



Financial Protocol

Regulations and guidelines for LYMEC finances

Adopted by the Autumn Congress in Sofia, October 2017;
Amendments presented at Autumn Congress in Vilnius, October 2018



1. Status, implementation and amendments

a) Status

This document, the “Financial Protocol”, deals with questions of financial accountability within the European Liberal Youth (LYMEC). This protocol serves to expand the financial regulations that are stated in the Statutes.

The finances of LYMEC are first and foremost subject to the Statutes of LYMEC. Thus, if a statement in this Protocol is found contradictory to a statement in the Statutes, the statement in the Statutes shall apply. In that case, in other words, the statement in this Protocol shall be considered null and void.

b) Implementation

The Financial Protocol entered into force upon adoption by simple majority by LYMEC Congress in October 2017. It replaced the following documents: “Financial protocol of 2010”, “Bureau Refund Guidelines” and “LYMEC Expenditure Policy”. An amended version of the Financial Protocol was presented at the LYMEC Congress in October 2018 and adopted by simple majority.

c) Amendments and withdrawal

The Financial Protocol can only be amended or withdrawn by a simple majority of LYMEC Congress. A proposal to amend or withdraw the Financial Protocol must meet the following conditions:

- the proposal must be received by the Secretariat at least four (4) weeks before Congress;
- the proposal must be done by either:
 - the Bureau;
 - a full member organisation;
 - an individual member.

Exception: spelling, grammar and references

The Bureau may correct errors in spelling, grammar or references to other documents in the Financial Protocol without approval of Congress. The Bureau must report any such corrections to Congress by including a paragraph in the financial report (see section 2). The congress can reject the corrections by simple majority.

2. Budget and reporting

a) Budget

The annual budget has to be approved by Autumn Congress, as stipulated in article 29 of the Statutes. The Bureau must send the proposed budget to Congress before the deadline that is stipulated in the Congress Rules.

After adoption of the annual budget, the budget can only be amended by Congress or the Bureau, if sums applied for in the budget are reduced or increased by funding organizations due

to changed circumstances or sudden opportunities to expanded funding and activities, in line with planned events and detected needs of the organization during LYMEC statutory events. The Bureau shall inform the Internal Auditors of the changed circumstances. Overspending on any budget line must be reported by the Treasurer to the Bureau as well as the Internal Auditors, and must be commented on and explained in writing by the Treasurer in the yearly financial report as well as in the Interim Financial Report. If overspending on one line is not compensated by underspending on another line, the Treasurer must propose a new budget at the first Congress after the overspending took place. A proposal to amend the budget must meet the following conditions:

- the proposal must be received by the Secretariat at least four (4) weeks before Congress if circumstances allow for changes to be presented in time for Congress, otherwise the Bureau will decide on the matter;
- the proposal must be received by the Internal Auditors well ahead of changes taking force;
- the proposal must be done by either:
 - the Bureau;
 - a full member organisation;
 - an individual member.

b) Reporting to Congress

As stipulated in article 29 of the Statutes, the Treasurer must present an Annual Financial Report to Spring Congress. In addition to the statutory obligation of presenting an Annual Financial Report, the Treasurer shall present an “Interim Financial Report” to Autumn Congress.

Before the Treasurer submits the Budget and/or a report to Congress, the Bureau must approve of those documents.

The deadline for sending the Interim Financial Report to Congress is the same as the deadline for sending the Annual Financial Report to Congress, which is stipulated in the Congress Rules.

c) Annual Financial Report

The Annual Financial Report must at least include the following information.

- a written statement on the state of the finances in general;
- a written statement on LYMEC fundraising activities and their results;
- a profit and loss statement, including:
 - a comparison to the budgeted profit and loss statement,
 - a written statement explaining overspending or underspending on any budget line, if the overspending or underspending amounts to more than 5% of the budgeted amount;
- a balance sheet as of 31 December of the year the Financial Report covers, compared to a balance sheet of 31 December of the previous year;
- an overview of the membership fees that were invoiced (1), that were paid (2) and that were unpaid (3) as of 31 December of the year the Financial Report covers;
- a list of member organisations that are in debt as of 31 December of the year the Financial Report covers, including a short note on the efforts the Bureau has taken to contact the organisation and settle the debt;

- the total number of individual members and the amount of individual membership fees received;
- a statement on extraordinary refund decisions as stated in chapter 4 of the Financial Protocol, if any such refunds have been granted.

d) Interim Financial Report

The Interim Financial Report does not have a pre-specified reporting date. The reporting date (e.g. 31 July) will be determined by the Treasurer in preparation of the interim internal audit.

