

## ISTITUTO MARANGONI LONDON

### FINANCIAL REGULATIONS

#### Version Control Statement

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#### Scope

Financial regulations – to provide control over the totality of the London School’s resources and provide management with assurances that the resources are being properly applied for the achievement of the IML strategic plan and business objectives.

Fraud Prevention – to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity.

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## 1. DEFINITIONS

- 1.1. The School shall mean, the London School, Istituto Marangoni London and Istituto Marangoni Limited.
- 1.2. All references to the Board of Directors are to the members of the Board. This is the body to which the School Director ultimately reports and which is responsible for discharging the functions of the London School. The Board of Directors are Directors under company law.
- 1.3. OfS shall mean the Office for Students or any successor body.
- 1.4. The School Director shall mean the School Director of the London School who is the Accountable Officer of the School and responsible for the operational activities of the School.
- 1.5. The Finance Manager shall mean the Finance Manager appointed by the School Director and Group Head of Finance. This post is not a Director under company law and not a Board member.
- 1.6. The Finance Manager and Director of Education shall deputise for the School Director in relation to these financial regulations in the event of the latter being absent, indisposed, or unable to act.
- 1.7. The Finance Manager shall have full delegated authority for the administration and application of these Financial Regulations and for ensuring there is compliance therewith.
- 1.8. The Facilities Supervisor has specific responsibility under the regulations for issues relating to day-to-day management of property and assets.
- 1.9. The FRC shall mean the Finance and Resources Committee, a Board of Directors subcommittee.
- 1.10. The ARC shall mean the Audit and Risk Committee, a Board of Directors subcommittee.
- 1.11. The SMT shall mean the Senior Management Team, appointed by the School Director.
- 1.12. Any Appendices included or referred to and which are submitted for the approval of the ARC and subsequently the Board of Directors shall be regarded as being an integral part of these Financial Regulations.
- 1.13. These regulations are reviewed and updated annually by the FRC and subsequently approved by the Board of Directors in line with OfS 'regulatory notices' and 'regulatory advice' <https://www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/>

## 2. INTRODUCTION

- 2.1. The purpose of these Financial Regulations is to provide control over all of IML's resources and provide management with assurances that the resources are being properly applied for the achievement of the IML's strategic plan and business objectives including:
  - a) ensuring financial viability and sustainability;
  - b) achieving value for money for our students;
  - c) fulfilling our responsibility for the provision of effective financial controls over the use of public funds;
  - d) ensuring that the London School complies with all relevant legislation;
  - e) safeguarding all the assets of IML.
- 2.2. These Financial Regulations provide a framework of accounting and financial controls within which staff of the London School must operate to protect accountability of company assets and public funds and to ensure that value for money for our students is achieved. Failure to comply with these regulations may lead to the loss of assets, significant delays in payments to companies, institutions, employees and suppliers and additional work for colleagues. Additionally, failure to comply may lead to a disciplinary process as described within the IML 'Employee Handbook'.
- 2.3. The School Director and the Group Head of Finance both must be informed and agree, if there is any intention to waive or deviate from the provision of these regulations and be provided with sound reasons for such proposed action.

## 3. FINANCIAL RESPONSIBILITIES

- 3.1. The financial administration of the London School including ensuring that it has appropriate systems of control is the responsibility of the Finance and Resources Committee and ultimately the Board of Directors.

This is in accordance with its Articles of Association and compliance with company law and OfS as IML's principal regulator.

- 3.2. The School Director is IML's Accountable Officer and is required by the OfS to be personally responsible to the Audit and Risk Committee and ultimately the Board of Directors for ensuring compliance with terms and conditions of funding (where applicable) and for providing the OfS with clear assurances about compliance.
- 3.3. The School Director is responsible to the Managing Director and the Board of Directors for securing efficient, economical, and effective management of all the IML's resources, expenditure, assets, equipment and staff.
- 3.4. The Finance Manager, alongside the Registrar shall be responsible to the School Director and Group Head of Finance for advising on the financial aspects of the OfS regulatory notices and advice, as well as the requirements of UK Companies Law.
- 3.5. The Finance Manager shall be responsible for preparing the audited annual report and the financial statements in accordance with applicable law and regulations.
- 3.6. The School Director and Group Head of Finance have overall responsibility for ensuring that annual estimates of income and expenditure (and overall management of resources within estimates approved) are prepared and managed effectively by the Finance Manager for consideration by the Board of Directors and Finance and Resource Committee, alongside presentation for approval to beneficial ownership shareholders.
- 3.7. To assist with the discharge of responsibilities under these financial regulations, members of the School management team may be designated by the School Director as budget holders and/or cost managers.
- 3.8. Budget holders and/or cost managers shall control and monitor income and/or expenditure within the approved budget lines and constraints allocated to them. Delegation to budget holders and/or cost managers annually shall be in writing usually via e-mail from the Finance Manager on behalf of the School Director. Budget holders and/or cost managers are responsible to the School Director and Managing Director for ensuring that the actions they take are in accordance with the Financial Regulations. Budget holders and/or cost managers may not delegate their authority except during absences or sickness. The arrangements to cover such circumstances are subject to the agreement of the School Director.
- 3.9. The Finance Manager and the School Director shall ensure that all financial returns (such as, but not exclusively, those to HMRC, OfS and Companies House) are submitted on time, are complete and are accurate.
- 3.10. The London School's accounts, financial records, operations, and systems are subject to audit in accordance with best audit practice and the provisions of UK company law.

#### 4. FINANCIAL PLANNING

##### 4.1. FINANCIAL FORECASTS

- 4.1.1. The Finance Manager, School Director and Group Head of Finance shall prepare a financial five-year forecast as required by OfS each year showing the IML's strategic plan in financial terms and consistent with the accounting treatment in the financial statements. The forecast shall be considered in detail by the FRC and shall be approved by the Board of Directors before submission to OfS.
- 4.1.2. The Finance Manager also prepares monthly budgetary reports (MBRs), citing monthly accounts against the approved and forecast annual budget. This is reviewed by the School Director and Group Head of Finance, reporting by the Finance Manager quarterly to the FRC.

##### 4.2. RESOURCE ALLOCATION AND BUDGETING

###### 4.2.1. CAPITAL PROJECTS

- 4.2.1.1. The Finance Manager and School Director shall prepare the IML's capital expenditure budget which shall include all items having a life expectancy of three years or more, costing individually or in aggregate £500 or more. The annual estimates shall be considered in detail by the SMT and Group Head of Finance, reported to the FRC and shall be ultimately approved by the Shareholders.
- 4.2.1.2. Expenditure of more than £500,000 on projects shall be the subject of a report to the FRC (the minutes of which are submitted to the Board of Directors).
- 4.2.1.3. For capital projects, the same procurement market testing procedures as for the School provision of goods and services shall apply. If, in the nature of the supply and for contracts of up to £500,000 in value, it is impossible to obtain three tenders, then the School Director and the Finance Manager, after obtaining the agreement of the Managing Director, may suspend this aspect of procedures. This action must be reported to the next meeting of the FRC.
- 4.2.1.4. For large capital projects more than £500,000, the School Director shall consider and determine the following matters on their merits as the occasion demands and submit ongoing report to the FRC on:
  - 4.2.1.4.1. the appointment of Project Managers, contractual terms of General Construction

Managers and the use of external consultants to manage:

- the cost control, timeliness and viability of the project
- stakeholder consultation into project design principles
- legal leasehold, contractual and insurance liability issues
- permit allocation and any related mechanical & engineering requirements
- the change control procedures for the contract
- the monitoring of project completion and budget control
- the review of General Construction completion including retention/ building control certification and release of payment

4.2.1.5. Amendments to contract sums require approval of the School Director prior to any work being commenced.

#### 4.2.2. BUDGET PREPARATION & APPROVAL

4.2.2.1. The Finance Manager and School Director are responsible for preparing an annual budget (including estimates of income and expenditure) based upon budget holder submissions and SMT advice.

4.2.2.2. The annual budget submission will be reviewed by the Group Head of Finance and FRC, reporting to the Board of Directors and ultimately authorised by the Shareholders (as outlined in the governance agreement) and Managing Director.

#### 4.2.3. BUDGET AUTHORISATION

4.2.3.1. Once the Shareholders has approved the annual estimates, the School Director shall be authorised to incur expenditure in accordance with these Financial Regulations.

4.2.3.2. The Finance Manager will ensure that budgets are communicated to designated budget holders as soon as possible following approval by the Shareholders. Budget holders may not delegate their responsibilities, except in direct approval by the School Director and/ or in urgent cases of illness or absence when their line manager shall assume responsibility.

4.2.3.3. Budget holders should incur expenditure in accordance with the School's purchase process with the appropriate purchase order and approval in place.

#### 4.2.4. BUDGET MONITORING

4.2.4.1. The Finance Manager and School Director shall be accountable to the FRC and to the Board of Directors for effective budgetary control within the approved budgets.

4.2.4.2. The Finance Manager shall be required to submit regular reports to the FRC (reporting to the Board of Directors) outlining actual income and expenditure in comparison to estimate, to highlight and explain significant variances and to recommend for approval by the FRC any corrective action.

4.2.4.3. Designated budget holders shall be responsible to the School Director for expenditure from the budgets delegated to them.

4.2.4.4. The control of expenditure within agreed budget is the responsibility of designated budget holders who should also maintain appropriate records. The advice of the Finance Manager must be sought regarding any proposed financial commitment not included within the budget and/or that cannot be met from within the budget allocation.

4.2.4.5. Budget holders must notify the Finance Manager immediately if it is foreseen that the budget is likely to be significantly overspent or if the budget is not likely to be fully spent.

4.2.4.6. Unauthorised use of budgetary resources is forbidden and is normally liable to a disciplinary process.

4.2.4.7. Budget holders receive reports on a monthly basis from Finance to ensure that expenses have been correctly allocated to their budget and check variances for Actual vs Budget.

4.2.4.8. The Finance Manager is responsible for supplying monthly budgetary reports on the School's finances to the School Director and Group Head of Finance and on a quarterly basis to the FRC, which reports to the Board of Directors which has overall responsibility for the School's finances.

4.2.5. VIREMENT (BUDGETARY IN-YEAR REALLOCATION)

4.2.5.1. Revenue allocations may not be used for capital expenditure purposes, nor direct costs for operational purposes, nor capital allocations for revenue purposes without the prior approval of the School Director and Group Head of Finance.

4.2.5.2. Virement (in year reallocation of budget) for revenue purposes shall not normally be permitted. However, the Finance Manager and School Director may exercise virement between any of the main non-salary operational or direct cost expenditure sub-totals (i.e. repairs and maintenance, other teaching costs, consumables, services, stationery & printing) subject to the following:

- a) Virements/ reallocation of less than £10,000 - with Finance Manager approval.
- b) Virements/ reallocation in excess of £10,000 – with approval of both the School Director and Group Head of Finance.
- c) No virement/ reallocation shall be permitted which will involve the School to incur additional expenditure in respect of the next financial year without the prior approval of the both the School Director and Group Head of Finance.
- d) No virement/ reallocation from non-salary expenditure to pay expenditure without prior approval by the School Director and Group Head of Finance.
- e) Virements/ reallocation of more than £50,000 shall require reporting to the FRC.

4.2.6. CARRY-OVER OF BALANCES

4.2.6.1. Budget holders shall not be permitted to carry over a revenue or expenditure surplus or deficit at the year-end into the following financial year.

5. BANKING

- 5.1. All arrangements with IML's bankers (i.e. RBS, BNP) concerning IML's bank accounts, shall be made by the Finance Manager on behalf of the School Director and the Board of Directors. No new account may be opened, or old accounts closed without the approval of the School Director and Group Head of Finance, acting on the authority of the Managing Director and the FRC (as mandated by the Board of Directors as applicable).
- 5.2. Individuals must not use their private bank accounts to hold any funds due to IML. IML shall not make use of any bank, building society or other account, which is not in the name of Istituto Marangoni Limited. No cheques or financial instruments made payable to IML shall be endorsed or credited to any other account.
- 5.3. Authorised signatories for the bank mandate are prepared by the Finance Manager and approved by the School Director or Managing Director on behalf of the Board of Directors. Any change to the authorised signatories shall be approved by the School Director or Managing Director. All cheques must have two signatures. All payments by BACS must be approved by two signatories and the BACS authorisation and transmission record signed by two signatories.
- 5.4. Subject to the FRC and Shareholder approval of a cash-flow forecast, the School Director or Managing Director may authorise the borrowing of money for short term revenue purposes by having an overdraft facility of upto £10k. The Finance Manager shall maintain records of all borrowing, which shall be in the name of IML. This action must be reported to the next meeting of the FRC.
- 5.5. The provision of banking services to IML shall be subject to review at least once every seven years.
- 5.6. The Finance Manager and Group Head of Finance shall monitor the cash flow projections and report to the FRC.

6. EXPENDITURE

6.1. The Finance Manager shall monitor payments made on behalf of the School and shall manage the approval all payments made by the Finance department and ensure that all procedures are being effectively controlled and managed in line with the Financial Regulations. The following expenses follow a specified process approval:

6.2. COMMISSION FEE

6.2.1. All costs related to Agent Commission fee to recruit student are approved by HQ Milan. Once HQ Milan has received an invoice, this will be checked against Sinapto ensuring that the student has processed the payment and that the Commission % is aligned with the Agent agreement in place.

6.2.2. HQ will confirm approval and attach an extract of the Sinapto report to the invoice sending by email to [finance.london@istitutomarangoni.com](mailto:finance.london@istitutomarangoni.com) including the Finance Manager.

