

## **Internal Audit report – 2022 Autumn Congress**

19 November 2022

Dear LYMEC member organisations and individual members,

On 17 September 2022, we, the Internal Auditors, carried out an interim audit for the first 9 months of the 2022 financial year. During our audit, we analysed relevant accounting data, including the balance sheet and the profit and loss statement. Based on the provided accounting information, we compiled a risk-based sample of transactions and payments evaluated based on materiality assessment. Items listed in the sample were more thoroughly checked for correct documentation. During our audit, we only made procedure and cost related observations, which are listed below under 'Observations made'. We did not note any significant errors in the accounting of LYMEC.

We would like to extend our gratitude towards LYMEC Treasurer, Tuuli Helind, and the Secretary General, Bálint Gyévai, who were attentive during the course of the carried-out audit procedures and carefully listened to our feedback. As a general remark, the Internal Auditors find that the finances of LYMEC are correct and well-kept. We would also like to note that the Secretary General and the Treasurer have well implemented previous informal recommendations.

## Observations made

### **Advice 2022-4:**

**Status: Pending**

**Paypal Transaction costs:** we have observed that LYMEC pays significant percentages of transaction fees to Paypal - meaning it effectively subsidises transactions when this payment method is used. We recommend investigating if the Paypal fees could be borne by the sender - not the receiver.

### **Advice 2022-5:**

**Status: Pending**

**Broadband costs:** we have observed that LYMEC pays high fees for its broadband services. We recommend investigating with Proximus if there is a better offer available - or potentially switch to a cheaper provider.

### **Advice 2022-6:**

**Status: Pending**

**Travel reimbursement costs:** we have observed that at multiple occasions, LYMEC has reimbursed very high travel expenses. We recommend investigating the option of centralising travel bookings through one travel agency. This could provide LYMEC with better booking conditions and hence reduce costs for the organisation.

### **Advice 2022-7:**

**Status: Pending**

**Google Workspace use:** to ensure full compliance with GDPR standards, we recommend to include a disclaimer on official forms informing members that their data will be stored on Google servers since Google Workspace is LYMEC's primary internal software system.

## Implemented advice

### **Advice 2022-1:**

**Status: Implemented**

**Personnel costs and salary system:** although the work of LYMEC office has this far been excellent, the Office is highly dependent on employing highly motivated individuals who are themselves capable of working in a high-paced environment. However, it must be noted that for future employment affairs, a more thorough compensation scheme must be implemented to ensure the motivation and willingness to stay at their position for a longer period. This can, for example, be done by offering employees additional perks, such as reimbursement of sports-related costs.

### **Advice 2022-2:**

**Status: Implemented**

**Proof of approvals and other statutes-related actions:** currently, LYMEC does not have an established system of record keeping of approvals or other statutes-related actions. For example, based upon further inquiry, approvals are still done primarily on a message basis on the Signal app. We recommend in the future attaching approvals to records in the bookkeeping system to avoid future misunderstandings.

### **Advice 2022-3:**

**Status: Pending**

**Role of the Internal Auditor:** during our period of acting as the Internal Auditors, we have noticed that the current role in the organisation of our position is not clear enough. We would recommend for the future LYMEC Bureau to give the Congress recommendations for extending and clarifying the tasks for Internal Auditors. For this, we would recommend the establishment of the following:

- Internal Auditors should not only check the finances of the organisation. This follows LYMEC Statutes Art. 29 (1), by which the Internal Auditors are to scrutinise the accounts and the general management of the organisation. However, the Financial Protocol Section 5. (c) limits the role of Internal Auditors to scrutinising and “discussing” finances. Therefore, there is distinctive contradiction between the two. Internal Auditors, could as well, for example check the general

management, employment affairs, overview of outstanding issues in the organisation etc. The outline of the role could also be additionally clarified through recommendations from former Internal Auditors and Treasurers of LYMEC.

## Final remarks

Should you have any further questions or comments regarding the audit or the current audit report, please feel free to reach out to us for further clarifications.

Yours sincerely,

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