The Interim Financial Report must at least include the following information.

- a written statement on the state of the finances in general;
- a written statement on LYMEC fundraising activities and their results;
- a profit and loss statement from 1 January up to the reporting date, including a comparison to the budgeted profit and loss statement;
- a balance sheet as of the reporting date, compared to a balance sheet of 31 December of the previous year;
- an overview of the membership fees that were invoiced (1), that were paid (2) and that were unpaid on the reporting date (3);
- a list of member organisations that are in debt as of the reporting date, including a short note on the efforts the Bureau has taken to contact the organisation and settle the debt;
- a statement on extraordinary refund decisions as stated in chapter 4 of the Financial Protocol, if any such refunds have been granted.

e) Reporting to the Bureau

At least 24 hours before quarterly Bureau meetings, the Treasurer shall provide the Bureau with a short financial report. The report must at least include the following information:

- a brief written statement on extraordinary transactions since the previous report;
- a profit and loss statement from 1 January up to the reporting date, including a comparison to the budgeted profit and loss statement;
- a balance sheet as of the reporting date, compared to a balance sheet of 31 December of the previous year (only ahead of Congress)
- a fundraising and partnership report up to the reporting date.

The internal auditors receive a copy of the quarterly financial report that was presented during the latest Bureau meeting. The Bureau must send the copy to the internal auditors within one (1) week.

f) Reporting to the internal auditors

The Treasurer will provide the internal auditors with login data to viewing accounts of the digital bookkeeping system. Thus, the internal auditors can assess the finances of LYMEC at any time.

The internal auditors can submit a question about any transaction in the bookkeeping system at all times. The Bureau shall respond to the question within one (1) week or postpone discussion to the next audit. The Bureau can decline to answer the question if the transaction took place more than twelve (12) months ago. The Bureau shall comment on the recommendations given in

the internal Auditor's report to the Congress, and has to give all and any information requested by the internal auditors, including, explicitly, all financial transactions, documents, receipts, and contracts present within the organization.

3. Bookkeeping

The day-to-day bookkeeping is mostly done by the Secretariat. In this section, the procedures for bookkeeping are laid out.

a) Bookkeeping type

LYMEC uses the accrual method of bookkeeping. This means that:

- revenues are reported on the profit and loss statement when they are earned (not when they are received);
- expenses are reported on the profit and loss statement when they are incurred (not when they are paid).

b) Day-to-day bookkeeping

Since LYMEC uses the accrual method of bookkeeping, two main day-to-day bookkeeping tasks are formed:

- 1) booking invoices and bills (receipts) in the bookkeeping system;
- 2) attaching payments to those invoices and bills ("reconciliation").

The day to day book keeping is handled by the SG under supervision by the Treasurer. The Bureau can, however, decide otherwise. The Secretary General can transfer the assigned task to an assistant or intern that is working for LYMEC. All activities by a LYMEC assistant or intern are executed under the responsibility of the Secretary General. Where the Secretary General delegates activities to the intern, these may not include making payments, but may include doing bookkeeping.

c) Signing of bills and statements

In general the daily financial management is in the hands of the LYMEC Office, but the Treasurer is to get reports on this at least on a weekly basis. The Treasurer sign all bank statements and credit card statements together with the Secretary General to confirm that they have seen these documents and confirm that they agree with the transactions on them. If there is any reason why one of them won't sign one of these statements, this is reported to all other bureau members as well as the internal auditors.

d) Accounts, cards, cash and banking

The LYMEC Treasurer and President jointly hold the rights to LYMECs bank accounts. The LYMEC credit card is issued on the name of the LYMEC Treasurer and Secretary General, but it can be used by Bureau members or the LYMEC Office for bookings, online purchases and certain remote payments, given that the Treasurer has given an explicit permission to do so. The Treasurer or LYMEC Secretary General can also use their cards for withdrawals when necessary or for specific on-the-spot payments.

The LYMEC President, Treasurer and Office have access to the online banking service. The LYMEC President and Treasurer use this service for monitoring and reporting. (The LYMEC Office uses it for making payments and transfers).

The Treasurer is responsible for any cash missing during LYMECs cash transactions.