6.2.3. The invoice is then added to the School SAP accounting record and processed for payment.

6.3. MARKETING EXPENSE

- 6.3.1. For marketing expenses, all projected costs based upon the approved budget are added into the School IMSA database.
- 6.3.2. Once an invoice has been received, the relevant Manager adds the invoices into the IMSA database to generate a Marketing Approval Form “MAF Code”, the School Director will then review and approve this.
- 6.3.3. Following approval, the database automatically generates an email, which is then forward to the Finance Department. The invoice is then sent to the finance department inbox ([finance.london@istitutomarangoni.com](mailto:finance.london@istitutomarangoni.com)).

6.4. RENT INVOICES

- 6.4.1. Rent invoices are sent from the supplier to the finance department inbox ([finance.london@istitutomarangoni.com](mailto:finance.london@istitutomarangoni.com))
- 6.4.2. Once invoices have been received, the Finance Manager will check these invoices against the contract previously signed by the School Director.
- 6.4.3. If costs is aligned with Contract, invoices are added to the School SAP Accounting system and processed for payment. In case of discrepancies, these are discussed first with the supplier and then with School Director for approval. In case of any contract changes, the School Director will notify these immediately to the Finance Manager.

6.5. CAPITAL EXPENDITURE

- 6.5.1. The London School has a specific budget for Capex. Purchases are therefore made using this budget following the company process for purchase.
- 6.5.2. When an asset is purchased, it is added on the Fixed Asset Register (FAR) on the School's SAP accounting database under the following categories:
  - Furniture and Fixtures
  - Fixed Asset Computer Hardware and Software
  - Plant & Machinery
  - Leasehold Improvements
- 6.5.3. On a monthly basis depreciation is processed through SAP system.

6.6. ORDERS AND CONTRACTS FOR GOODS AND SERVICES

- 6.6.1. Goods and services purchased by the School shall always be obtained expeditiously and economically and having regard to achieving value for money for our students. The responsibility of value for money lies with all staff of the School and is not restricted to those with financial responsibility.
- 6.6.2. The procedure for market testing value for money and obtaining estimates is normally as follows:

Value or Order	Requirement
Up to £1,000	Budget holders shall obtain a verbal or printed quotation prior to ordering goods/services
£1,001 to £4,999	Budget holders shall obtain two printed quotations, or the Finance Manager shall use their/her discretion where a current supplier has previously provided similar goods/services
£5,000 to £19,999	At least three written or printed quotations shall be required, approval required by the School Director
£20,000+	Tender – at least 3 suppliers requested to tender including presentation of offer, market advantage and prior expertise. Approval required by the School Director

- 6.6.3. All suppliers are reviewed annually to ensure that they are providing best value to the School.

6.7. PURCHASING ARRANGEMENTS – ORDERING

- 6.7.1. The Finance Manager or their nominee shall be responsible for the arrangement and control of all official



orders issued for supplies and services required by the School.

- 6.7.2. Each designated budget holder shall be responsible to make purchases aligned with the approved budget and to undertake market testing to safeguard quality and to minimise cost.
- 6.7.3. Where the purchase order complies with the School Director power of attorney (as described within the governance agreements), approval is made by the School Director signatory.
- 6.7.4. Employees are reminded to:
  - Identify the correct Purchase Order PO approval form with Finance
  - Complete correctly the approval form
  - Ask Line Manager to check and sign
  - Where needed, School Director will check and sign the form for further approval
- 6.7.5. Every order shall be requested via an internal purchase request which is properly authorised by the budget holder.
- 6.7.6. Placing orders without an internal purchase request shall not normally be permitted.
- 6.7.7. In urgent circumstances and subject to the approval of the Finance Manager, orders may be given orally or by other means provided an official order number is quoted to the supplier and the order is confirmed in writing.
- 6.7.8. Each order shall clearly indicate the nature and quantity of the supply or services required, the estimated price, including VAT, any agreed discounts, budget coding information and other relevant details.
- 6.7.9. All contracts or orders (which shall be inclusive of VAT) agreed on behalf of the School will be authorised as follows:

Value of Order	Authorisation
Up to £3,000	Budget holder + Finance Department
£3,001 to £9,999	Budget holder + Finance Manager
£10,000+	Budget holder + Finance Manager + School Director

- 6.7.10. All internal purchase requests must be passed to the Finance Department for processing. On receipt of any internal purchase request, the Finance Department shall ensure that:
  - a) The request has been properly authorised
  - b) An official order has been raised and placed
- 6.7.11. Credit Card/Internet orders shall be undertaken only by an approved credit card holder, with agreement of the Finance Manager unless authorised by a member of the SMT. This will be subject to the normal financial regulation requirements.

6.8. SUPPLIERS

- 6.8.1. Purchases cannot be made from an unauthorised supplier.
- 6.8.2. Market research is conducted by employees and potential new suppliers are proposed within a supplier shortlist. Costs and benefits are assessed prior to a contract agreement.
- 6.8.3. The School Director, the account manager and department head agree any selection of supplier to be added to the suppliers list.
- 6.8.4. Once the supplier has been chosen, a Contract Authorisation Form is produced with details of the proposals gathered. In most cases, the School Director signs the contract for approval but where power of attorney is applicable, the Managing Director approves the contract as well.
- 6.8.5. Contracts for a period greater than 36 months must be approved by the School Director and Group Head of Finance and must be subject to a value for money/ market testing review at least every three years.

6.8.6. Rolling contracts with an annual cost of over £5,000 will be market tested, reviewed, assessed and authorised by the designated budget holder and Finance Manager.

6.8.7. No contracts for goods or services will exceed 5 years. All contracts for a period greater than 12 months require prior approval of the Finance Manager and School Director. It is the responsibility of each budget holder to retain a copy of the contract and to maintain a register of services contracted for periods greater than one year, noting date of contract, length of contract, supplier and nature of contract. This must be shared with the Finance Manager and School Director as required.

#### 6.9. GOODS RECEIVED

6.9.1. All orders must clearly indicate the delivery address and a named contact

6.9.2. Budget Holders shall inform the Finance Department if they are not satisfied with the goods delivered or services received.

6.9.3. The delivery note where provided, must be retained by the budget holder and shall be used as evidence that the goods have been received.

#### 6.10. CERTIFYING INVOICES FOR PAYMENT

6.10.1. The Finance Department shall be responsible for the examination and verification of invoices for payment and for the allocation of expenditure to the relevant budget.

6.10.2. Once the PO document has been signed by all relevant staff, it is then sent to the Finance Department inbox ([finance.london@istitutomarangoni.com](mailto:finance.london@istitutomarangoni.com)) along with the invoice attached.

6.10.3. The invoice is then added into the School's (SAP) accounting system by the Account Analyst and processed for payment by the due date.

6.10.4. The Finance Manager shall be responsible for confirmation of payment of all invoices. Payments will not normally be made against documents other than invoices.

6.10.5. The School will endeavour to settle undisputed suppliers' invoices within agreed terms of trade and normally, within 30 days.

#### 6.11. METHOD OF PAYMENT OF INVOICES

6.11.1. The School's preferred method of payment is by BACS according to authorised signatories and limits as designated above.

6.11.2. The Accounting Analyst monitors the creditors list exported from the School's SAP accounting database on a weekly basis. This ensures that creditors are effectively monitored, and any new invoices are updated to the listing accordingly.

6.11.3. Payments are normally loaded on a weekly basis (or daily if urgent) on RBS Bankline, with the payment run taking place normally on Wednesday. Process segregation includes the Account Analyst and Account Receivable positions to load payment and payment approval by the Finance Manager.

6.11.4. The Finance Manager or the School Director will be the sole persons authorised to transmit the BACS submission on-line.

6.11.5. On rare occasions that the School may pay by cheque according to authorised signatories and limits as designated above.

#### 6.12. DONATIONS AND SPONSORSHIP TO THIRD PARTIES

6.12.1. The School Director shall approve all donations.

6.12.2. Any donation or sponsorship to any one body in excess of £1,000 per annum shall be reported separately to the ARC.

### 7. SALARIES AND WAGES

7.1. All staff changes must be authorised by the HR department in line with the approved annual budget. Any

changes over those agreed in the annual budget must be agreed by the School Director and the Managing Director.

- 7.2. All letters of appointment will be issued by the HR manager which will include the appropriate conditions of service. Managers must ensure that they provide all information that they require in connection with the appointment, resignation, or dismissal of employees to the HR Manager.
- 7.3. Pension scheme – all employees are eligible to join the Company personal pension scheme operated by its third party provider on behalf of the company and its employees - the HR department is responsible for ensuring that appropriate information is given to employees to join the scheme.
- 7.4. The HR Manager shall be responsible for the provision of relevant information relating to permanent and temporary staff changes to enable all salaries, wages, pensions and other emoluments to be calculated and paid.
- 7.5. The preparation of payroll and the payment of salaries, wages and other emoluments to employees of the London School shall be the responsibility of the HR Manager. All remuneration payments must be made through IML's approved external payroll agency and comply with HMRC regulations.
- 7.6. Responsibility for PAYE, National Insurance and any other tax calculation and for making all statutory returns, rests with the HR Manager and approved external payroll agency. Responsibility for accounting for the above, rests with the Finance Manager.
- 7.7. Claims for additional hours by staff must be submitted through the payroll system and approved by the School Director in advance, where possible.
- 7.8. The payroll must be verified by the Finance Manager and reported to the School Director.

## 8. STAFF EXPENSES

### 8.1. GENERAL

- 8.1.1. Claims for expenses incurred by employees of the School in carrying out official duties shall be submitted through the payroll system.
- 8.1.2. Expense claims made by employees may only be made in line with IML policy and shall be authorised by their line manager. No person shall be responsible for authorising or certifying their own claim. All expense claims are checked by the Finance Department which means that they are satisfied that the expense was authorised, receipts have been submitted, the expense has been properly and necessarily incurred and they are a proper liability of the School. The School Director's expenses shall be retrospectively approved on an annual basis by the Group Head of Finance.
- 8.1.3. Hospitality can only be claimed for official meetings normally attended by external clients.
- 8.1.4. The Finance Manager shall ensure that all statutory returns and payments, such as those to the HMRC or similar agencies are made on time and are complete and accurate.

### 8.2. PROVISION OF CREDIT CARDS

- 8.2.1. Corporate credit cards with small spending limits are provided to certain members of staff for the purpose of conducting the business of the School.
- 8.2.2. Credit card user and credit limit approvals are at the discretion of the School Director and the Finance Manager. In general, credit card holders include the School Director, Director of Education, Finance Manager, Registrar, Head of Sales and Student Services Manager.
- 8.2.3. All corporate credit cards are the property of the School and authorised users shall take the necessary precautions to ensure the safekeeping of the card and card details.
- 8.2.4. Each cardholder must read and sign a Corporate Credit Card Agreement agreeing to adhere to these financial regulations.
- 8.2.5. Corporate credit cards may not be used for personal expenditures of any kind.
- 8.2.6. No cash advances are allowed.
- 8.2.7. An expense claim for credit card purchases must be submitted within 30 days after the expense is incurred.
- 8.2.8. Receipts are required for any expense. Confirmation statements, shipping receipts or similar reports may be used to document telephone, internet orders or fax orders.

8.2.9. Credit Card Statements are reviewed for validity and accuracy by the Finance Department and authorised by the Finance Manager and School Director.

8.2.10. Any card holder who has missing receipts or a non-business expense will report the information to the Finance Manager and the cardholder may be held personally liable for the amount claimed.

### 8.3. BOARD OF DIRECTORS' EXPENSES

8.3.1. In the event of Board Members incurring expenses arising directly out of the discharge of their duties as directors, then they may claim expenses such as travel or subsistence. Additionally, claims may be submitted when expenses are incurred as a direct consequence of such duties, such as training courses or similar events as approved by the School Director.

8.3.2. In such circumstances and including any claims for travel costs incurred, Board Members should submit to the Registrar who will arrange for the claim to be processed. The School Director shall be empowered to authorise a Board Member's expenses of up to £1,000 in any one claim. Sums in excess of that amount shall be authorised by the Managing Director.

### 8.4. TRAVEL

8.4.1. Rules governing directors and employees travel arrangements on IML business are set out in the Appendix to these Financial Regulations.

### 8.5. EXPENSES INCURRED IN RELATION TO APPOINTMENTS

8.5.1. Expenses incurred in relation to candidates attending job interviews are not normally covered. Any discretionary decision would be made by the School Director and could not exceed other expenses covered by the Travel Policy.

## 9. PETTY CASH

9.1. The Finance Manager shall determine where and when a petty cash float is appropriate.

9.2. The Finance Manager shall be accountable to the School Director for the operation, control and security of petty cash.

9.3. Where required, the nominated officer granted a cash float shall be personally accountable for the safe custody of the float. The level of floats held shall normally be determined by the Finance Manager.

9.4. Proper records of accounts shall be maintained by nominated officers responsible for floats and reconciliations must be carried out on a regular basis as determined by the Finance Manager.

9.5. Petty cash floats must not be used to cash personal cheques. Income received on behalf of the School shall not be paid into a petty cash float.

9.6. A certificate of the balance of each float held must be provided on the last day of the financial year (30th June) countersigned by another officer and submitted to the Finance Manager.

9.7. The Finance Manager shall ensure that, where a nominated officer leaves the employment of the School, any petty cash is reconciled before being handed over to their successor.

9.8. The maximum size of a permanent float shall not exceed £500 unless agreed with the School Director.

## 10. INCOME

10.1. The Finance Manager shall be responsible for the security and prompt banking of monies received. All monies received on behalf of the London School must be banked on a weekly basis (where required) and more frequently if insurance limits on the safes are likely to be exceeded.

### 10.2. RECEIPTS

10.2.1. All cheques and cash received shall be placed into an overnight safe and paid at least weekly into the School's bank account.

