

Internal Audit report – 2019 Autumn Congress

25th of October 2019

Dear LYMEC member organisations and individual members,

On the 28th of September 2019 we, the internal auditors, conducted the audit for the first half of the fiscal year of 2019. Additionally, the profit and loss statement and the balance sheet, as well as other in-depth budgets and actuals were analysed (up to September). 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 with the state that the books were kept in, which allowed us to review them in a fast and efficient manner. We would like to thank the Treasurer, Lena Höglund and the Secretary General, Bálint Gyévai, for their cooperation during the audit. Additionally, we would like to point out that taking into account the recent change of LYMEC personnel, the current state of bookkeeping was in near excellent state. Minor mistakes are almost impossible to not occur but these were immediately corrected. These inconsistencies were in the minor category and consisted of misfiled transactions. It could be seen that a lot of work was put into the preparation of the audit, for which we would once again like to thank the Treasurer and the Secretary General.

Additionally, as the internal audit report has been carrying some recommendations dated as far back as 2014, the internal auditors decided to talk things thoroughly through with the current Treasurer and Secretary General in order to conclusively understand if these recommendations are still relevant today. As a result, most of the earlier recommendations have been deemed irrelevant and removed from this report. These recommendations can be seen still seen in the previous audit report, regarding the financial year of 2018.

Findings and recommendations

Advice 2019-04

Recommendation

The only recommendation that arose from the interim audit is linked with Advice 2018-04, stating that in the event of personnel change, all the necessary documentation from the changing personnel (including receipts, confirmation letters etc.) should be transferred over to new respective persons. Unfortunately, there were a few cases, where some of the receipts were missing from the ledgers and the copies needed to be attained from the previous Secretary General. Therefore, we would like to urge the representatives of LYMEC to carry over the relevant documentation as soon as possible.

Implemented recommendations

Advice 2019-01

Implemented

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

Implemented

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

Implemented

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.

Advice 2018-01

Implemented

To ease the burden on LYMEC's Secretary General and the assistants, 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

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 2018-03

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 2018-06

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 2017-06

Implemented

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 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 2018-04

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.

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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