

Items for Trustee Awareness

In recent weeks there have been two ongoing items which I believe the Trustees should be aware of from both Governance and potential Reputational Risk standpoints.

1. Payments received from India

The accounts will show the detail of the payments received and the various transactions which I can request and provide as necessary.

During a regular monthly Finance Review on 28 April (KN, JH, ZR, TN) I was advised that 107 students of Prolific/IMS Cochin had paid their fees direct to the CILT International bank account in the UK. This is a breach of process which requires payments to be made via the Training Providers. It is a further breach of process in that the incoming monies were the first CILT was aware of the transaction. No student had been registered, no invoice had been raised and the sudden receipt of multiple unidentified payments from a Country identified by the FATF as high risk is of concern.

All the students had paid £219 rather than the correct fee of £200. I was advised that this was because 18 months ago there was a price list showing increases to this amount. This had been issued ahead of the planned price increase in April 2020 but, due to Covid, the increase was not implemented and training providers informed. IMS Cochin is a new provider and incorrectly they had been told to pay the increased price by Prolific, their supervising training provider. In addition, many of the students have paired off and made a joint payment of £438. We therefore have multiple payments from initially unidentified individuals paying amounts that do not balance the amounts owed even once an invoice has been raised. Even when identified, for those that paired off we have a payment from one individual ostensibly paying the debt of another.

There was a discussion concerning whether the £19 excess could be rerouted to pay the Indian membership fees (which are £20). This did not seem at all a correct solution to me and was dropped particularly with the recollection that a discount of fees to £10 had been granted.

It was agreed the excesses would be repaid and we moved on to the next item.

Towards the end of the meeting Jon asked that we clarify the repayments - "we are sending 50% to Andy (Prolific) and 50% to Julesh at IMS". This was not at all what I thought we had agreed. I could recall no mention at all of this in the earlier debate. I could not understand if there was a valid reason why 50% each. There could not be an even split as there were 107 students. Jon commented that Andy had said that he had incurred significant marketing costs. I stated that I could not see any justification for repaying the overpayments to anyone other than the persons who had made the payments, even though this would mean 57 individual repayments. The debate ended with me taking the issue away for further consideration and to read up on money laundering regulations.

To truly understand the transactions and why they were apparently such a problem to resolve from an accounting aspect would require access to the accounts, the bank accounts and most likely the invoicing database and the availability of time to analyse.

After the meeting I advised that my view remained the same – the only correct resolution was repayment to the individuals from whom the money arrived. I have since spoken to Andrew Weatherill who agrees and is willing to make the 57 repayments.

However, on 10 May I was advised that we had now received payments in respect of 123 students with an additional number of payments being received on 27 April for students that were not registered and could not therefore be invoiced until 7 May. In the same email exchange I was advised that Julesh at IMS would need to go to the students direct to get their account details as the payments had been made through a finance house/intermediary bank. This adds a further level of complexity both in terms of Laundering risk and in terms of repayment. No repayments have yet been made.

We are currently holding £2,337 funds to which we have no entitlement.

2. Kazakhstan

A number of weeks ago I was asked by Jon Harris to critically review and question a budget received from CILT Kazakhstan. (Now CILT Central Asia). The reason behind this was that JH had built a sufficiently strong relationship with Aibek (their Finance Director) that Aibek had advised him that Nurlan (the Chair) was taking funds from the entity. He would not reveal exactly what but did say they were in the budget. I reviewed the budget in detail and as requested sent a number of questions in respect of various cost lines which I found unusual.

A meeting was arranged by Jon Harris with CILT Kazakhstan to obtain the responses at which I was also asked to play "bad cop" in reiterating the rules re non-payment of trustees and running only one bank account (Aibek had also advised they were running a second bank account - no reason given). The day before this meeting I received a revised budget. Some of the lines I had queried had changed, as had some I had not queried. I commented how disappointed I was and a further review was arranged. Once again the numbers changed. I had been requested not to ask Nurlan directly if he is extracting monies, because Jon and Keith were concerned about the status of Aibek, if it was revealed he had shared the information about Nurlan. To date I still have no view on the truth.

This could be resolved with access to all Balance Sheets, P&Ls, Bank Account transactions and detailed creditor payments together ultimately with copy invoices. Once again this would consume considerable time and require that I have both access to all the necessary documents and the time available to resolve.

3. Financial Control

You will note that this note is based on "I was advised", "I was told", "I have been made aware" etc. and that if detail from the books of account is required I will have to "request" it.

I do not have access to the accounting suite (NAV), nor do I have access to the invoicing or the registration database. My only access to the Bank transactions and the aged debt is a PDF file received once a week. My only access to Management Accounts is an emailed version at the end of each month. This was not remotely an issue when my role was Join Up, forecasting, budgeting etc. However, if the view is that I should now be performing a full controlling Director of Finance role then access to all these items is required to check, verify and reconcile what I am told in addition to being able to give better advice on resolution.

I have discussed this with Keith, and he would like further involvement of the FD in the financial area. This would require further definition of what is necessary and KN & I would complete that and then propose what is necessary in terms of forward actions and time required. This will also require access to the accounting and banking files which I cannot yet access.