10.2.2. Personal cheques must not be cashed out of money held on behalf of, or received by the School, and no money must be paid into a personal or non-IML account. Non-compliance may result in a disciplinary process.

10.2.3. All monies, cash and cheques received by an officer on behalf of the School shall be acknowledged by

the issue of an official receipt.

### 10.3. SECURITY OF POSTAL INCOME

10.3.1. Remittances are not normally received by post on behalf of the School. Any receipt must be recorded by the Finance Manager immediately on receipt.

10.3.2. In handling post, employees should be mindful of current advice on the processing of suspicious packages.

### 10.4. FEES AND CHARGES

10.4.1. The School Director and Managing Director shall undertake an annual review of tuition fee rates under the Tuition Fee Policy, reporting any significant changes to the Board of Directors and FRC.

10.4.2. Any relevant OfS regulation (where applicable, such as fee-capping) must be considered within this review prior to submission to the Board of Directors for approval.

10.4.3. The Finance Manager is responsible for ensuring that appropriate procedures exist to enable the School to receive all income to which it is entitled.

### 10.5. INVOICING AND DEBT COLLECTION

10.5.1. Managers initiating additional services provided by IML (e.g., funded projects, short courses or estates hire) shall inform the School Director in advance and report to the Finance Manager of particulars of new contracts, work done, goods supplied, or services rendered to enable the correct, complete and timely invoicing of income due to IML.

10.5.2. All requests for payment for goods or services provided by IML shall be by official invoice. Monies due to IML shall be requisitioned on official invoices by the Finance department. The approval of the Finance Manager shall be required for any departure from IML's invoicing procedure.

10.5.3. The School standardly requires full fee collection prior to the start of the academic year. Where applicable, the School Director can approve an approved percentage of instalment agreements per year, in support of exceptional financial hardship application and/or government loan terms. These terms have been agreed with the FRC and cannot be varied without the consent of the School Director or Managing Director. No extended credit or delayed payment will normally be permitted.

10.5.4. Appropriate debt recovery procedures shall be determined by the Finance Manager in consultation with the School Director to ensure that all income due to the School is received.

### 10.6. BAD DEBTS

10.6.1. Outstanding debts due to IML shall be reviewed monthly by the Finance Manager and the School Director. When all reasonable steps to secure recovery have been taken, individual amounts to be written off require approval of the Finance Manager. The total amount of write-offs shall be reported to the School Director monthly and to the FRC for information on an annual basis.

### 10.7. CONTRACTS FOR COURSE VALIDATIONS, THE PROVISION OF EDUCATION &/OR RESEARCH

10.7.1. All contracts for Course Validations, Provision of Education &/or Research follow policies for development agreed by the School Director.

10.7.2. All income payments and/or expenditure must follow contractual terms and conditions approved by the School Director in advance. These will be monitored by the Finance Manager prior to account payment and/or receipt.

10.7.3. The Finance Manager must undertake an annual review of potential levels of additional commercial activity and any potential HMRC consideration for FRC notification.

### 10.8. PROVISION OF HOSPITALITY BY STAFF AND DIRECTORS

10.8.1. Any member of staff or director wishing to provide hospitality must state on the internal purchase request the purpose of the hospitality proposed. This must then be authorised by a budget holder (the School Director shall authorise hospitality if the person wishing to provide hospitality is another budget holder).

10.8.2. Hospitality must only be dispensed if it is in connection with School business and if the person or persons receiving such hospitality are from outside the School. The exception being Board and Committee meetings or other authorised School events.

## 10.9. STAFF EVENTS

10.9.1. The School Director shall have delegated authority to approve a small number of social events for staff over the course of a year, where in their view, such events are beneficial in terms of maintaining morale and they shall be authorised to provide a sum of up to £5,000 per annum. Any sums in excess of that figure shall be subject to the approval of the Managing Director. Such authority shall be subject to the events being open to all employees normally.

## 11. TREASURY MANAGEMENT

### 11.1. INVESTMENTS

11.1.1. The Managing Director shall be responsible for determining any investment opportunity, reporting this to the FRC and Board of Directors (as applicable).

11.1.2. The FRC will monitor investment performance at their meetings and at least annually review the performance of the investment including by reference to recognised investment benchmarks.

11.1.3. The Finance Manager and Group Head of Finance shall have delegated authority to decide on a day-to-day basis (where appropriate) where secure investment deposits may be made (subject to the overall approval of the FRC) and the Finance Manager shall decide on the appropriate amounts to be deposited. All investments must be made in the name of IML.

11.1.4. Fund transfers to banking institutions approved by the FRC shall be duly authorised according to signatories stated in 5.1.3 and may be actioned either in writing or by secure bankers' on-line facility.

### 11.2. CASHFLOW MONITORING

11.2.1. The Finance Manager and Group Head of Finance shall be responsible for preparing a rolling twelve months forecast to be updated with variance-reporting quarterly to the FRC meeting.

11.2.2. The Finance Manager shall be responsible for prompt and regular monitoring of the cash position against cashflow projections and for reporting significant variances to the School Director and the FRC.

### 11.3. BORROWING

11.3.1. Short-term borrowing for temporary revenue purposes may be authorised by the School Director and Group Head of Finance, following adequate market testing and confirmation of a preferred interest rate and stability of the financial institution by the Finance Manager.

11.3.2. All other borrowing requires the explicit approval of the Board of Directors.

11.3.3. Compliance with bank covenants on long term loans must be kept under review and reported to FRC and the Board of Directors.

### 11.4. RESERVES

11.4.1. The Board of Directors shall determine the reserves policy on an annual basis.

11.4.2. The Finance Manager is responsible for maintaining a record of the requirements for all restricted donations (where applicable) and for accounting for all income and expenditure in accordance with the donor requirements and reporting to the FRC.

11.4.3. The FRC is responsible for ensuring that any restricted reserves are operated within relevant legislation.

## 12. INSURANCE AND RISK MANAGEMENT

### 12.1. INSURANCE

12.1.1. The Finance Manager and School Director should review IML's insurance policies and cover on an annual basis, following receipt of the approved external broker's (i.e. Marsh, AXA) and/or (where applicable, legal advice).

12.1.2. The Finance Manager shall keep a record of all insurance held by IML and the property and risks covered.

12.1.3. Staff and Board of Directors members have a responsibility to notify the Finance Manager of any new risks which require insurance or of any changes which may affect existing insurances.

12.1.4. The Facilities Supervisor or School Director shall notify the Finance Manager immediately of any

loss, liability or damage or any event likely to lead to a claim, relating to IML buildings and assets.

- 12.1.5. The HR Manager shall notify the Finance Manager immediately of any loss, liability or damage or any event likely to lead to a claim, relating to staff.
- 12.1.6. The Director of Education shall notify the Finance Manager immediately of any loss, liability or damage or any event likely to lead to a claim, relating to IML students.
- 12.1.7. The Finance Manager liaises with staff and IML's insurers and shall report the basis, status and outcome of all such claims to the School Director and the FRC.
- 12.1.8. Appropriate legal advice must be taken regarding the terms of any indemnity that IML is required to give.

## 12.2. RISK MANAGEMENT

- 12.2.1. IML's risk management procedure forms part of IML's corporate governance arrangements and is linked to the annual planning and monitoring cycle. It helps the School Director and Senior Management Team (SMT) to discharge their responsibilities for the system of internal control across the whole of the institution and is part of good corporate governance.

## 13. ASSETS

- 13.1. Managers are responsible for establishing the custody and control of assets owned by the School whether tangible (furniture cash, stock and stores under their control), or intangible (such as intellectual property including electronic data).

13.2. Property purchases, leases or sales/disposals are the responsibility of the Board of Directors and FRC.

### 13.3. INVENTORIES

- 13.3.1. The Facilities Supervisor shall be accountable to the School Director for maintaining proper security of all buildings, furniture, equipment, plant, stores and all other assets of the institution.
- 13.3.2. The ICT Manager shall be accountable to the School Director for maintaining a register of all ICT equipment owned by the School.
- 13.3.3. The Finance Manager shall ensure that such assets are recorded.
- 13.3.4. It shall be the responsibility of the Finance Manager to ensure that an annual check of the inventory is carried out. All discrepancies identified must be notified to the School Director. Discrepancies not exceeding £5,000 (at current value) can be written off by the Finance Manager. Discrepancies in excess of that amount can only be written off with the approval of the School Director.
- 13.3.5. School property shall not be removed from the premises other than in accordance with the ordinary course of School business. Any property so removed shall be recorded in a schedule maintained by:

- a) ICT equipment – ICT Manager
- b) Other equipment – Facilities Supervisor

### 13.4. DISPOSAL OF ASSETS

- 13.4.1. The disposal of surplus and/or obsolete materials and stores valued at up to £5,000 at current values may be authorised by the Finance Manager. Disposals of over £5,000 must be authorised by the School Director and reported to the FRC.
- 13.4.2. Fixed assets which have a known or estimated value of under £1,000 may be sold. All other items with an estimated disposal value in excess of £1,000 must have an independent valuation before disposal. The School Director must approve the disposal in writing.
- 13.4.3. The FRC shall approve disposals of assets with an original cost in excess of £50,000. The School Director will approve disposals where the original value is more than £5,000 and less than £50,000 and report disposals over £30,000 to the FRC. Disposals where the original cost was less than £5,000 shall be approved by the Finance Manager.
- 13.4.4. The Finance Manager shall ensure that assets that are disposed of, are removed from the assets register.

### 13.5. SECURITY AND SAFES

- 13.5.1. All keys to safes shall be the responsibility of specified staff who must retain possession securely (within locked approved facilities). A register of safe keys and key holders will be retained by the Finance Manager and the loss of any key must be reported immediately to the Finance Manager and School Director.
- 13.5.2. Maximum limits of cash holding shall be agreed by the Finance Manager and shall not be exceeded without permission. Failure to comply may invalidate insurance arrangements.

## 14. AUDIT

### 14.1. EXTERNAL AUDIT

- 14.1.1. The ARC shall recommend to the Board of Directors the appointment of external auditors.
- 14.1.2. An annual review of the service should be considered by the ARC prior to recommendation of re-appointment of the external auditors.
- 14.1.3. Market testing for external audit arrangements should be undertaken at least every seven years. The audit partner responsible for the IML's audit should not hold this position for more than fourteen consecutive years.
- 14.1.4. The primary role of external audit is to report on the School's financial statements and to carry out such examination of the statements and underlying record and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with UK company law and the OfS's Regulatory framework and Accounts Direction and the Auditing Practices Board's statements of auditing standards.

### 14.2. INTERNAL AUDIT

- 14.2.1. IML has an effective internal audit function, above the baseline requirements of the OfS.
- 14.2.2. The prime responsibility of the internal audit function is to provide the Board of Directors, School Director and senior managers with an independent assessment on the adequacy and effectiveness of internal control systems, including risk management and governance; arrangements for promoting efficiency and effectiveness; and the arrangements for the management and quality of data.
- 14.2.3. The ARC shall recommend to the Board of Directors the scope and number of internal audits to be carried out on an annual basis.
- 14.2.4. The ARC shall recommend to the Board of Directors the appointment of internal auditors.
- 14.2.5. Market testing for internal audit arrangements should be undertaken at least every three years.

## 15. PREVENTION OF FRAUD, CORRUPTION AND FINANCIAL IMPROPRIETY

### 15.1. STATEMENT OF SCHOOL POLICY ON FRAUD, CORRUPTION AND FINANCIAL IMPROPRIETY PREVENTION

- 15.1.1. The London School is committed to the prevention and detection of fraud and taking appropriate actions in accordance with its legal and regulatory obligations. IML operates a zero-tolerance attitude to fraud and requires staff to always act honestly and with integrity and to report all reasonable suspicions of fraud. The School will impose necessary sanctions where fraud is proven.
- 15.1.2. The London School requires its staff to act honestly and in accordance with the GGE Italia Code of Ethics. All staff members of the London School are required to act with integrity and to safeguard the London School's resources for which they are responsible.
- 15.1.3. IML shall do all within its power to eliminate and prevent fraud/corruption/financial impropriety which includes such acts as deception, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, collusion and money laundering or bribery.
- 15.1.4. IML has a duty to instigate, develop and maintain effective controls, carry out vigorous investigations, take appropriate disciplinary and/or legal action against perpetrators and disciplinary action against staff whose negligence caused the malpractice or offence to occur.
- 15.1.5. All staff shall act with propriety in the use of IML resources and in the handling and use of public funds and resources when they are involved with cash, payments systems, and receipts when dealing with contractors and suppliers or any other aspect of IML business.

### 15.2. FRAUD PREVENTION

### 15.3. INVOICE FRAUD

- 15.3.1. This type of fraud involves a communication sent to IML by a fraudster, purporting to be from our



genuine client or supplier. The communication provides a change of bank details to be used for future payments. A subsequent payment is then made to the fraudster's account, and it is only when the genuine beneficiary contacts IML for non-receipt that the fraud is identified.

15.3.2. To reduce the risk of this type of fraud, the Finance Manager (and where appropriate the School Director) has sole responsibility to:

- a) confirm any request to change bank details verbally and then in writing (usually via e-mail) with the IML's usual contact, before effecting the change and;
- b) amend bank details on the finance system and to produce a list of any changes to bank details including relevant documentation for authorisation by the Finance Manager before payment is actioned.
- c) the Finance Manager checks bank details of any payments over £5,000 with original invoices.

#### 15.4. CHEQUE FRAUD

15.4.1. This type of fraud involves an addition to the payee line on cheques by a fraudster.

15.4.2. To reduce the risk of this type of fraud, IML usually makes payment by BACS and only uses cheques if BACS is not an appropriate method of payment. The Finance Manager has sole responsibility to complete cheques by drawing a line through the unused space on the payee line and, if possible, include the payee account number.