4. Operational financial decisions

The Bureau is in charge of making operational financial decisions. As such, the Bureau is collectively responsible for the state of finances of LYMEC. The Bureau must follow the regulations in this protocol.

a) Spending regulations

Only the Secretary General or Treasurer are allowed to use debit and/or credit cards of LYMEC bank accounts.

The Secretary General is authorized to decide on the approval of expenditures of up to five hundred (500) euros extraordinary to the budget or by the Bureau determined spending.

Any expenditure, or sum of expenditures that are reasonably related, exceeding the amount of five hundred (500) euros needs the explicit approval of the Treasurer.

Any expenditure, or sum of expenditures that are reasonably related, exceeding the amount of one thousand (1000) euros needs silent approval of the Bureau.

b) Periodical expenditure

Any contract that binds LYMEC to periodical expenditure, needs silent approval of the Bureau.

c) Event budgets

The Treasurer is responsible for drafting budgets for individual LYMEC events. Event budgets need silent approval of the Bureau.

An overall view of expenses covered by LYMEC for events:

- Location for meeting
- Accommodation for the duration of the event
- Meals and coffee breaks during the event
- Office supplies
- Informational material
- Speakers expenses and gifts for speakers and organisers
- Some form of social gathering when needed

Travel refunds for participants

For certain events, a refund can be given to participants. The amount of this refund is pre-determined for each event and can differ between events. Usually a percentage of the total travel

expenses can be refunded, with a pre-determined maximum amount. In order to be eligible for a refund, the conditions in the overall event guidelines apply.

Not covered by LYMEC:

- Alcoholic drinks
 - Except for specific celebrations as determined before the event and cleared by the Treasurer
- Taxis
 - Except in case it is cheaper than public transport or if used for transportation of goods but only when cleared by Treasurer before

d) Participation fees

The Bureau can decide to charge participation fees to cover for organisational costs of Congresses and other events. Members of the Bureau are excluded from paying the participation fee. The Bureau may exclude other officials from paying the participation fee.

The Bureau decides on the amount that is charged for participation and/or accommodation. The Bureau can decide to offer several arrangements, e.g. arrangements for hotel accommodation, meals etc.

In individual cases, the Treasurer can decide to reduce a participation fee of a Congress by up to 50%. The individual that wishes to apply for such a reduced fee, must motivate the request while registering for Congress. If the Treasurer does not honour the individual's request, the individual can cancel the Congress registration within seventy-two (72) hours without being charged a cancellation fee.

e) Cancellation fees

A participant of a LYMEC event can cancel participation free-of-charge if the cancellation is received by the Secretariat at least two (2) weeks prior to the event.

If a participant cancels participation within two (2) weeks before the starting date of the event, the participant will be charged a cancellation fee of:

- 50 euros, if participation is cancelled between one (1) and two (2) weeks prior to the start of the event;
- 75 euros, if participation is cancelled between one (1) week and forty-eight (48) hours prior to the start of the event.

Cancellation within 48 hours prior to the event is considered a no-show.

A cancellation fee may also be applied to events for which no participation fees were charged. If a participation fee was charged for the event, the cancellation fee is applied instead of the participation fee.

In extraordinary individual cases, the Bureau may remit cancellation fees.

f) No-show fees

If a participant of an event cancels within forty-eight (48) hours prior to the event or does not show up at the event, the participant will be charged a no-show fee.

If a participation fee was charged for the event, a no-show fee of 50 euros will be charged on top of the participation fee.

If no participation fees were charged for the event, a no-show fee of 100 euros will be charged.

In extraordinary individual cases, the Bureau may remit no-show fees.

5. Internal and external auditors

The (substitute) internal auditors are elected by the Congress every two years, as stated in the Statutes. The external auditor is a professional accountant, which is appointed by Congress every three years. (see: article 29 of the Statutes)

a) Date of internal audits

The internal auditors meet at least twice a year at the headquarters of LYMEC in order to conduct an internal audit. The internal audit is conducted ahead of Spring Congress and preferably takes place in January, February or March. The interim internal audit is conducted ahead of Autumn Congress and preferably takes place in July, August or September.

The date of each internal audit is proposed by the Treasurer or the Bureau to both the internal auditors as well as their substitutes. If one of the internal auditors is unavailable on the proposed date, the Treasurer can request a substitute internal auditor to conduct the internal audit.

