it will increase the amount of renewed memberships. If a membership is not renewed, emails regarding news from LYMEC to the former member should cease to be sent.

Advice

2017-04

Implemented

Belgian tax law requires LYMEC to keep most of its accounting documents in physical form. This is also to the convenience of both internal and external auditors during the audits. Whereas the administrative task of keeping the physical accounting documents befalls the Secretary General, the actual accounting is done by the Treasurer. The extensive overhaul of the accounting system by the current treasurer at the start of the current bureau term resulted in inconsistencies with the physical system. This has led to physical documents being filed twice or not at all. Specific instances were immediately corrected during the audit. It is advised that the Treasurer and the Secretary General streamline digital and physical accounting systems to increase efficiency of future accounting and audits.

Advice

2016-01

Implemented

It has been noted that in order to acquire the project based funding from ELF, a 20.000 euro membership fee is paid in order to receive 40.000 euro. With the solid economy LYMEC has and in order to secure this project based funding for future fiscal years, it is advised that the Bureau of LYMEC block 20.000 euro annually, in order avoid having to forego the 40.000 euro grant.

Advice 2016-02

Implemented

Taken into consideration that the membership fees of the Member Organisations have been static for the past many years, it is advised that the Bureau will take into consideration to regulate membership fee accordingly to inflation. Moreover, due to the many membership fee reduction having been approved over the past congresses, compensation is required.

Advice 2016-03

Implemented

Current policy for travel refunds requires the receiver to hand over boarding passes as proof of payment and actual use of the ticket. In an increasingly digital age, printed boarding passes are getting out of use. As it is difficult to hand over digital boarding passes, the board is advised to revise the policy. The advised method of exercising control is to require receivers to hand over their e-tickets, and to cross-reference them with presence lists of the relevant event.

Additionally, the Refund Form for LYMEC Bureau and staff currently in use lacks in clarity, and might result in misunderstandings that could have been avoided. The board is advised to redraft the form, so as to make it more clear and efficient.

Advice 2016-04

Pending

Whereas the LYMEC office is housed in the ALDE building, LYMEC has its own telecom service contract. The current terms and rates in the contract seem outdated, resulting in costs higher than strictly necessary. Especially international phone calls, which are usually offered free of charge for landlines by Belgian telecom providers, rack up a steep cost. The bureau is advised to review the contract in light of current market conditions.

Advice 2014-02

Pending

The bureau should find a more effective and structured method of reminding member organisations or individuals of overdue bills. This could include sending several emails, making phone calls or transferring an individual's participation fee to the individual's member organisation. As many people do not respond to emails, we would like to emphasize on making standard phone calls to defaulters so as to obtain information on the reasons of why they have not settled the payment.

### *Final remarks*

If you have any further questions regarding the audit or this audit report, feel free to contact us or ask questions during the congress. We will be happy to answer them

Yours sincerely,

Hans Maes

Niklas Milthers