#### 15.5. OVERPAYMENT/REFUND FRAUD

15.5.1. This type of fraud is when funds have been deposited into IML's bank account either by cheque or electronically for more than the amount owed and then IML is asked to refund all or part of the overpayment.

15.5.2. To reduce the risk of this type of fraud, the Finance Manager has sole responsibility to check:

- a. that the person or business is known by IML and;
- b. that the item appearing in IML's bank account has cleared either by waiting one week to action the refund or by contacting the bank if the refund is urgent.

#### 15.6. COMPROMISED/STOLEN CHEQUES

15.6.1. This type of fraud sees criminals stealing cheques and, rather than altering them, opening accounts in the payee name on the cheque.

15.6.2. To reduce the risk of this type of fraud, all mail is sent on the day it is produced and window envelopes are not used for mail that contains cheques. IML usually makes payment by BACS and only uses cheques if BACS is not an appropriate method of payment.

#### 15.7. INTERNAL FRAUD - PROCUREMENT FRAUD

15.7.1. This type of fraud is where employees spend IML's money for private gain (for example, paying for non-existent services) or ID passes, passwords and private information is stolen by dishonest contractors and tradesmen.

15.7.2. To reduce this type of fraud, IML:

- a. reconciles bank statements and company credit card statements monthly. Income and Expenditure are posted from the statements on a weekly basis
- b. encourages employees, students, suppliers and other stakeholders to report anything unusual
- c. has a clear and formal purchase order system with clear authorisation procedures d) carries out background research and checks accreditation for new contractors; e) takes up references for all new employees
- d. sets strict limits for staff with company credit cards

#### 15.8. INTERNAL FRAUD AND INTERNAL FINANCIAL CONTROLS

15.8.1. Internal Financial Control systems are monitored regularly by the Finance Manager.

15.9. EXTERNAL FRAUD

15.9.1. This type of fraud is where fraudsters:

- a. target IML's telephone system to make calls to premium rate/international numbers
- b. hijack IM's website to redirect orders to their server
- c. pose as company directors, then change the directors and registered address of the business
- d. goods being ordered with bogus account details or stolen credit cards

15.9.2. To reduce this type of fraud, IML:

- a. has restricted destinations on IML's telephone system with a block on calls after hours. The telephone system provider has taken steps to prevent fraudulent activity using our voicemail system.
- b. undertakes individual applicant payment proof checks.
- c. does not provide goods or services to unknown third parties, except for room hire where background checks are undertaken.

15.10. NOTIFICATION PROCEDURES

15.10.1. It is the duty of all members of staff, management and the Board of Directors to notify the Finance Manager or School Director immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

15.10.2. The School Director shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix 2 for details).

15.10.3. The School Director shall notify the ARC (through its Chair) of the suspected irregularity and shall take such steps, as they considers necessary by way of investigation and report.

15.10.4. The School Director shall inform the police/Action Fraud if a criminal offence is suspected of having been committed.

15.10.5. The School Director shall report any instances of significant fraud to the OfS in accordance with their guidelines relating to reportable events.

15.10.6. The ARC shall commission such investigation as may be necessary of the suspected irregularity, by the auditors or others, as appropriate the internal auditors, or others commissioned to carry out an investigation, shall prepare a report for the ARC on the suspected irregularity. The report shall include advice on preventative measures.

15.10.7. If the suspected fraud is thought to involve the School Director, the member of staff shall notify the Chair of the ARC direct of their concerns regarding irregularities and the Chair will initiate action under the IML's Fraud Response Plan.

15.11. WHISTLEBLOWING

15.11.1. Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) about malpractice in the workplace. IML operates a Public Interest Disclosure (Whistleblowing) Policy which is accessible on IML's intranet.

16. MISCELLANEOUS

16.1. TAXATION

16.1.1. Value Added Tax – IML is a VAT exempt limited company.

16.1.2. The Finance Manager is responsible for submitting all VAT returns and ensuring their accuracy and timeliness.

16.2. LEGAL COSTS

16.2.1. Legal costs can only be incurred following consultation with the School Director, or in their absence, the Finance Manager.

16.3. FINANCIAL PROCEDURES AND ACCOUNTING POLICIES

16.3.1. The Finance Manager shall maintain and update financial systems and procedures held in the finance department as required. These are available to staff to ensure the efficient and effective management of these finance regulations and include the following: the list of budget holders, nominal account code lists, department code lists, insurance details, disposal procedures, requisitions, petty cash procedures, credit notes, refunds; without the above list being in any way exhaustive.

16.3.2. The Finance Manager will review annually internal financial controls and procedures in conjunction with the external auditors in order to ensure that they remain appropriate for IML's current and likely future circumstances and that these are in accordance with statutory requirements and accounting bodies' recommendations of best practice. Any internal financial control weaknesses will be reported to the ARC as part of the external auditors' management letter.

16.3.3. The FRC will review accounting policies and any changes annually and make recommendations to the Board of Directors.

#### 16.4. RETENTION OF DOCUMENTS

16.4.1. Documents relating to financial transactions must be retained to assist IML's administration and audit requirements and to meet certain statutory requirements.

16.4.2. All staff must ensure that records and supporting documentation relating to financial transactions are retained for at least seven years in a secure and accessible environment.

#### 16.5. BRIBERY ACT 2010

16.5.1. Board of Directors members, senior managers and where appropriate staff should act in the spirit and principles upheld by the Bribery Act 2010.

#### 16.6. DATA PROTECTION ACT

16.6.1. The Finance Manager and Registrar shall ensure that these Financial Regulations, Fraud Response and Conflicts of Interest Policy comply with the Data Protection Act (2018) and, where applicable, the General Data Protection Regulations (GDPR) 2018.

#### 16.7. CONFLICTS OF INTEREST AND RECEIPT OF GIFTS AND HOSPITALITY

16.7.1. For information about conflicts of interest and the receipt of personal gifts and hospitality, Board of Directors members, senior managers, staff and faculty should refer to the 'Conflicts of Interest Disclosure' procedure.

ISTITUTO MARANGONI LONDON  
ANTI-FRAUD POLICY

Version Control Statement

Version	1.0
Policy title	Anti-Fraud Policy
Approved by	Audit & Risk Committee (14 July 22)
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## ANTI FRAUD POLICY

### 1. PURPOSE

- 1.1 The London School is committed to the prevention and detection of fraud and taking appropriate actions in accordance with its legal and regulatory obligations. The London School operates a zero-tolerance attitude to fraud and requires staff to always act honestly and with integrity and to report all reasonable suspicions of fraud. The School will impose necessary sanctions where fraud is proven. The Policy sets out the London School's expectations regarding its need to operate a robust and comprehensive system of control including the prevention and detection of corruption and fraud.

### 2. LEGAL DEFINITIONS

2.1 The term 'fraud' is commonly used to describe the use of deception through failure to disclose information, abuse of position or false representation with intent to disadvantage or cause loss to another person or party for financial or other benefit to oneself. It includes, for example:

- the theft, misuse of funds or other resources
- false accounting
- falsification of information
- using the London School funds to purchase items for personal use
- falsely claiming working hours or travel expenses

2.2 The School will investigate all instances of actual, attempted and suspected fraud committed by staff, students, suppliers, subsidiaries and third parties and seek to recover funds or assets lost through fraud. Some types of fraud may also be subject to criminal investigation. Individuals can also be prosecuted if they make a false representation, fail to disclose information or abuse their position.

### 3. SCOPE

3.1 This Policy applies to all members of staff, students, members of the Board of Directors and its sub-committees, contractors, consultants and agency staff. Members of staff, students and Board of Directors members are individually responsible for ensuring that they comply with this policy.

3.2 Failure to comply with this policy may result in the initiation of disciplinary proceedings against members of staff, the termination of contracts or services provided by third parties. Criminal proceedings may be initiated depending on the nature and severity of any breach.

### 4. POLICY STATEMENT

4.1 The London School requires its staff to act honestly and in accordance with the GGE Italia Code of Ethics. All staff members of the London School are required to act with integrity and to safeguard the London School's resources for which they are responsible. In conjunction with the Whistleblowing Policy, this policy is designed to allow staff, students and all members of School Board of Directors and committees to raise concerns or information where they suspect fraud may be involved without fear of reprisal, discrimination or being disadvantaged as a consequence. The Whistleblowing Policy is available on the School's intranet and in the Employees' Handbook.

### 5. ROLES AND RESPONSIBILITIES

5.1 The School Director, as the School's most senior executive officer has primary responsibility for ensuring that appropriate preventative and internal control measures are in place, these operate effectively in practice and foster a culture of compliance and anti-fraud.

5.2 The School Director is also responsible for:

- commissioning any internal investigation of suspected or actual fraud, ensuring no conflict of interest in the role of Investigating Officer, including (where applicable) appointment of an external investigator where a member of the Finance Department is potentially suspected;
- acting as the Investigating Officer reporting to the Chair of the Audit and Risk Committee and Managing Director (where applicable);
- notifying the Chair of the Board of Directors, the Chair of the Audit and Risk Committee and external auditors regarding any suspected fraud or financial irregularity and taking such steps as considered necessary by way of investigation and report;
- the instigation of disciplinary proceedings (if applicable) and/or referral to the police in liaison with the HR Manager (as applicable);
- informing the police if a criminal offence is suspected and at any stage of the internal investigation;
- notifying relevant regulatory agencies (as applicable), such as the Student Loans Company (SLC) and maintaining regular contact as appropriate;
- reporting any relevant instances of fraud (in agreement with the Chair of the Audit and Risk Committee), or those likely to be in the public interest to the Office for Students in accordance with its requirements relating to reportable events;
- approving management responses in liaison with the Group Head of Finance relating to necessary changes on any preventative measures that may be necessary.

5.3 The Finance Manager is responsible for developing, implementing and policing adequate systems of financial control in line with Group/Shareholder operational procedures and UK financial requirements to prevent and detect fraud.

5.4 The Finance Manager is also responsible for:

- advising on the assessment of any losses, including notifying the School Director or Managing Director (as applicable) of any potential suspected or actual fraud detected;

- acting as the Investigating Officer reporting to the School Director and Group Head of Finance (where applicable);
- liaison with the internal and/or external auditors regarding any suspected fraud or financial irregularity and implementing such steps as considered necessary by way of operational enhancement;
- preparing any regulatory notification or report (as applicable), such as the Student Loans Company (SLC) and/or the Office for Students in accordance with its requirements relating to reportable events;
- preparing management responses for School Director approval relating to necessary changes on any preventative measures that may be necessary.

5.5 The Registrar is responsible for:

- liaising with the Chair of the Audit and Risk Committee regarding any specific suspected instances of fraud or irregularity that require its intervention where a member of the management team may be implicated
- ensuring that the Audit and Risk Committee receives reports on the outcomes of any investigations and management responses relating to necessary changes on any preventative measures that may be necessary.

5.6 The Board of Directors is ultimately responsible for ensuring that there are systems in place for the prevention, detection and investigation of fraud and any relevant irregularities.

5.7 In accordance with the Scheme of Delegation, the Audit and Risk Committee is responsible for the following:

- adopting, approving and reviewing of the London School's Anti- Fraud Policy and advising on and reporting to the Board of Directors on whether there are adequate and effective control measures in place;
- ensuring there are adequate audit arrangements in place to investigate suspected instances of fraud
- receiving report(s) relating to suspected fraud including the number of suspected cases, investigations and management actions and recommendations in response to any preventative measures.
- authorising actions in relation to any investigations involving senior managers as appropriate;
- commissioning the internal auditors to review policies and prevention and control measures.

5.8 In accordance with the Scheme of Delegation, the Finance and Resources Committee is responsible for the following:

- ensuring IML's assets are being appropriately safeguarded and making recommendations to the Board of Directors as appropriate;
- reviewing and recommending to the Board of Directors approval of IML's Financial Regulations and Policies to reflect required changes in accounting, legal and regulatory requirements;
- monitoring the IML's compliance with relevant legal and regulatory frameworks relevant to its terms of reference.

5.9 Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that those controls are effective. They should assess the types of risk that their individual department is exposed to; review and test those control systems regularly to ensure these are being applied consistently and that these systems continue to operate effectively.

5.10 Line managers must be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted in response to specific management checks or be through referral from a third party.

5.11 All members of staff and faculty have a responsibility to be aware of fraud and take steps to minimise risk of fraud including and notify the Finance Manager and/or School Director if they have any concerns about actual, attempted or suspected fraud, who shall authorise and instigate the necessary actions. If the suspected fraud is thought to involve the School Director, the member of staff or faculty should immediately notify the Chair of the Audit and Risk Committee who will initiate the necessary actions in consultation with the Registrar.

5.12 All members of staff are also responsible for:

- maintaining and monitoring compliance with internal controls in line with agreed policies and procedures;
- immediately reporting details of any suspected fraud, whether by an employee, consultant or an external organisation;
- assisting in the investigation of suspected fraud where requested to provide any confirmatory information to assist the investigation;
- familiarising themselves with the Anti-Fraud Policy and Whistleblowing Policy (public interest disclosure process) that are available on the School's intranet and included in the Employees Handbook.

## 6. GOVERNANCE

6.1 The Audit and Risk Committee shall have oversight of the implementation and effectiveness of this policy and ensure that all allegations of fraud are properly investigated and that appropriate action is taken in response. In accordance with the Fraud Response Plan (see appendix for details), both the Audit and Risk Committee and Board of Directors will be notified of any cases of fraud or suspected fraud and will be kept informed of any relevant developments during the process of investigation.

## 7. REQUIRED ACTIONS

7.1 The School Director will decide on the action to be taken depending on the nature and scope of the suspected or actual occurrence of fraud. This will usually involve an investigation and report. The School Director will appoint the Investigating Officer.

