

Internal Audit report – 2019 Spring Congress

20th of March 2019

Dear LYMEC member organisations and individual members,

On the 9th of February 2019 we, the internal auditors, conducted the audit for the fiscal year of 2018. 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 autumn 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 like to thank the Treasurer, Lena Höglund and the Secretary General, Danica Vihinen, for their cooperation during the audit. It is taken into account that the books were not closed at the time of the audit. This hindered a proper understanding of LYMEC's Profit and Loss statement. Minor mistakes are almost impossible to not occur but were immediately corrected. These inconsistencies were in the minor category and consisted of incorrectly booked transactions.

Findings and recommendations

Advice 2019-01

Recommendation

As there were some topics that needed clarification between the Bureau and the external auditor, the reports of the organisation's financial health were sent to the internal auditors quite late for review and assessment. To ensure the expected high quality of the work, it is recommended that a written report should be compiled prior to the internal audit by the Treasurer of LYMEC. In light of not having had a written report prior to the two last internal audits, it has unnecessarily made it less transparent to find any irregularities. Furthermore, a written report will facilitate questions from member organisations and individual members placed to the internal auditors during or prior to a Congress.

Advice 2019-02

Recommendation

It is recommended that the General Secretary and Treasurer oversee that the books are as close to being finalized as possible prior to an internal audit. At the audit of 9th of February the books were not closed which prohibited having the ability to have a full overview and thus limited the ability to find any inconsistencies. It is taken into account that unforeseen externalities can prohibit the closing of the books prior to the audit.

Advice 2019-03

Recommendation

In 2018 the organisation decided to update and modernize its brand and visual identity. A new visual identity was created, including new logos, new website and other accompanying nuances (e-marketing, ordering new posters and memorabilia etc.), which ended up costing significantly

more than was initially budgeted for this financial year. The “Communication & PR - Internet, website, e-marketing” was budgeted at 2 000 EUR, but the actual costs were 13 149 EUR. Therefore the internal auditors recommend considering and assessing all the potential accompanying costs of these kind of planned investments for the proposed budgets in the future. A more thought-out project management would help to avoid unpleasant surprises in the future.

Implemented recommendations

Advice 2018-02 Implemented

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 ensuring a clear way of bookkeeping.

Advice 2018-06 Implemented

The internal auditors are independent trustees responsible for scrutinizing the voting process during the congresses. E-voting has been implemented recently and there is a strong belief that this process should be organized, or at least supervised, by the internal auditors as well, which will provide an extra level of assurance for the voting procedures as a whole.

Advice 2014-02 Implemented

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.

Earlier advice

Advice 2018-01 Pending

To ease the burden on LYMEC’s Secretary General 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 2018-03 Pending

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 2018-04 Pending

The auditors discovered that some of the receipts were missing from the ledgers and that the only digital copies of the aforementioned receipts were in the previous Treasurer's mailbox. A note was made on the spot and a corresponding inquiry was made the previous Treasurer. The auditors recommend that during the change of the bureau, all the necessary documentation (including receipts, confirmation letters etc.) shall be transferred over to new corresponding bureau member(s).

Advice 2018-05 Pending

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.

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 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 out-dated, 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.

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 address them.

Yours sincerely,

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