

**Istituto Marangoni Limited**  
**Audit and Risk Committee Meeting Minutes**

14/05/2025 – 11:00 – 13:00 UK Time  
 IM London Boardroom/Teams Meeting

<b>Members:</b>	<b>Dr Mark Eastwood</b> <b>Antonello Leogrande</b> <b>Robert Sherr</b>	IM London Non-Executive Director (Chair) IM London Independent External Member IM London Independent External Member
<b>Attendees Invited</b>	<b>Valerie Berdah-Levy</b> <b>Fabio Rubino</b> <b>Prof Mark Hunt</b> <b>Lucio Lombardi</b> <b>Salvatore Sivari</b> <b>David Tomlinson</b> <b>Paddy Marshall</b> <b>Phil Smith</b> <b>Euegenio Calsiglia</b> <b>Diane Rainsbury</b>	IM Chief Operating Officer London & Paris IM London School Director Non- Executive Director IM London Financial Controller Group Finance Director Internal Audit, UNIAC Internal Audit, UNIAC External Audit, Partner Constantin (item 4) External Audit, External Audit Manager Constantin (item 4) Registrar (Secretary)
<b>Apologies</b>	None	

<b>ACTION</b>	<p><b>1. Welcome, Apologies and Conflict of interest</b></p> <p>1.1. The Chair opened the meeting the purpose of which was as set out on the agenda. There were no declarations of interest.</p> <p><b>2. Minutes of the Previous meeting</b></p> <p>2.1 The minutes of the previous meeting were approved as an accurate record.</p> <p><b>3. Matters arising</b></p> <p>3.1 ARC received and noted the matters arising and completed actions from the previous meeting.                  ARC (2025)_02_2.1 The IT Manager would be invited to provide a progress report to the July meeting.                  ARC (2025)_01_2.3 The remaining Internal Audit on Student Recruitment and Admissions had concluded and UNIAC would bring the report to the next meeting.                  ARC (2025)_03_4.2 the review of the Risk Register would also address ARC's comments relating to the importance of digital learning, health and safety and Cybersecurity.</p>
	<p><b>4. External Audit Plan</b></p> <p>4.1 The Chair welcomed the new External Auditors who outlined their plan for the forthcoming audit explaining that the schedule of dates had been agreed with IML's Financial Controller pending receipt of their formal engagement letter. As part of the overall audit approach, Constantine had agreed not to adopt analytics on revenue which had not proved useful previously. The Auditors were also in the process of reviewing the risks identified from the previous audit with management override of controls and revenue recognition constituting known material risks.</p> <p>4.2 ARC confirmed the proposed audit fee of £76 000 to be appropriate and reasonable for the scope of work and represented improved value for money compared to the previous year.</p>
	<p><b>5. Policy updates</b></p> <p>5.1 The Committee considered and approved the Cybersecurity and Business Continuity Policy. In approving the Policy ARC considered it was a useful starting point although it would</p>