7.2 If the suspected fraud or financial irregularity involves or implicates the School Director, the matter should be referred to the Managing Director and Chair of the Audit and Risk Committee for appointment of Investigating Officer.

## 8. PREVENTION OF FURTHER LOSS

8.1 Where an initial investigation provides reasonable grounds for suspecting a member or members of the School of fraud, the School Director will determine how to prevent further loss after consultation with the police, Group Head of Finance and/or the School's legal advisers (as necessary). This may require a suspension of duties of the relevant staff/ department, and suspension, with pay, of suspect(s) who are members of staff. It may be necessary to plan the timing of suspension to prevent the suspect from destroying or removing evidence that may be needed to support disciplinary or criminal action.

8.2 The act of suspension should be undertaken in accordance with HR disciplinary procedures as defined within the Employee Handbook. In these circumstances, it may be appropriate for the suspect to be approached unannounced. They should be supervised at all times before leaving the premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to the School. Any security passes, keys to premises, offices and furniture should be returned. At this point, fraud has not been proven and the process should be undertaken with respect and with strict confidentiality. The School Director will also normally, depending on the nature of the case, instruct the IT Manager to withdraw without delay access permissions to the School's IT systems.

## 9. ESTABLISHING AND SECURING EVIDENCE

9.1 The Investigating Officer will take immediate steps to secure physical assets, including computers and any records that may constitute evidence. They will ensure that appropriate controls are put in place to prevent any further loss. In compiling evidence for the investigation, the Investigating Officer will ensure that all records are maintained in line with any potential legal or criminal proceedings.

## 10. DISCIPLINARY AND LEGAL PROCEEDINGS

10.1 The London School will initiate and follow disciplinary procedures against any member of staff or student where fraud is proven. The School will also normally pursue the prosecution of any such individual, and will be responsible for determining when to initiate contact with the police. The School Director will normally initiate and maintain contact with the Police, determining when this contact should occur. The School Director will also consult the School's HR Manager and Legal representatives to ensure that all staff involved in a fraud investigation are familiar with and follow rules on the admissibility of documentary and other evidence in criminal and civil proceedings. Where the police are not notified of a suspected or actual fraud, the Audit and Risk Committee should be advised of the reason.

## 11. REPORTING TO THE AUDIT AND RISK COMMITTEE AND BOARD OF DIRECTORS

11.1 The School Director or their nominee shall report as soon as reasonably practicable any incident of actual or suspected fraud to the Managing Director, Chair of Board of Directors and the Chair of the Audit and Risk Committee on the outcome and any ongoing investigation. Such a report is in addition to the annual reporting on fraud. Such report will normally include the following:

- a description of the incident, including the value of any loss, the individuals involved and the means of perpetrating the fraud;
- quantification of losses;
- preventative measures to prevent future incidents;
- recommended actions to strengthen internal controls.
- The Audit and Risk Committee will also receive a follow-up report of progress and implementation, alongside confirming the completion of any further actions.

NOTE: In very serious or potentially serious cases, the London School will act in accordance with any directive given by the police including suspending the process until legal proceedings are concluded.

## APPENDIX 2

### FRAUD RESPONSE PLAN

The usual response to the reporting of a fraud or suspected fraud will normally be an investigation but this action will be contingent on the scale and circumstances of the suspected incident. Where the suspected fraud could have significant legal, financial or reputational consequences, legal advice will be sought to ensure that the investigation is performed under legal privilege.

The School Director/Fraud Response Group will approve the appointment of external specialists to assist with, or undertake, the investigation if required.

The School Director/Finance Manager will ensure that the School insurers are notified as soon as possible of the fraud.

The Investigating Officer shall provide a confidential report to the School Director and/or Managing Director and the Chair of Audit and Risk Committee on the instigation and on-going progress of fraud investigation. This will report on the following findings and outcomes from its investigation:

A description of the incident, including:

- the value of any loss, the individuals involved and the means of perpetrating the fraud;
- quantification of losses;
- progress and outcomes from recovery action;
- progress with disciplinary action;
- progress with criminal action;
- estimate of resources and timescales to conclude the investigation
- preventative actions taken to prevent and detect similar incidents in the future.

The Investigating Officer will also make a final report to the Audit and Risk Committee once the investigation is completed to confirm the outcome of actions taken. The report will also be used to inform any disciplinary hearings or legal proceedings.

NOTE: In very serious or potentially serious cases, the School will act in accordance with any directive given by the police including, suspending the internal process until legal proceedings have been concluded (this is to ensure that any criminal proceedings are not compromised).



APPENDIX 3

ISTITUTO MARANGONI LONDON  
 ANTI-MONEY LAUNDERING (AML)  
 & CRIMINAL FINANCE ACT (CFA) POLICY

Version Control Statement

Version	1.0
Policy title	Anti-Money Laundering & CFA Policy
Approved by	Audit & Risk Committee (14 July 22)
Date for review	July 2023 or earlier, if legislation changes
Amendments since approval	

## 1. Introduction

- 1.1 Istituto Marangoni London (“IML”) is committed to ethical standards of business conduct and adopts a zero-tolerance approach to money laundering and other financial misconduct. IML is committed to abiding by all legislation relevant to the prevention of money laundering and criminal/terrorist financing in relation to its activities both inside and outside the United Kingdom.
- 1.2 This Policy will outline how IML will manage money laundering risks, apply ‘Know Your Customer’ principles and the procedure to be followed in the event that money laundering is suspected.
- 1.3 The relevant legislation includes:
  - the Terrorism Act 2000 (“TA 2000”)
  - the Proceeds of Crime Act 2002 (“POCA 2002”);
  - the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“MLR 2017”); and
  - the Criminal Finances Act 2017 (“CFA 2017”).

This legislation exists to prevent terrorists and other criminals from laundering money or otherwise dealing with criminal or terrorist property in a way that benefits them. Educational institutions have been both targets and victims of terrorist or illegal activity and it is therefore important that IML remains vigilant and has a robust Policy in place to combat such activity.

The MLR 2017 applies to regulated businesses. Whilst IML is not regarded as a regulated business, it could be caught by the money laundering offences set out in POCA 2002 (see Appendix 6) which is why this Policy has been put in place.

- 1.4 IML will make reference to the following information that is published by the UK government to ensure that it remains within the law in its dealings with organisations and individuals:
- 1.5 The UK Government produces a list of proscribed organisations concerned in terrorism, prohibited from operating in the UK, and a list of designated persons and entities who face financial restrictions in the UK. The list of proscribed terrorist organisations can be found at <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2>.
- 1.6 The current list of those currently subject to financial sanctions for believed involvement in terrorist activity can be found at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/779688/Terrorism\\_and\\_Terrorist.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779688/Terrorism_and_Terrorist.pdf).
- 1.7 Countries may also be subject to sanctions and embargoes by the UN and UK. The UK Government produces a consolidated list of asset freeze targets, which can be found at <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>.
- 1.8 The current UK sanctions list can be found at <https://www.gov.uk/government/publications/the-uk-sanctions-list>.
- 1.9 The UK Government maintains a list of countries with unsatisfactory money laundering and terrorist financing controls (‘high risk countries’). This list can be found at <https://www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2>
- 1.10 Any allegation that an employee of IML has acted in a manner inconsistent with this Policy will be taken seriously and investigated. Employees of IML may be subject to disciplinary procedures for failure to comply with this Policy. IML reserves the right to terminate its contractual arrangements with any third party providing services for or on behalf of IML where there is reasonable evidence that they or their staff have failed to comply with this Policy.

## 2. Scope

- 2.1 This policy applies to all individuals acting on behalf of IML. This Policy will therefore apply to all IML staff and all third parties acting on its behalf, including but not restricted to agents, wherever they may be located. This policy will also apply to students when they are acting on behalf of IML, whether in a paid or voluntary role.
- 2.2 The UK legislation outlines a number of offences including:
  - failure to report knowledge or suspicion of money laundering
  - failure to have adequate procedures to guard against money laundering
  - knowingly assisting money launderers
  - tipping off suspected money launderers
  - recklessly making a false or misleading statement in the context of money laundering
- 2.3 It is expected that individuals will:
  - ensure that they are familiar with this Policy, attending required training and/or refresher sessions;
  - avoid handling money, goods or other items known or suspected to be associated with the proceeds of crime;

- remain vigilant and report concerns immediately in line with the procedure set out in this Policy;
- cooperate fully with any investigations;
- maintain confidentiality about any suspected or actual incidents involving IML to avoid “tipping off”.

Where you are concerned about a breach of this Policy, you should follow the procedure set out in section 6.3.

2.4 IML has allocated the Finance Manager as the “Nominated Officer” for money laundering. The Finance Manager will receive (in liaison with the School Director), consider and, as appropriate, disclose suspicious activity reported to them under this Policy.

### 3. Risk Areas

3.1 The following key areas could be exploited by those trying to carry out money laundering:

- Receiving cash from entities located in high-risk countries.
- Receiving cash transactions or requests for cash transactions (e.g. refunds to students or third parties such as parents and sponsors, or requests to pay tuition in cash).

3.2 The presence of any of the following factors should trigger consideration under this Policy and be reported as set out in 6.3:

- Payments in cash from students or their intermediates or any legal entity.
- Requests for unexplained refunds from students or their intermediates or any legal entity.
- Requests for refunds to be paid to a person/entity other than the original payer.
- Failure to arrive/ return for paid tuition places.
- Overpayments.
- Agents who do not follow customary practice/normal procedures relating to deposits and tuition fees.
- Verification of an individual’s identity is difficult.
- Behaviour by a student or legal entity that raises suspicions that money/property may have a criminal/terrorist source, including failure to explain the source of funds or goods when reasonably asked.
- Any other facts which suggest that something unusual is happening and give reasonable suspicion about the motives of an individual.
- Cheques drawn on an unexpected or unusual source.

3.3 A proposal to trade with, commence research in or undertake student recruitment from a country against which potential sanctions/embargoes exist, or which has a high risk profile for other reasons, should also trigger consideration under this policy.

### 4. General Risk Mitigation

4.1 To minimise risk:

- IML will not accept cash for tuition or enrolment fees.
- Refunds will only be made to the original payer.
- Refunds will only be made using the original mode of payment as far as possible.
- Revenue will not be accepted from any individual or entity on the UK’s sanctions list.

4.2 If you receive a request to carry out a transaction of the type listed in 4.1, do not carry out the transaction. Inform your line manager as soon as possible and submit a Suspected Money Laundering form (Appendix 1) to the Finance Manager.

4.3 It is your duty to report any suspected fraud immediately to the Finance Manager. Failure to report may lead to disciplinary action.

### 5. Prevention of Money Laundering

5.1 “Know Your Customer” due diligence and identification

It is important that IML has controls in place to undertake due diligence to satisfy itself as to the identity of the student or other party that IML is engaging with. As part of the application and enrolment process, IML normally collects students’ passport data and in most circumstances, this check is adequate for “Know Your Customer” due diligence purposes.

As IML does not accept cash payment for tuition fees, the risk of money laundering is significantly reduced. Payments that transfer through clearing banks will be checked by the bank and any payment from an individual or entity included on the sanctions list will be rejected by the bank.

Members of IML taking payment from students or intermediaries should therefore be aware of the situations mentioned in 3.2 and be prepared to follow the procedure set out in 7.3 below should such circumstances arise.

If there are any doubts about the identity or nature of a transaction, these suspicions should be reported (see section 6.3) and the member of staff should not continue to act until the outcome of the investigation.

5.2 Transaction records

Admissions, Student Services and Finance departments conducting relevant transactions must maintain records

for at least seven years of:

- student/customer identification evidence; and
- details of financial transactions carried out.

In practice, each department will routinely create and retain records in the course of normal business and these will be sufficient for this purpose.

## 6. Reporting

6.1 All members of IML should report concerns as soon as possible.

6.2 IML is committed to ensuring that its members have a safe and confidential way of supporting such incidents.

6.3 IML's specific reporting and action procedures are as follows:

In the case of a known or suspected breach of this Policy or a concern surrounding a monetary transaction or potential money laundering offence, individuals should:

- Report internally to the line manager in the first instance. If this would result in tipping off, report directly to the Finance Manager.
- Report internally to the Finance Manager, unless this would result in tipping off.
- If, in consultation with the Finance Manager, reasonable suspicion is confirmed, a full report should then be made to the Finance Manager for School Director notification and investigation, using the form provided in Appendix 2.
- Do not inform the party/entity concerned or anyone else (unless instructed by the Finance Manager) that the suspicious transaction has been reported.

6.4 In the case of a breach of the Policy or potential offence under the relevant legislation occurring IML, through the Finance Manager and School Director, will:

- Make reasonable enquiries whilst avoiding tipping off those suspected of involvement.
- Suspend the transaction if one is still ongoing and it is deemed appropriate.
- Consider whether IML has a suspicion or knowledge of money laundering or terrorist financing requiring a SAR to the National Crime Agency or some other form of disclosure.
- If necessary contact HM Treasury Asset Freezing Unit to seek a licence or permission to deal with the funds.

6.5 Any allegations of misconduct under this Policy within the jurisdiction of IML will be taken seriously. Should any member of IML be found to have acted in contravention of this Policy or related legislation, action may be taken under IML's disciplinary procedures. Breach of this Policy may be considered an act of gross misconduct and where it is considered a criminal offence has occurred, the police may be informed.

6.6 The Finance Manager will keep a register of money launder reports (and relevant documents), including any reports made to the National Crime Agency. Current guidance requires these reports and associated documentation to be kept for a minimum of five years.

6.7 The School Director will be responsible for ensuring that a 'Reportable Event' report is submitted to the Office for Students, if appropriate, in line with IML's ongoing conditions of registration obligations.

