

Internal Audit report – 2021 Spring Congress

22nd of April 2021

Dear LYMEC member organisations and individual members,

An online internal audit has been conducted that was finished with the last documents sent on 18.03.2021 on the finances of LYMEC in 2020. As neither of the auditors could attend the audit testing process in Brussels due to travel restrictions and mandatory quarantines set, the audit was conducted fully online for the second time.

Most of the related documents for the finances of LYMEC are held on paper and we determined it would have been too time consuming to scan all of these documents, which granted the audit to be conducted based on a sample. The sample was determined on a risk-basis.

We would like to express our deepest gratitude towards the Secretary General Bálint Gyévai and the Treasurer Marten Porte for their efforts in helping us conduct this audit. We are glad that some of the recordkeeping has been already digitalised and have informally recommended the documents to be more readily available digitally in the future as well.

The finances of LYMEC are based on our findings and additional questions, well kept. No significant shortcomings were noted and our informal recommendations were largely based on the betterment of the current procedure in order to make recordkeeping easier and more structured. There were no written recommendations made during this audit.

As one of the internal auditors, Sanda Krekik, resigned on 14.04.2021, the position has been taken up by Jeffrey Drui. The future internal audits will therefore be conducted by Tuuli Helind and Jeffrey Drui.

Implemented recommendations

Advice 2020-03

Implemented

As part of the audit it was noted that all LYMEC-related travel documentation is kept separately, meaning transactions made directly by LYMEC and the subsequent documentation (i.e. refunds) are not categorised by trips or attending officials. This makes it more difficult to quickly analyse specific trips for Bureau members or any other officials. Therefore, we recommend the Secretary General and the Treasurer to further systematise travel documentation for the purpose of future audits.

Additionally we advise to include confirmations of any cancelled flights, trains, or other prebooked travel arrangements with other travel documents.

Advice 2020-02

Implemented

As part of LYMEC Financial Protocol subsection 4. *Operational financial decisions*, a) *Spending regulations*, extraordinary expenditures up to 500 euros are to be authorised by the Secretary General, those over 500 euros are to be confirmed explicitly by the Treasurer and expenditures over 1000 euros need the silent approval of the Bureau. As per the Protocol, the Bureau is collectively responsible for the finances of LYMEC. Currently there is no way for recordkeeping of such decisions taken.

As the finances of LYMEC are the collective responsibility of the Bureau, we recommend the Bureau and the Secretary General to determine a procedure within the guidelines set in the Protocol for

recording these decisions. This can be, for example, done by including such decisions in the minutes for Bureau meetings or by saving any such written correspondence.

Advice 2020-01 Implemented

During the audit, it was discovered that not all the cash transactions were entered into the accounting software Xero. The Treasurer had kept an overview the cash transactions in a respective separate spreadsheet. For the sake of correctness and transparency, we highly recommend reflecting all the transactions in Xero. However, we would like to clarify that this problem was taken care of almost immediately and therefore we would like to thank the Treasurer for the swift actions.

Advice 2020-02 Implemented

While conducting this internal audit, it rose to our attention that the current conduct of submitting reimbursement forms is troublesome in the sense of bookkeeping. A lot of reimbursement forms consisted of multiple expenses deriving from multiple different events. We strongly recommend that from further on, reimbursement forms shall only reflect costs related to a single event. If there is a need to claim reimbursement from multiple events, then multiple reimbursement forms shall be submitted.

Earlier pending advice

Point of Consideration 2020-01 Pending

During the recent years, the persons who have held the position of Treasurer have been extremely capable individuals, who understand both the financial aspects and the principles of bookkeeping. However, we would like to point out that LYMEC cannot take these superb individual efforts for granted and cannot expect every single Treasurer to possess all the required knowledge. Sound financial management and accurate bookkeeping lays a foundation on which the organisation can thrive and succeed. Therefore, we would recommend both the Congress and the Bureau to take into consideration the potential outsourcing of the bookkeeping function.

Undeniably, this will result in a huge change in the role of the Treasurer. We believe that LYMEC should not be a platform where people come together in order to perform rather tedious administrative tasks – it should represent the ingenuity and innovation of our MO's and individual members. Therefore, we suggest that going forward the Treasurer should focus more on tasks, which provide a higher value for organisation, for example fundraising.

The new concept of the role and responsibilities of the Treasurer should be developed jointly by the Bureau, the Secretary General and the Treasurer, but only in the case if the Congress believes the change to be necessary.

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 questions or concerns regarding the conducted audit or the current report, feel free to reach out to Tuuli Helind for additional information. For upcoming audits, both of the auditors can be contacted in regards of the contents of audits.

Yours sincerely,

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