ACTION	<p>benefit from further contextualisation particularly around response plans in response to specific incidents such as phishing, the use of AI and that in the majority of cases the main risks related to connections to the cloud. UNIAC would also review the policy as part of the Cybersecurity follow up and hence ARC was satisfied to develop the policy over time, utilising the expertise of UNIAC rather than delaying having any kind of policy framework in place.</p> <p>5.2 The Committee considered and approved the Information Security Policy.</p>
ACTION	<p><b>6. Internal Audit</b></p> <p>6.1 Internal Audit Report on Creditors</p> <p>6.1.1. The Committee considered and discussed the Internal Audit Report and Management response on Creditors noting the overall limited assurance rating on the design and effectiveness of systems and controls regarding payments of suppliers and tutors. An overriding theme arising from the audit was the reliance on manual processes thereby increasing the risk of error or fraud. There were three high risk items notably the absence of segregation of duties, the absence of a centralised record of bank supplier details and manual payment run, the unrestricted access to the finance system amongst the Finance team, the absence of a central record of supplier bank details and the lack of monitoring of payments to Tutors. In relation to the absence of segregation of duties, ARC concurred with the auditor's findings that whilst this was not uncommon within small finance teams, it nevertheless represented a weakness in the internal control environment. ARC also noted the remaining findings including the medium and low level risks as well as the areas of good practice noted in the report. In recognition of the risks posed, management were working on implementing more automation as reflected in the management response. Management explained that part of the existing limitations had been caused by the lack of integration between the IML's Bank Account software and the Group Finance system, but they were working to address this issue which would enable the automation of payments. Although ARC was content with the various management actions set out in the report, it considered there was some urgency in resolving and closing the necessary actions and that in the meantime the risks should be incorporated in the Risk Register.</p>
ACTION	<p><b>6.2 UNIAC's progress report on the 2024/2025 Internal Audit Schedule</b></p> <p>6.2.1. UNIAC's progress report on the 2024/2025 Internal Audit Schedule was noted and discussed including confirmation that the fieldwork for the internal audit of Student Recruitment and Admissions had concluded and the report would be presented to the July meeting. The UNIAC representatives explained that the Cyber Security follow up had not been progressed and would be carried over to the following academic year.</p> <p><b>6.3 2025/2026 Internal Audit Schedule</b></p> <p>6.3.1 The Committee considered and approved the proposed 2025/2026 Internal Audit Schedule as follows:</p> <ul style="list-style-type: none"> <li>Cybersecurity follow up</li> <li>Academic Quality Policies</li> <li>Core financial controls: income and debt management</li> </ul> <p>6.3.2 There was a further discussion on the volume and range of audits conducted each year, the extent to which these provided sufficient assurance across the School's system of internal control and the visibility of the School's assurance framework. Within this context, members commented that the visibility of the School's student facing risks could be more explicit recognising that some aspects, such as UKVI management and oversight were subject to regular, though not necessarily cyclical audits, undertaken by expert legal advisers. In discussion, ARC commented that it would be helpful to receive a road map of its assurance framework and range of audits.</p>
ACTION	<p><b>7. School Director's Report</b></p> <p>7.1 The Committee received and considered the School Director's Report, including the following:</p> <p>7.1.1 2025 Student recruitment: The School Director reported that despite the significant challenging market conditions, the School continued to meet its weekly targets. However, of late there were indications of a general slowdown in some key recruitment regions in Europe, the Gulf states and Russia.</p> <p>7.1.2 Currently, the School's best performing markets were APAC, China and India and Russia delivered poorly. The recovery of India was mainly attributed to the successful Mishra Scholarships. Turkey continued to be an important market with increasing demand for IML. A recovery strategy for the subsequent recruitment was in place while also anticipating continuing challenges across the sector.</p> <p>7.2 The School continued to employ various mitigations aimed at retaining market share, specifically focusing on 'harder to reach' and 'declining' markets in what continued to be a challenging student recruitment market. The School Director also explained that unlike some of the major UK Universities, rather than focusing on aggressive fee reductions, which had the potential to dilute the exclusivity of the IM brand value the School was focusing on linking</p>

<b>ACTION</b>	<p>Scholarships to specific activities including those linked to exclusive deals such as accommodation.</p> <p>7.3 Staff recruitment and retention: Staff turnover continued to remain stable with turnover and vacancy rates both standing at zero although there had been two involuntary leavers namely the Governance Officer and the Head of Learning and Teaching. The TDAP Manager role remained vacant there being no immediate plans for a replacement while the DAP remained on pause. In the meantime, the Registrar would be covering progression of the remaining project responsibilities including SMT secretariat and reporting.</p> <p>7.4 Estates: Phases one and two of the air conditioning project had completed with the third phase about to commence in July in conjunction with the ventilation project both of which were scheduled for completion in September.</p> <p>7.5 Financial Statements: There were no issues or concerns to report.</p> <p>7.6 Careers: There had been a highly successful Careers Fair with an impressive and extensive range of luxury brands participating while three IMAC's had each focused on a specific theme (AI in Design, Italian Craftmanship and UK Creativity and Innovation in Luxury Fashion) each of which proved to be inspiring and visionary.</p>
	<p><b>8. Risk Management and Risk Register</b></p> <p>8.1 The Chair reported on the review of the Strategic Risk Register explaining that the new version would be brought to the next meeting.</p>
	<p><b>9. Irregularities Report</b></p> <p>9.1 The Committee received and noted the Irregularities Report including any fraud and bribery, any significant losses, and any whistleblowing cases there being no irregularities during the reporting period.</p>
	<p><b>10. Briefing note on Regulatory and Reporting Requirements</b></p> <p>10.1. The Committee received and noted the briefing note on Regulatory and Reporting Requirements.</p> <p>10.2. The Committee received and noted the following UNIAC Briefing Notes:</p> <ul style="list-style-type: none"> <li>i) Export Control- April 2025</li> <li>ii) Treasury Management and Ethical Investment- April 2025.</li> </ul>
	<p><b>11. Any other business</b></p> <p>11.1. There being no further business the Chair closed the meeting.</p>
	<p><b>12. Date of next meeting</b></p> <p>9 July 2025(subsequently rescheduled to 22 July).</p>