## 7. Risk Assessment

7.1 It is important that an assessment is undertaken of the risks of offences occurring under the relevant framework. Risk assessing identifies areas of specific vulnerability and enables proportionate and prioritised mitigation. The level of risk and mitigation required will vary from sector to sector and depend on the location of the activity.

7.2 Risk of non-compliance with terrorist financing legislation should be addressed through IML's risk management processes. It is important that this is done at all levels and each department should assess the risks in relation to their activities. Additionally, departments should assess specific business transactions where there may be particular risks, for example where departments deal with individuals or organisations in areas where terrorist activity occurs or where sanctions are in place.

7.3 IML's risk management process will therefore assess the total risk portfolio as reported through departmental assessment mechanisms.

## 8. Monitoring and Review

IML is committed to reviewing on an ongoing basis the effectiveness of its policies and procedures in relation to anti money laundering and criminal financing measures. This Policy will therefore be subject to regular review through IML's risk management and audit processes.



DETAILS OF SUSPECTED OFFENCE	DETAILS	CONFIRM CHECKED (YES/ NO)
UK Terrorist organisations/ restricted persons	<a href="https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version">https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version</a>	YES NO
UK Counter-Terrorism (Domestic) Individual	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1060408/Counter-Terrorism_Domestic_.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1060408/Counter-Terrorism_Domestic_.pdf</a>	YES NO
UK Financial sanctions targets: list of all asset freeze targets	<a href="https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets">https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets</a>	YES NO
UK Sanctions List	<a href="https://www.gov.uk/government/publications/the-uk-sanctions-list">https://www.gov.uk/government/publications/the-uk-sanctions-list</a>	YES NO
High Risk Country List	<a href="https://www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2">https://www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2</a>	YES NO
Name(s) of persons(s) involved		Student Intermediary Agent Other
Address(es) of person(s) involved		
Relationship to IML		Related Student ID: SAP ID:
Nature, value and timing of activity involved		
Nature of suspicions regarding the activity		
Details of any investigation undertaken to date		
Are any aspects of the transaction(s) outstanding and requiring consent to progress?		
Any other relevant information		

Outcome (circle):

Transaction Allowed

Transaction Reported

Signed \_\_\_\_\_ (Finance Manager)

Date \_\_\_\_\_

Legislative Framework

1. Terrorism Act 2000

The TA 2000 creates a number of offences in relation to

- fundraising;
- using money or property; or
- entering into an arrangement to make money or property available to another

with the intent or reasonable suspicion that it may be used for the purposes of terrorism.

An offence takes place if a person enters into or becomes concerned in an arrangement facilitating the retention or control by, or on behalf of, another person of terrorist property:

- by concealment;
- by removal from the jurisdiction;
- by transfer to nominees; or
- in any other way.

The TA 2000 also creates a legal duty to disclose to the police any belief or suspicion that another person has committed any of the above offences based on information obtained in the course of a trade, profession, business or course of employment. Disclosure must be made as soon as is reasonably practicable and can be made to any police constable, the National Crime Agency or by phoning the terrorist hotline. Under the legislation, any person may disclose to the police a suspicion or belief that any money/property is, or derived from, terrorist property and any matter on which this suspicion or belief is based.

2. Proceeds of Crime Act 2002

POCA 2002 creates a number of offences in relation to money laundering. Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for “clean” money or other assets with no obvious link to their criminal origins.

Any funds acquired through, or in advance of, terrorist purposes may also be criminal property and subject to money laundering laws. Therefore, any suspicion that a person or other entity that IML has dealings with is involved in terrorism may engage POCA 2002, as well as the TA 2000 as outlined above, in relation to dealing with any funds or other assets of that person/entity, creating multiple offences.

Under POCA 2002, there are three principal money laundering offences:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327); or
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328); or
- acquiring, using or possessing criminal property (section 329).

These offences can be punishable by unlimited fines and/or imprisonment up to a maximum term of 14 years.

POCA 2002 also creates a duty to disclose if IML knows or suspects that someone is engaged in money laundering. Disclosure is made by making a Suspicious Activity Report (SAR) to the National Crime Agency through their SAR online system [https://www.ukciu.gov.uk/\(nf2bvb45a0bba545yj1olbri\)/saronline.aspx](https://www.ukciu.gov.uk/(nf2bvb45a0bba545yj1olbri)/saronline.aspx)

before any further steps are taken to deal with the property. IML must not tell the person or entity suspected that a SAR has been made.

3. Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

Money laundering covers a wide variety of crimes. It can include anything from which individuals or companies derive a monetary benefit, either directly or indirectly, and can include crimes that are not immediately considered as connected with money laundering. Money laundering is a risk where there are large volumes of cash transactions and where customer identification is not always easy (i.e. cash received for overseas students).

4. Criminal Finances Act 2017

The CFA 2017 made all businesses and organisations, including educational institutions, criminally liable if they fail to prevent tax evasion by either a member of their staff or an external agent, even where the organisation was unaware or not involved in the act. The CFA 2017 introduces a new corporate criminal offence of failing to prevent the facilitation of tax evasion.

All business and organisations are affected and can be subject to prosecution for the facilitation of tax evasion by “associated persons”. “Associated persons” include IML’s officers, employees, agents, sub-contractors or people or organisations that provide services for or on IML’s behalf.

In the event of both:

- criminal tax evasion by either a UK or overseas taxpayer (as an individual or an entity) under existing law;

and

- criminal facilitation of this offence by an “associated person” of IML

IML will automatically be charged with the offence of failing to prevent its representatives from committing the criminal act of facilitation unless it can demonstrate that it had reasonable procedures in place to prevent that facilitation (i.e. risk assessment, due diligence and ‘know your customer’ checks, staff training).

If found guilty, IML could face an unlimited fine, exclusion from tendering for public contracts and damage to its reputation.

IML has a zero tolerance approach to the facilitation of tax evasion. It will not work with any individual or organisation that is not committed to preventing the facilitation of tax evasion, in compliance with the CFA 2017. All cases of suspected tax evasion by an associated person will be promptly and thoroughly investigated.



ISTITUTO MARANGONI LONDON  
 ANTI-BRIBERY AND  
 GIFTS AND HOSPITALITY POLICY STATEMENT

Version Control Statement

Version	1.0		
Policy title	Anti-Bribery and Gifts and Hospitality Policy Statement		
Approved by	Audit and Risk Committee (July 2022)		
Date for review	July 2023		
Amendments since approval	Detail of revision	Date of revision	Revision approved by

## ANTI BRIBERY AND GIFTS AND HOSPITALITY POLICY

### 1. INTRODUCTION AND PURPOSE

- 1.1 The purpose of this Policy statement is to set out the London School's Policy and approach on anti-bribery including its commitment to ethical standards in the conduct of all its business dealings. This Policy statement is consistent with the GGE Italia's Code of Ethics which has a zero tolerance to bribery and corruption in any form. The Code requires its schools to comply with its relevant country's anti-corruption laws and implement internal procedures that apply to all its employees and those working on behalf of the Group and sets out the Schools' approach to monitoring, identifying and ultimately avoiding incidents and/or risks of bribery.

### 2. SCOPE AND LEGAL DEFINITIONS

2.1 This Policy applies to all members of staff, students, members of the Board of Directors and its sub-committees including any individuals who are not directly employed by the School such as agency workers, contractors and volunteers. Members of staff, students and Board of Directors members are individually responsible for ensuring<sup>[1]</sup> that they comply with this Policy.

It is not acceptable for anyone to whom this policy applies to engage in bribery (whether giving or receiving) as defined in paragraph 3 below or otherwise engage in any activity that might lead to a breach of this policy. In addition, it is not acceptable for them to fail to report any concerns which are required to be reported under this policy.

2.2 A failure to comply with this Policy may result in the initiation of disciplinary proceedings against members of staff, the termination of contracts or services provided by third parties and/or the imposition of sanctions or removal from voluntary positions. Criminal proceedings may be initiated depending on the nature and severity of any breach.

2.3 In general, bribery is defined as offering or conferring a financial or other advantage as an inducement to influence an individual to perform their functions or activities improperly and incline them to act dishonestly. For example, paying someone or rewarding them to encourage them or a third party to misuse their position, a deliberate attempt to seek to influence public officials for business reasons, providing or accepting a financial inducement or donation in exchange for a place on a programme or accepting an inducement from a supplier hoping to secure a contract with the School.

### 3. BRIBERY ACT (2010)

3.1 The Bribery Act (2010) establishes the following types of offences:

- Active bribery- where an individual or institution offers or gives a financial or other advantage to bribe another either directly to induce or reward improper activity;
- Passive bribery- where an individual or institution requests, accepts or agrees to receive a financial or other advantage which is intended to induce or reward the improper activity;
- Bribery of a foreign official- where an individual or institution gives, promises or offers any financial or other advantage to a foreign official which is intended to influence the official (where this is not permitted or required under local laws). Note: facilitation payments to facilitate routine official action falls under the definition of bribery;
- Corporate- where an institution fails to prevent any employee or other 'associated person' from committing active bribery or bribery of a foreign official on the School's behalf. Note: 'associated person' includes any individual providing services to the School including agents, consultants, contractors and external partner organisations;

3.2 In accordance with the Act, 'Facilitation payments' whereby a public official is given money or other form of inducement to perform or speed up the performance of an existing duty is also classed as a form of bribery and is illegal. Any facilitation payment is considered unauthorised and in breach of this Policy.

The Bribery Act focuses on the conduct, rather than its impact and there is no need for the transaction to have been completed. From the legal perspective, bribery can be by:

- an employee or director, including members of Board of Directors and committees;
- any individual acting on behalf of the School (such as agents or third party representatives, including student representatives);
- individuals and organisations that authorise third parties to carry out such acts.

3.3 In common with other organisations, both the organisation and senior officials can be prosecuted if they consent to or involve themselves in bribery. In terms of the London School's legal liability, the only admissible defence in law is where an organisation can demonstrate that it had adequate procedures in place to prevent bribery occurring from those individuals performing services on its behalf. The Bribery Act also holds organisations to account and makes them liable for failing to prevent acts of bribery by those working on the London School's behalf irrespective of the geographical location where the offence took place.

3.4 Bribery may also involve the following activities:

- Gifts and corporate hospitality where the intention is to induce improper performance or conduct;
- awarding a contract or providing a financial incentive or donation where the intention is to induce improper performance or conduct;

Note: reasonable and proportionate entertainment and corporate hospitality to promote the School and/or maintain relations with clients, suppliers or business partners that is consistent with Company Policy is unlikely to constitute bribery. In the case of corporate hospitality, there needs to be an intent to induce improper performance or conduct with a link between such hospitality and the actual inducement for there to be bribery.

#### 4. LEGAL AND DISCIPLINARY OFFENCES

4.1 Bribery is a criminal offence and may result in criminal or civil proceedings as follows:

An individual found guilty of an offence 'bribing another person', 'being bribed' or 'bribing a Foreign Public Official' is liable as follows:

- i) on summary conviction (Magistrates Court), to imprisonment for a term not exceeding 12 months, or to a fine not exceeding the statutory maximum, or to both;
- ii) on conviction of indictment (Crown Court), to imprisonment for a term not exceeding 12 months, or to a fine not exceeding the statutory maximum or to both.

4.2 An individual found guilty of an offence is liable as follows:

- i) on summary conviction, to a fine not exceeding the statutory minimum;
- ii) on conviction of indictment, to a fine.

4.3 Additionally in accordance with this Policy, the London School will invoke its disciplinary proceedings in the case of suspected or actual bribery that may result in disciplinary sanctions, warnings and/or dismissal or suspension from duty. Board of Directors Directors, including Executive and Non-Executive Directors, may face removal from office or suspension depending on the nature of the offence or suspected offence.

4.4 An individual found guilty of an offence 'failure of commercial organisations to prevent bribery' is liable on conviction on indictment to a fine. A successful conviction could also have serious implications for the London School, including the following:

- i) unlimited fines and a potential ban from bidding for certain types of contracts;
- ii) reputational damage and loss of public confidence;
- iii) regulatory issues and interventions including enhanced monitoring, loss of registration status with the OfS or failure to obtain degree awarding powers;
- iv) business disruption.

4.5 A successful conviction could be grounds for termination of a supplier or contractor.

4.6 Directors and Non-Executive Directors may be personally liable under the Act where they consent to or participate in bribery, including where they were aware of such bribery but disregarded its instance.

#### 5. POLICY STATEMENT

5.1 The London School is committed to ethical standards in the conduct of its business and maintains a zero-tolerance approach to bribery and corruption by its employees or anyone acting on the School's behalf. It upholds all relevant laws for countering bribery and corruption, specifically the Bribery Act 2010, also recognising that bribery is a criminal offence in most countries. Such practice exposes the individuals concerned and the London School itself to the risk of prosecution (including the possible imprisonment or fine) and reputational damage. Individuals may also be prohibited or disqualified from acting as a Company Director, or member of a professional body or specific employment positions as a consequence.

5.2 The London School takes all relevant actions in the prevention and detection of bribery in accordance with its legal and regulatory obligations. The School will investigate all instances or allegations of bribery or suspected bribery committed by staff, students, suppliers, contractors, Board of Directors and Committee members and volunteers. Perpetrators will be subject to disciplinary, expulsion/discontinuation and/or legal action as appropriate.

5.3 The London School requires its staff, students, agents, contractors, service providers and Board of Directors members to act honestly and with integrity. This Policy in conjunction with the Whistleblowing Policy is designed to allow staff, students and all members of School Board of Directors and committees to raise concerns or information where they suspect bribery may be involved without fear of reprisal, discrimination or being disadvantaged as a consequence. The Whistleblowing Policy is available on the School's intranet and in the Employees' Handbook.