If a date for the audit has been set, but one of the internal auditors is no longer available, the internal audit must be postponed unless one of the substitute auditors can replace the internal auditor that is unavailable.

b) Extraordinary internal audit

Both the Bureau and the internal auditors can demand an extraordinary internal audit.

If the Bureau demands an extraordinary internal audit, the date of the audit will be proposed by the Treasurer or the Bureau.

If the internal auditors unanimously demand an extraordinary internal audit, the Treasurer or the Bureau must reply within one week. The Bureau must propose a date that is no later than six (6) weeks after the day the auditors demanded the audit.

c) The internal audit

During an internal audit, the internal auditors shall scrutinise and discuss the finances. The internal auditors shall also inspect whether this Financial Protocol has been correctly followed. The Bureau must give all information requested by the internal auditors, including, but not

limited to, all financial transactions, documents, receipts, and contracts present within the organisation.

After every audit, the internal auditors file a report to Congress on their findings and recommendations. The Treasurer must respond to the recommendations of the internal auditors during the Congress.

d) Accountability of the internal auditors

The internal auditors are responsible for their own functioning. They are not accountable to the Bureau. The internal auditors are only accountable to the Congress.

e) The external auditor

The external auditor is appointed by LYMEC Congress for three years. The Bureau proposes an external auditor at least eight weeks before Congress. The annual financial report shall be sent to the external auditor before 1 March of the following year.

The external audit shall take place every year on a date or dates on which both the Secretary General and Treasurer are present at the LYMEC Secretariat. If either the position of Secretary General or Treasurer is vacant on the date of the external audit, the Bureau shall appoint a replacement.

The report of the external auditor will be shared with the Bureau and internal auditors.

6. Travel and other expenses of Bureau, auditors and other officials

a) Secretariat proposes travel for officials

In principle, the Secretary General and/or Treasurer book flights, trains, hotels, etc. for LYMEC Bureau members, internal auditors, staff and other LYMEC officials that travel for LYMEC purposes. Other LYMEC officials includes, but is not limited to, Congress Chairs and trainers for events.

The Secretariat proposes the best travel or hotel option to the official that attends a meeting or event for LYMEC purposes. The best travel or hotel option is not solely determined by price, but also by logistics (e.g. short connection times at airports). The proposal from the Secretariat can also include accommodation for an overnight layover during the proposed travel.

b) Official responds within 72 hours

The official must respond to the travel proposal within seventy-two (72) hours either by:

1. approving the proposal; or by
2. proposing a different travel option. If the proposal of the official is less than ten per cent (10%) more expensive than the original proposal, the Secretariat shall book the travel. If the proposal of the official is more than ten per cent (10%) more expensive than the original proposal, the official must pay the difference. The Secretariat will book the flight and send an invoice to the official.

If the official has approved within 72 hours, but the price of the proposed travel option has increased by more than ten per cent (10%), the Secretariat may propose a different option to the official.

c) Official does not respond within 72 hours

If the official only approves after the seventy-two (72) hours, the following applies.

1. If the price of the proposed travel has not increased by more than ten percent (10%), the Secretariat will book the proposed travel option.
2. If the price of the proposed travel has increased by more than ten percent (10%), the official can propose a difference travel option (as stated in article b above) or the official must pay the difference, unless the Bureau decides otherwise.

d) Expense claims

Any LYMEC official who has made expenses for LYMEC purposes can submit an expense claim.

The Treasurer shall design a Refund Form which members of the Bureau, the internal auditors and other LYMEC officials use to submit their expense claims. The Treasurer can also provide the claimant with login details to the LYMEC bookkeeping system in order to submit an electronic expense claim.

Expense claims will only be considered for approval if fully received by the Secretary General or Treasurer within:

- a) eight weeks after the final date of the event to which the expense is related, or;
- b) eight weeks after the date of the expense, if the expense is not attached to an event.

Expense claims will only be considered as “fully received” if:

- the refund form has been submitted fully and correctly;
- relevant electronic receipts and/or tickets have been received by e-mail or uploaded with the electronic expense claim;
- relevant, original paper receipts and/or tickets have been received by the Secretariat.

e) Approval of expense claims

Expense claims shall be considered for approval by the Secretary General or Treasurer within four (4) weeks, unless one of them is the claimant.

