

Kevin Byrne Lt. Col. (Retd),
President and Trustee,
CILT (Intl).

25th January 2018

Dear *Kevin*,

The Council of CILT Ireland has decided to cease providing administrative and financial services in respect of CILT International certificates from 30 June 2018 (or such other date as may be agreed by CILT Ireland and CILT International). We will work with CILT International to put in place arrangements for the orderly transfer of this work.

CILT Ireland has been concerned for some time about the operation of the existing administrative arrangements in respect of CILT International certificates and has engaged in a lengthy dialogue and correspondence with CILT International regarding those concerns. The following is a non-exhaustive list of our principal concerns:

- A significant number of certificates were issued in a way which was not in accordance with the robust administrative procedures agreed by CILT Ireland and CILT International. They were issued manually by CILT International rather than by CILT Ireland through the IT system developed for that purpose.
- Spreadsheets provided by CILT International which gave information on the manually issued certificates raised considerable concerns. There was a significant lack of essential detail. For example, one spreadsheet showed 499 certificates issued to a named entity without any further information such as student names. There were gaps in the sequencing and numbering of certificates. A separate numbering system was created for the manually issued certificates. A unique student identification number, which is an essential control feature of the agreed administrative procedures, was not used.
- It was not possible to satisfactorily reconcile the manually issued certificates with administrative and accounting records held by CILT Ireland. A review by CILT Ireland staff found that it was not possible in the vast majority of cases to match the manually issued certificates with the student records on the bespoke database maintained by it or with the invoicing and payment information on its accounting system.
- One reason advanced for the manual issue of replacement certificates outside of the agreed procedures was that the original certificates had not been delivered by DHL, the contractor retained by CILT Ireland. A review of the delivery tracking system by CILT Ireland established that the certificates had been delivered by DHL. In any event, the issue of replacement certificates should have been processed through the agreed procedures.

- It appears that certification of students on short (five day) courses is being authorised outside of the agreed administrative procedures.
- There were a number of legacy issues relating to the processing of certificates for the period before the new agreed procedures became fully operational in September 2014. Outstanding certificates were to be manually processed by agents of CILT International outside of the agreed procedures and 500 certificates were transferred to them for that purpose. CILT Ireland requested that records of all these manually issued certificates be forwarded to it for inclusion in its records and to facilitate any future audit. No information has been made available to date and it is our understanding that the relevant data was lost when a computer crashed. An adequate backup of computer data is an essential feature of an effective system of internal control.

Despite the lengthy dialogue and correspondence, it was not possible to reach a conclusion which was satisfactory to CILT Ireland and, as a result, our independent Audit Committee was requested to review and assess the administration of CILT International certificates insofar as it impacted on the Institute in Ireland.

The Audit Committee reached the following conclusions:

1. There is uncontested documentary evidence that a significant number of certificates were issued by or on behalf of CILT International in breach of the administrative procedures agreed between CILT Ireland and CILT International.
2. This breach of agreed procedures, in the opinion of the Committee, presents prima facie evidence of a serious deficiency in internal control which has the potential to expose CILT International and CILT Ireland to fraud, loss of funds, improperly issued certificates and consequent reputational damage.
3. There is evidence of a breakdown of working relationships between CILT International and its agents on the one hand and CILT Ireland on the other.
4. It appears unlikely that a resolution satisfactory to both CILT Ireland and CILT International can be reached.

In light of these conclusions the Audit Committee recommended that CILT Ireland should cease to undertake the administration of CILT International certificates from 30 June 2018 (or such other date as may be agreed by CILT Ireland and CILT International) and that arrangements should urgently be put in place to ensure an orderly transfer of this work to CILT International.

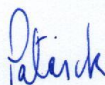
Because of the substantive concerns outlined above and based on the advice of our Audit Committee, The Council of CILT Ireland seeks a written indemnity from CILT International in respect of any legal proceedings or financial loss which could potentially arise in respect of the issue of certificates in breach of, or otherwise outside of, the agreed administrative procedures. This indemnity should cover both legacy certificates relating to the period before the new administrative procedures came into force and certificates issued after these procedures came into force.

The Council of CILT Ireland recommends in the strongest possible terms that CILT International should commission a detailed audit of the administration of the CILT International certificates as a matter of urgency. This should be carried out by a suitably qualified independent auditor. It should be an in-depth audit covering all aspects of the administration of the certificates and its primary purpose should be to provide assurance (or otherwise) that there is an adequate system of internal control. The Institute in Ireland will cooperate fully with this audit and provide every assistance to it, including the assistance of our Audit Committee.

Our Audit Committee has decided to commission an independent audit of the implementation by the Institute in Ireland of the agreed procedures relating to the administration of CILT International certificates. The purpose of this audit will be to provide assurance (or otherwise) that the agreed procedures were fully and properly implemented and that there was an adequate system of internal control in respect of those matters within the responsibility of the Institute in Ireland. The findings of this audit will be made available to CILT International.

I am copying this letter to the members of the Council of Trustees.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Casey'.

Patrick Casey FCILT
Secretary to the Council