#### 6. GGE ITALIA CODE OF ETHICS (ANTI-BRIBERY & GIFTS POLICY)

The GGE Italia Code of Ethics is available to all employees via the Workday intranet. Please find below the relevant extract as it relates to the Anti-Bribery and Gifts policy:

*Section 3. (extract) In relationships with the Recipients of Services, it is not permitted to give or receive offers or money or gifts in any form, either directly or indirectly, for the purpose of obtaining real or apparent advantages of any kind (e.g. economic, favours, recommendations). This prohibition has a general validity in the sense that it is also extended to individual initiatives, using one's own or own family's money or goods.*

*3.1 (extract) In relations with suppliers, it is not possible to give or receive offers of money or gifts, directly or indirectly, in order to obtain real or apparent benefits of any nature (e.g. economic, favours, recommendations). This prohibition has a general validity in the sense that it is also extended to individual initiatives, using one's own or own family's money or goods. In any case, acts of business courtesy must never be performed in circumstances that may arouse suspicion of unlawful conduct or compromise the company image.*

*The sole exception to this condition is the right to receive gifts in the Christmas period only, for a value of no more than 50 Euro or the equivalent sum, for all nations, excepting India, where the maximum permitted value is 1.000 INR. Any gifts that do not comply with the following conditions must be approved by the CEO of GGE Italia.*

*3.3 (extract) In its relationships with Public Administration and local entities, the Group adopts the strictest compliance with applicable community, national and company standards and regulations. In relations with these subjects, it is strictly prohibited to seek to influence, in any way, the decisions of the institutions concerned for the purposes of obtaining the performance of acts that do not conform to or which contravene official duties, in particular by offering or promising, directly or indirectly, gifts, favours, money or benefits of any kind. This prohibition has a general validity in the sense that it is also extended to individual initiatives,*

*using one's own or own family's money or goods.*

*In any case, commercial favours must never be performed in circumstances that may arouse suspicion of unlawfulness and/or compromise the company image. Recipients who might receive indications from anyone to proceed in breach of the abovementioned prohibition, are obliged to notify their line manager, the CEO of GGE Italia and the CHRO GGE Italia immediately.*

*Section 4 (extract) The Group will not tolerate any type of corruption in any form. Bribes will not be paid or accepted, even if this should mean losing money or delaying a project. In particular, a policy of zero tolerance has been implemented towards those who propose or accept bribes or unlawful payments, independently of laws or customs.*

*4.1 Gifts and favours (full). It is prohibited to give or receive, directly or indirectly, material or immaterial goods, or to offer or accept money. Business favours are tolerated in the form of gifts of small value, for a maximum worth of Euro 50 or the equivalent for all nations, except for India, where the maximum permitted value is 1000 INR. Gifts must be purely symbolic in nature and in any case, such that they do not compromise the integrity or reputation of one of the parties.*

*Any gifts that do not comply with the following conditions must be approved by the CEO of GGE Italia and the CHRO of GGE Italia,*

*Meals, buffets, entertainments, travel and accommodation as well as other favours are often used to strengthen relations but said favours must never be offered or accepted in circumstances that may influence the decision making process or give cause to suspicions to this regard. It is possible to offer and receive favours only to the extent this is permitted by law and for values above 100 Euro or equivalent per person (maximum value permitted for India is 2000 INR) it is necessary to inform the CEO of GGE Italia.*

*As a rule, these favours, given or received by suppliers, students, and others outside the Group must be related to a specific purpose and provided that they are granted or accepted without ulterior motives, i.e., without hope of receiving a favourable decision or improper advantage.*

*Favours must be reasonable, occasional and of small value, as well as compliant with local laws and customs.*

*Cash gifts or in equivalent value to the cash offered or received with relation to any Group activity are absolutely prohibited.*

*It is also expressly prohibited to offer public officials or individuals in the private sector, meals, receptions, travel or holidays for the purpose of achieving or maintaining any type of advantage.*

## 7. ROLES AND RESPONSIBILITIES

7.1 The School Director, as the School's most senior officer has executive responsibility for the oversight of the procedural framework, ensuring that appropriate preventative and internal control measures are in place, they operate effectively in practice, fostering a culture of compliance and anti-bribery and reporting any instances of significant bribery, or irregularity that fulfils the criteria set out in Regulatory Advice16: Reportable Events to the Office for Students.

7.2 Additionally, if the London School becomes aware of an act of bribery involving a third party, the School Director will automatically notify the relevant organisation or agency involved and maintain relevant contact regarding the case.

7.3 The School Director will report any instances of bribery or suspected bribery and outcomes from investigations to the Audit and Risk Committee and Managing Director. If the School Director is involved directly or indirectly with any alleged or actual instance of bribery, the Chair of the Audit and Risk Committee will initiate a bribery investigation with support of the Registrar.

7.4 The Finance Manager is responsible for developing, implementing and maintaining adequate systems of financial control and financial regulations designed to prevent and avoid bribery.

7.5 The HR Manager is responsible for ensuring adequate induction, dissemination and training on relevant financial control systems and financial regulations designed to prevent and avoid bribery are shared with employees, executive and non-executive directors and consultancy providers.

7.6 The Registrar will maintain a register of any reports submitted to the Audit and Risk Committee, concerning instances or investigations of bribery.

7.7 All members of staff and faculty have a responsibility to be aware of the risk of bribery and take steps to help minimise such risk including:

- Maintaining and monitoring compliance with internal controls and agreed policies and procedures;
- Ensuring that any gifts or corporate hospitality is proportionate and in accordance with Company and GGE Italia Code of Ethics and not to offer or accept any gifts or corporate hospitality that will or may confer an undue business advantage.
- Immediately raise and report any concerns through the process described in this Policy or, alternatively, through the Whistleblowing Policy of any suspected or actual instance of bribery involving the work of the London School; its employees, students or third parties including contractors, agency workers or volunteers;
- If a member of staff or member of the Board of Directors suspects the School Director of bribery, they should report the matter immediately and confidentially using the School's Whistleblowing Policy or to the Chair of the Audit and Risk Committee;
- Assisting in the investigation of suspected bribery;
- familiarising themselves with the Public Interest Disclosure process (Whistleblowing Policy).

7.8 Department managers and programme leaders are responsible for ensuring that an adequate system of internal

control exists within their areas of responsibility, that those controls are effective and they assess the types of risk that their individual department and/or programme is exposed to, adequate record keeping is maintained and that their staff and/or faculty are aware of this Policy and any associated guidance.

7.9 In accordance with its Articles of Association, the Board of Directors has ultimate responsibility for the oversight of the conduct of the School.

7.10 The Audit and Risk Committee has delegated authority from the Board of Directors to gain assurance on the effectiveness of the London School's Policy and procedural framework and its overall compliance with the Bribery Act 2010.

7.11 Both the Board of Directors and the Audit and Risk Committee will receive a report on the outcome of any bribery investigation. The Audit and Risk Committee will also receive an annual report on the effectiveness of the operation of this Policy, including details of training provided and a breakdown of the number of cases, the category of the offence and formal outcomes as well as any recommendations regarding any changes to processes or control mechanisms.

## 8. CONTROL AND DETERRENCE MECHANISMS

The London School takes the following measures to prevent bribery:

8.1 The assessment of the risk of bribery is an important part of an institution's risk assessment both strategic and operational. All departments and managers should assess the risk of bribery across their operations and location of activities and identify appropriate risk mitigation. As part of this process, departments and managers need to be aware of different practices and levels of risk in the different countries and jurisdictions of different regions. The Transparency International UK has published a guide to diagnosing bribery risk.

8.2 Accurate record keeping and financial reporting needs to be maintained at all times including those from third parties acting on behalf of the School.

8.3 Effective systems of monitoring and internal control are essential to assist in the prevention and detection of bribery with subsequent improvement to procedures and processes to mitigate any bribery risk. Individual risk assessments should be undertaken for any third-party representatives by the departmental manager with enhanced controls put in place to mitigate and control any specific or increased risk.

8.4 The London School will provide training and induction on the application of this Policy. This Policy is also made available to its suppliers, contractors, agents and business partners.

8.5 The Board of Directors, including the Managing Director, School Director and Director of Education maintains a register of interests to prevent any conflict of interest arising in the conduct of the Board of Directors's business with regular opportunities for members to disclose interests as they arise.

8.6 Although the Bribery Act does not define 'adequate procedures' a commercial organisation may be able to demonstrate in its defence that it had 'adequate procedures' or systems in place to prevent individuals, including its employees from committing bribery. However, the London School will follow the UK Government's published guidance regarding the principles it should take into account when determining its policies, processes and systems to prevent bribery incorporating the following:

- Proportionate procedures
- Top level commitment
- Risk Assessment
- Due Diligence
- Communication (including training)
- Monitoring and Review

Further guidance is available at

<https://www.gov.uk/government/publications/bribery-act-2010-guidance>

## 9. INTERNAL AUDIT

9.1 Internal Audit is an important source of professional advice and assistance on control issues and can provide an independent opinion on the adequacy of arrangements for managing the risk of bribery and assisting in its detection and prevention by examining and evaluating the effectiveness of controls. The Internal Auditors may also be requested to conduct an initial investigation on whether the specific instance cited constitutes bribery.

## 10. GOVERNANCE

10.1 The Audit and Risk Committee shall have oversight of the implementation and effectiveness of this Policy and ensure that all allegations of bribery are properly investigated and that appropriate action is taken in response. In accordance with the Bribery Response Plan (Appendix 1) both the Audit and Risk Committee, the Managing Director and the Board of Directors will be notified of any cases of bribery or suspected bribery and will be kept informed of any relevant developments during the process of investigation.

## 11. REPORTING AND RAISING CONCERNS

11.1 Any instances of actual or suspected bribery should be reported without delay to the School Director, Finance Manager or HR Manager (if this is instigated through the Whistleblowing Policy). If the suspected bribery or irregularity involves or implicates the School Director or Finance Manager, the matter should be reported to the Chair of Audit and Risk Committee or via the HR Manager (if instigated through the Whistleblowing Policy) as appropriate.

11.2 This Policy provides the opportunity for individuals to raise any concerns relating to suspected instances of bribery without fear of reprisal. The London School will support any individual disclosing a concern or refusing the offer of a bribe even where the outcome from any investigation is unproven. However, any proven malicious or

vexatious disclosures may result in the instigation of disciplinary proceedings.

## 12. POLICY ENFORCEMENT

12.1 Any breach of this Policy will be regarded as a serious matter and is likely to result in disciplinary action. Management may also be subject to disciplinary sanctions for supervisory failures. The London School will determine whether the nature of any such breach needs to be reported to the Police.

12.2 The London School will avoid doing business with agents, consultants, contractors and suppliers who commit bribery and may terminate contracts with them.

## 13. REPORTING TO THE AUDIT AND RISK COMMITTEE

13.1 The School Director shall report as soon as reasonably practicable any incident of actual or suspected bribery to the Chair of the Audit and Risk Committee and Managing Director.

## 14. NOTIFYING REGULATORY BODIES

The School Director will notify relevant regulatory bodies such as the Office for Students (OfS) or Student Loans Company (SLC) where required.

## APPENDIX 8

## LONDON SCHOOL ANTI-BRIBERY GUIDANCE

To ensure that the School seeks to minimise the risk of bribery, the School commits to set in place:

- Proportionate financial regulations and procedures
- Top level directorial commitment to anti-bribery measures
- Regular risk Assessment undertaken by departmental managers and programme leaders
- Due Diligence processes to ensure impartial procurement and agency/ consultancy commissioning
- Communication (including training) of anti-bribery procedures to all staff and executives
- Monitoring and Review of anti-bribery reports and/or suspicions by the Finance Manager reporting to the Audit and Risk Committee

General Risk Mitigation

To minimise risk, IML staff and directors are not permitted to give, receive or accept offers or money or gifts in any form from/ to:

- Students, parents, applicants
- Agents
- Suppliers, contractors
- Consultants
- Government agencies
- Industry representatives
- Any other potential stakeholder/ customer or service provider

Meals, entertainment, travel and accommodation must never be offered or accepted where this may influence decision making.

The sole exception to this condition is the right to receive gifts in the Christmas period only, for the value of no more than £40 (or 50 euro equivalent). Cash gifts are absolutely prohibited.

If you receive a request to carry out a transaction of the type listed above, do not carry out the transaction and first inform your line manager as soon as possible and submit an email report outlining the circumstance to the Finance Manager for investigation and notification (and if applicable discretionary approval) to the School Director.

Any discretionary approval (above the value of £40) will be formally recorded within the register of gifts held by the School Director and reported to the CEO of GGE Italia and the Chair of the Audit and Risk Committee annually.

## APPENDIX 9

## BRIBERY REPORT

The Investigating Officer (Finance Manager) shall provide a confidential report to the School Director and/or Managing Director and the Chair of Audit and Risk Committee on the instigation and on-going progress of bribery investigation. This will report on the following findings and outcomes from its investigation:

A description of the incident, including:

- the value of any offer/ gifts/money, the individuals involved and the means of perpetrating the bribe;
- potential conflict of interest and intent;
- progress and outcomes from action taken;
- progress with disciplinary action;
- progress with criminal action;
- estimate of resources and timescales to conclude the investigation;
- preventative actions taken to prevent and detect similar incidents in the future.

The Investigating Officer will also make a final report to the Audit and Risk Committee once the investigation is completed to confirm the outcome of actions taken. The report will also be used to inform any disciplinary hearings or legal proceedings.

NOTE: In very serious or potentially serious cases, the School will act in accordance with any directive given by the police including, suspending the internal process until legal proceedings have been concluded (this is to ensure that any criminal proceedings are not compromised).

