

**International Audit Committee:  
Minutes of meeting held on 16 February 2017  
GS1, London and by teleconference**



Members                    David Pugh (DP) – Honorary Treasurer and Chair  
                                  Kevin Byrne (PB) – President  
                                  Stephen Rinsler (SR) – Honorary Secretary & Chair IMC  
                                  Graham Harrison (GH) – Committee member (by phone)  
                                  Mike Pestereff (MP) – Committee member (by phone)  
                                  Rupert Nichols (RN) – Honorary Solicitor  
                                  Andrew Weatherill (AW) – International Finance Director (in part by phone)

In attendance:            Keith Newton (KN) – Secretary-General

**1. Welcome and apologies:**

DP welcomed all to the meeting. There were no apologies. AW joined for the opening sections of the meeting and apologised for having to leave early.

**2. Minutes of meeting of 6 October 2016:**

The minutes of the meeting held on 6 October 2016 were agreed as an accurate record and approved for signature. It was noted that financial items had been discussed at the Council of Trustees meeting on 8<sup>th</sup> December 2016 and had been minuted there.

**Matters arising not on the agenda**

The auditors were reviewing the 2016 accounts during the week beginning 20<sup>th</sup> February.

The Investment report was circulated and RN noted that we are consistently behind the benchmark. AW will review this with Investec and invite them to report at the next full IAC Meeting in London.

**ACTION: AW**

SR asked for the costs of running the Endowment Fund explicitly.

**ACTION: AW**

DP asked AW to cover the items he raised about three areas for consideration by the Audit Committee

**1. The Financial Control Environment**

AW said that at present there was a devolution to three locations – Dublin, Corby and International. In future it was advisable to have these in one location.

**2. The Accounting Policy**

AW said that he and KN had discussed the move to an accrual based system and that currently KN was not comfortable with doing this at this stage because of the instability of the financial and education processes. AW said recommended we should move at some stage that way. MP stated that he would be very nervous of moving to an accrual system as there were no means for enforcing debt with most of our training partners. It was voluntary and if they did not want to pay they wouldn't. This would lead to bad debt on the accounting system.

GH stated that under the education processes we should not have debt.

### 3. The Aged Debt situation

AW stated that as Finance Director he did not have complete visibility of the debtor's position. KN stated that these reports were available through CILT Ireland and reported at IESC so we can give AW greater understanding of these. AW stated in principle again it was better to have credit control functions in one place.

Following the discussion, it was agreed that KN / AW would consider further and make future recommendations to the IAC.

**ACTION: AW / KN**

### 3. **Management accounts for the year end to 31 December 2016**

DP noted we were reviewing the year end accounts ahead of the audit.

DP expressed disappointment in the results.

MP commented that we were £50k adrift from the budget and the previous year had seen a similar loss.

GH asked why we were being told now. KN & DP explained that the position had been reviewed at the December Trustee meeting. KN explained the 2015 convention and other accounting items that had come to light in November / December after AW had reviewed balance sheet and banking items. These had also impacted the CILT UK accounts.

GH stated that we needed to have a breakdown of education costs in the reporting.

**ACTION: AW**

SR asked if AW was comfortable now that there were no more "skeletons in the cupboard".

MP commented that despite the numbers KN should be commended on the close management to the forecast of the main costs lines.

### 4. **Budget 2017**

The 2017 budget was reviewed. KN commented that the fees income lines may need to be amended following the invoicing exercise that had just finished. The territory fees had been confirmed as budget but there could be a £4k reduction on the branch income (confirmed after the meeting).

RN requested that AW be asked to recast the format of the report to distinguish income and costs re Education, and that this format be continued through to the management accounts.

**ACTION: AW**

DP stated that we need to respond to costs in 2017 on a monthly basis against income received.

The IAC accepted the budget as it stood and noted that it will be challenging to deliver the education numbers. That resulted in the need to manage the costs in an aggressive manner.

The IAC accepted the need to retain the £50k cap on licence fees and this item would be further discussed in the Council of Trustee meeting that would follow.

### 8. **Any other business**

There were no other items of business

### 9. **Date of next meeting**

The next brief IAC meeting would take place ahead of the IMC meeting on Thursday 27<sup>th</sup> April at 1130 am to approve the accounts.

The next full IAC meeting would take place ahead of the CoT meeting on Thursday 11 May at 11 am.