If the expense claim was submitted by the Secretary General, the Treasurer shall consider the expense claim for approval. If the expense claim was submitted by the Treasurer, the Secretary General shall consider the expense claim for approval.

f) Travel expense claims

The following table shows which travel expenses can and cannot be claimed and what proof the claimant should send to the Secretariat. In all cases, the claimant must show that the travel was done for LYMEC purposes and that the travel was the best travel option. (see article b)

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Means of travel	Amount eligible	Proof needed
Train (second or lower class)	Full amount	- original ticket
Train (first class)	Amount up to the price of a second class train ticket	- original ticket - proof of the price of a second class ticket
Car	- €0,20 per kilometre - Parking costs related to the travel	- calculation from Google Maps or comparable websites showing the distance travelled - parking receipts
Airplane (economy class)	Full amount	- booking confirmation - boarding passes
Metro, bus, tram and ferry	Full amount	- original ticket
Taxi	Full amount, but only if public transport was not a reasonable option.	- original receipt

The following travel expenses are examples of expenses that cannot be claimed:

- Airline luggage fee expenses, unless the claimant can show that it was necessary for LYMEC purposes to store luggage in the aircraft hold;
- Hotel rooms, unless the expenses were approved by the Secretary General or Treasurer before booking.
- Business class flight tickets.

g) Telecommunications expense claim for members of the Bureau

Every month, every member of the Bureau can submit an expense claim for telecommunication expenses. A member of the Bureau can claim a maximum of twenty-five (25) euros per month, if:

- the member of the Bureau is in office on the first day of the month of the month that is claimed;
- the member of the Bureau has sent an electronic copy of the phone bill to the Secretariat by email.

h) Telecommunications expense claim for the Secretary General

Every month, the Secretary General can submit an expense claim for telecommunication expenses. The Secretary General can claim a maximum of twenty-five (25) euros per month, if:

- the Secretary General is in office on the first day of the month of the month that is claimed;
- the Secretary General has sent an electronic copy of the phone bill to the Treasurer by email.

i) Other expense claims

The Bureau can decide to allow other expense claims in individual cases. These extraordinary expense claims must be reported to the internal auditors within one (1) week.



7. Bad debt management

LYMEC sends invoices to both individuals and organisations. Sometimes, the payment is never received. This is called a 'bad debt'. How LYMEC deals with these bad debts, is detailed in this chapter.

a) Invoice reminders

After sending an invoice, the Treasurer is responsible for reminding the debtor of its financial obligations. The Treasurer will remind the debtor at least three times in the first six months after the invoice date.

b) Allowance for doubtful accounts

If an invoice has been unpaid for six months, the amount of the invoice shall be added to the "allowance for doubtful accounts". The sole purpose of this measure is to cover the risk of not receiving the money. In no way does this clear the debtor of its financial obligations. The amount is still visible on the balance sheet and the list of Aged Receivables and the Treasurer will continue to try to collect the amount outstanding.

c) Write off

If the invoice is still unpaid after three (3) years, the invoice shall be written off through the allowance for doubtful accounts. The amount will no longer be visible on the balance sheet, nor the Aged Receivables.

The Bureau has the right to write off an invoice earlier, if the invoice total is lower than one hundred (100) euros. The write-off must always occur through the allowance for doubtful accounts, so that the internal auditors can scrutinise the write-offs.

d) Suspension of member organisations

If an invoice regarding the membership fee of a member organisation is unpaid for at least two (2) consecutive years, the Congress can suspend the organisation. Suspension means that:

- the organisation will not be invoiced for the following year's membership fee;
- representatives of the organisation cannot participate in LYMEC events other than Congress;
- the Bureau will do its utmost best to restore relations with the organisation and encourage the organisation to either pay the amounts or request a payment arrangement. (art. 18 of the Statutes)

Suspension ends when:

- a payment plan for the suspended organisation has been approved by Congress;
- the suspended organisation has paid its debts.

e) Debt reduction

The payment plan that is mentioned in article 18 of the Statutes, may also involve debt reduction. Only the Congress can approve a reduction of the debt of a member organisation.

f) Disaffiliation of member organisations

The Bureau will propose to disaffiliate a suspended member organisation at the Congress following suspension, unless:

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- the suspended organisation has requested a payment plan;
- the suspended organisation has paid its debts.

The Congress can either approve of the disaffiliation or postpone the decision to the next Congress. The next Congress can only approve of the disaffiliation, unless:

- the suspended organisation has requested a payment plan;
- the suspended organisation has paid its debts.