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<sup>[1]</sup> Under 7(5) of the act the definition of a relevant commercial organisation is a body or partnership incorporated in the UK



## APPENDIX 10 – RULES ON TRAVEL AND OTHER EXPENSES

Below is the extract from the GGE Italia Travel Policy. Please see Annex A of the latest Travel Policy, (available from HR) for current amounts (in line with UK Euro currency exchange)

### GGE ITALIA TRAVEL POLICY

#### 1. Introduction

*This document lays down guidelines for the arrangements and processes under which the work trips of employees of the Galileo Global Education Italia group are authorised. The procedure specifies the various stages of the process from the initial request for the trip's authorisation to final settlement of the Expenses Claim, setting out the responsibilities of the various functions involved, the conditions for authorization and the expense limits.*

*To ensure the best possible service while keeping costs down, Galileo Global Education Italia reserves the right to alter or add to this document when necessary and/or following the introduction of any mandatory provisions not allowing of exceptions. When arranging a mission, employees and their managers must try to keep the length of foreign stays to a minimum and to schedule meetings in such a way as to cut costs and get value for money. Employees are urged to travel on weekdays and avoid public holidays except as authorized for attendance at specific trade fairs or other events.*

*The present procedure applies to Galileo Global Education Italia and to Domus Academy, Istituto Marangoni and NABA. Managers of the individual institutions and schools may apply stricter rules and limits than with those provided for here, either permanently or temporarily.*

#### 2. Duration

*Trips must be kept to the strictly necessary minimum. European trips must not exceed 3 or 4 days (no more than 1 night per country), and intercontinental trips must not exceed 5 or 6 days (no more than 2 nights per country), except as specially requested by Directors or Direct Managers and authorised by the CEO of GGE Italia.*

#### 3. Authorisations

*Employees must request authorisation from their School Director using a special form.*

*The travel request must be submitted to the authorising officer at the earliest moment, and if at all possible no later than a fortnight before the start of the trip.*

*Once the necessary authorisations have been obtained, employees should contact the travel agency appointed for their particular place of work. Other agencies, including agencies appointed for other GGEI workplaces, may not be used. The agency will then send its suggestions for the journey in question, and individual employees must choose the flights and the hotels from among those suggested, keeping within the expense limits and always preferring the suggestion which is least costly overall.*

*Employees will have to give reasons for selecting any flight or hotel that is less economical than the lowest-cost solution suggested. The possibility that a different, indirect route between the starting-point and the destination might be cheaper should be borne in mind.*

*At the end of the selection process the flights and hotels will be booked and paid for by the agency, and electronic vouchers will be sent to the employee.*

*Employees are responsible for checking before departure that they have duly received their tickets and that the journey details are shown correctly (traveller's first and last names, departure and arrival airports, flight times, passports and visa applications, etc.).*

*If tickets are wholly or partly unused, or if a previously authorised trip is unexpectedly cancelled, the employee must explain this to the authorising officer(s) and contact the travel agency, which will then see to getting any refund due to the firm.*

#### 4. Travel type

##### 4.1 Air travel

*Flights are booked and air tickets purchased through the appointed agency. To arrange for the best bookings and improve coordination of journey quality with work requirements (the meetings schedule), all travellers are urged to provide the relevant details (e.g. fixed appointments in the schedule making it necessary to leave after or arrive before particular times).*

*When a large number of employees are to travel to the same destination their flights must be organised in such a way that the same aircraft does not carry more than half the Directors or more than half of the personnel of any single division.*

*Business (see expense limits in Annex A of the latest Travel Policy, available from HR)  
Economy, or Premium where available (see expense limits in Annex A of the latest Travel Policy, available from HR)  
Economy (see expense limits in Annex A of the latest Travel Policy, available from HR)*

*Employees travelling on intercontinental flights lasting more than five hours in premium or economy class are allowed to arrive a day early.*

*Appointed travel agencies may be notified of "Frequent Flyer" cards in employees' names, and the points accruing from flights on company business may be used by the card-holding employee, who shall also be entitled to any resulting rewards.*

##### Loss of the baggage

*Galileo Global Education Italia is not responsible for claiming compensation for losses; employees will accordingly have to deal directly with the airline to obtain such compensation.*

##### Missed flights

*Most air ticket types are non-refundable. Employees must therefore arrive at the airport on time and will be responsible for buying another ticket if they miss their flight unless the cause was something outside their control (such as strikes or natural events), in which case the company will bear the cost after the authorising officer has assessed the situation and approved the expense.*

#### 4.2 Rail travel

Railway tickets are purchased and trains booked by the travel agency.

#### 4.3 Public transport and Taxis

Only Directors may use taxis; but they must whenever possible (depending on circumstances) use public transport or their own company car if they have one and if it would be the less expensive choice.

Employees travelling for work must use public transport (train, metro or bus); the use of taxis is only permitted if explained to and authorized by the employee's line manager [Direct Manager] beforehand. To ensure proper accounting, taxies receipts must show the route taken, the date and the reason for the journey; tickets must be produced in evidence of public transport expenses.

For airport transfers to and from the mission's destination please use the form of transport shown in the table in Annex A of the latest Travel Policy, available from HR)

Uber or similar platforms may be used, where legally recognized, whenever this is cheaper or more convenient.

#### 4.4. Own car

Work-related use of employees' own vehicles (other than company cars) is to be regarded as exceptional and must be approved by authorising officers beforehand; approval will only be given when such use is considered essential for the requirements of the service and the overall cost to the firm has been determined. In particular, this means carefully comparing the actual cost of the alternatives (public transport and own vehicle). Employees using their own private car for work travel are entitled to claim a refund of their expenses on a mileage basis. To make such a claim, the employee must submit a detailed statement (including all trip expenses such as motorway tolls), giving the various kinds of information needed:

- vehicle type;
- vehicle make;
- vehicle fuel type;
- date of travel.

The reimbursement is calculated, taking all these details into account, according to the national reference tables available which enable the total claim amount to be worked out. Airport/station parking expenses may be refunded if not higher than the cost of travelling to and from the airport, station etc. by public transport.

#### 5. Hotels

The appointed travel agency (or, if this is not possible, the company itself using its company credit card) sees to booking hotels directly, keeping at all times within the expense limits set for each category of employee, whatever the destination country, as follows:

When a Director travels with a member of staff who is not a Director the latter's hotel accommodation may not be upgraded to the Director category; the Director may on the other hand choose to share the non-Director's lower category.

All bookings and/or cancellations must be made through the travel agency, which will always find the best combination of closeness and overall cost-saving. That said, if some necessity arises which was not planned in the work schedule then employees will have to make their own cancellations and/or alterations directly with the hotel, though the travel agency must always be informed.

Laundry and ironing service costs, if provided for in the case of an intercontinental journey, will be refunded up to a limit of €15 a day; they should be put on the hotel bill.

#### 6. Subsistence

Breakfast, lunch and dinner

The cost of these is refunded up to the following daily limits (please see Annex A of the latest Travel Policy, available from HR)

Contracted providers

If Galileo Global Education Italia has established arrangements with any providers then employees must use those providers.

Bar and room service

The firm refunds expenses only if incurred instead of breakfast, lunch or dinner, and only up to the daily limits laid down in this Travel Policy. No refunds may be paid for spirits.

Entertainment expenses

Entertainment expenses must be authorised beforehand by the appropriate Director and will only be allowed when there is a real need for the firm's purposes; the corporate Code of Ethics must be observed.

In addition to a statement of reasons for the expense, the receipt must show the name(s) of the colleague(s) and/or supplier(s) who will benefit from it; the expense limits must be kept to at all times.

The following are regarded as entertainment expenses:

- a) lunches/dinners with outside parties (suppliers, agents, journalists, fashion houses);
- b) lunches/dinners for internal meetings or team meetings for particular events, if approved by the relevant Director.

A bill must be obtained and paid by credit card whenever possible. The names and organisations of the people involved should be written on the bill, with a statement of reasons for the expense.

All entertainment expenses over €500 (approved beforehand by the relevant Director) must be approved by the CEO of GGE Italia.

#### 7. Refunding of expenses

At the end of their trip, employees are required to complete an Expenses Claim form listing the expenses they have incurred. The refunding of subsistence and accommodation expenses according to the prescribed scale does not count as income, nor does the payment of mileage allowance.

Two separate forms must be completed for cash and credit card expenditure.

Employees who hold company credit cards must always pay for their expenses using those cards (except for taxis and businesses which do not accept cards) and ask for a bill properly made out in the name of their employing institution. A note of expenses must

be completed for each destination (eg: for a journey Milan – London and Paris – Milan, two different Expenses Claim forms must be completed, one for London and one for Paris).

Expenses Claim forms must have appropriate documentary evidence of the expenses incurred attached to them, in order of date and serially numbered to relate to the individual items. The form must bear the employee's signature and that of the Direct Manager who has approved the expenses after checking that they meet the rules set out in this policy. Any expenses not covered by the policy must be flagged.

The form must be sent to the relevant Finance department not later than the end of the third day working day of the month after that of the trip.

The relevant Finance department will then check the expenses claim for fiscal and accounting regularity; it will notify the employee of any discrepancy, and the employee will then have to submit the right documentary evidence.

A flat-rate advance on account of future expenses may be paid to employees who travel often and do not hold a company credit card, subject to approval beforehand by the Finance Department. This advance must be repaid when the employee changes jobs or leaves the Group. Other employees will only be given an advance in exceptional circumstances and with the Finance Department's approval beforehand. Those who do not hold a company credit card may use personal debit or credit cards, provided they submit appropriate documentary evidence of the expenses incurred (including any card commission, in which case the card statement must be submitted). Cash withdrawals using the company credit card are not allowed except in emergencies, when the employee's Direct Manager must be notified before the withdrawal is made.

The Finance office will carry out periodic sample checks on compliance with the expense limits, claim deadlines and other arrangements laid down in this procedure.

#### 7.1 Payment of expenses

Refunds of the expenses incurred will be paid only if and when every part of the Expenses Claim form has been properly and fully completed. The amount due will be included on the payslip for the month following that in which a correct Expenses Claim was submitted. Employees may note that refunds of expenses shown on completed Statements submitted to the office before the end of the month will be paid with the salary for the following month.

#### 7.2 Documentation for reimbursement

The firm will, on submission of the relevant documentary evidence, refund expenses incurred solely for purposes which have to do with the employee's work, subject to the limits set out in this Travel Policy. Reimbursement for expenses exceeding those limits is accordingly excluded. In the case of travel to countries for which the limits payable for subsistence and accommodation are not set in advance, the Direct Manager (and the authorizing officer, if not the Direct Manager) will check the amount of the expense.

#### 7.3 Passport and/or visa applications

The firm sees to visa applications in advance; if employees incur expenses in connection with such applications, the firm will refund those expenses.

Expenses incurred for procuring other documents (passports, etc) are borne by the employee.

#### 7.4 Non-refundable expenses

The list below is indicative but not exhaustive:

- items for personal recreation or entertainment (newspapers, magazines, books, films, etc.);
- personal credit card fees;
- the purchase of clothing, toiletries, medicines or other personal requisites;
- museum or exhibition tickets, unless approved in view of the employee's role and the reasons for the trip; • theft of personal possessions;
- unauthorized gifts to suppliers or agencies;
- fuel (except for company cars);
- tips (except in the USA, where they must be shown on the receipt);
- baggage and portering;
- undocumentable expenses (unless explained, with objective corroboration);
- telephone charges;
- any expense items exceeding the limits laid down in the Travel Policy.

#### 8. Guidelines for filling in the Expenses Claim form

Claims for reimbursement of expenses incurred for travel in the course of the month must be made by filling in the special form with details of each item of expense. Employees must always ask the person paid (whether a commercial business or not) for a receipted bill (invoice) showing the employee's first and last names and the company name and tax details of their company or institution:

In providing details of their expenses, employees must comply with the following instructions:

- complete one Expenses Claim form for cash expenses and another for expenses paid using a company credit card. Original documents showing evidence of expenses must be provided, grouped by expense type;
- the employee's own details and those of his/her Department/function and workplace;
- in the case of travel outside the eurozone, indicate the currency used and the exchange rate on the first day of travel
- in the field "amount payable" enter the amount to be refunded, in EUR;
- employees holding a company credit card are urged to use that card wherever it is accepted. NB: the documents to be attached to the expense claim are:
- hotel bills, properly made out to the relevant company (always request these on checking out);
- tax invoices and/or tax receipts (when abroad) from restaurants, bars, etc., in the name of the employee's company for all credit card payments;
- original documents for all expenses incurred, in order and grouped by type of expense;
- taxi receipts, showing the journey made;
- travel documents, including air or rail tickets paid in advance by the firm (originals of paper tickets, or copies of approved airline tickets);

Expenses will not be refunded unless all the required documentation is submitted.

#### 9. Responsibilities

The main responsibilities in connection with the Travel Policy are summarised below.

*Employees are responsible for:*

- *planning and booking their travel sufficiently in advance, so as to minimise the cost;*
- *entering details of the trip, and checking in good time that the options chosen comply with this procedure;*
- *providing all the documentary evidence for the reimbursement of expenses.*

*The authorising officer (assisted if necessary by the Direct Manager, if not the same person) is responsible for:*

- *approving requests for travel as necessary for work purposes, as soon as possible so as not to delay the booking of the trip;*
- *rejecting requests if the trip is considered unnecessary or the procedure has not been followed;*

*The Direct Manager is responsible for:*

- *ensuring that employees know and apply this procedure.*
- *checking the amount of the approved expenses incurred by their employee on every occasion, before the expenses are checked by the relevant Finance department.*

*The relevant Finance department is responsible for:*

- *checking and concurring in the payment of the Expenses Claims approved and forwarded by Direct Managers. This check mainly concerns compliance with the limits set in this Policy, and the provision of appropriate documentation.*
- *rejecting expenses claims which do not conform to this procedure.*