

Istituto Marangoni Limited
Audit and Risk Committee Meeting Minutes

20/11/2024 – 11:00 – 13:00 UK Time
 IM London Boardroom/Teams Meeting

Members:	Dr Mark Eastwood Antonello Leogrande Robert Sherr	IM London Non-Executive Director (Chair) IM London Independent External Member IM London Independent External Member
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Attendees Invited	Jodette Bagambe Valerie Berdah-Levy Fabio Rubino Mark Hunt Diane Rainsbury Salvatore Sivari Lucio Lombardi Laura Witt Farhan Moin Michelle Hopton David Tomlinson Paddy Marshall Alice Hynes	Governance Officer (Secretary) IM Chief Operating Officer London & Paris IM London School Director IM London Non-Executive Director IM London School Registrar Group Head of Finance IM London Financial Controller IM London DAP Manager Manager, Audit and Assurance Deloitte Manager, Audit and Assurance Deloitte Internal Audit, UNIAC Internal Audit, UNIAC Observer
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Apologies	
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Minutes	<p>1. Welcome, Apologies, Interest and Quoracy</p> <p>1.1. The Chair opened the meeting and noted the purpose of the meeting as set out on the agenda. The Chair welcomed Fabio Rubino, the new School Director, to his first meeting.</p> <p>1.2. The Committee noted there were no interests declared</p> <p>1.3. The Committee noted that there were no Chairs Action considered since the last meeting:</p>
	<p>2. Previous Minutes & Matters Arising</p> <p>2.1. The Committee received, reviewed, and approved the Audit and Risk Committee unconfirmed minutes from the meeting held on 15 May 2024.</p> <p>2.2. The Committee reviewed the matters arising table and the following items were noted:</p> <p>2.2.1. ARC(23)_07_07.1 – Updated software to track attendance monitoring remains pending.</p> <p>2.2.2. ARC(23)_07_07.1 – Update on SINAPTO & Tribal – the Registrar confirms that Tribal is being discontinued and SINAPTO Improvement Project in still progress.</p> <p>2.2.3. ARC(2023)_01_010 – Development of a cyber response plan, including a Cyber Insurance Policy is still ongoing and waiting communication from HQ.</p> <p>2.2.4. The Committee noted the completed actions: The Internal Audit recommendation on the Student Experience and tutorial system, and the Development of a Business Continuity Plan.</p>
	<p>3. Terms of Reference</p> <p>3.1. The Committee considered and approved the changes to the Audit and Risk Committee Terms of Reference, to incorporate the Chief Operating Officer in attendance at these meetings.</p>
	<p>4. 2023/2024 Annual Report of the Audit and Risk Committee</p> <p>4.1. The Committee received and considered the 2023/2024 Annual Report, noting that good progress was made in terms of refinement of the School’s Strategic Risk Register and Risk Management Framework. Though highlighted that while the Committee receives and considers the Academic Risk Register at each meeting it recognises this is still an area of</p>

	<p>development in terms of assurance which can be facilitated by the Annual Academic Assurance Report considered by the Board of Directors.</p> <p>4.2. The Committee also agreed that greater transparency on financial management and provision of information is needed to inform the work of the Audit and Risk Committee.</p>
	<p>5. Annual Financial Statements 2023/2024</p> <p>5.1. The Committee received and considered the 2023/2024 Annual Financial Statements, noting that all numbers were confirmed.</p> <p>5.2. The Financial Controller highlighted that turnover increased by 12% to £27,985k compared to 30 June 2023 in line with increase in the student population for both returning and new students and yearly price increase in the student fees.</p> <p>5.3. The company recognized a provision of £1,926,378 for historical liabilities, impacting the Operating Profit, which remains strong at over 34% of total turnover</p> <p>5.4. Revenue growth enabled the school to meet its 2023/24 budget, supporting significant investments in academic staff and teaching costs.</p> <p>5.5. The Financial Controller also highlighted principal risks and uncertainties, including the cost of living, the ongoing impact of Brexit, and challenges in staff retention and recruitment.</p> <p>5.6. The Group Head of Finance also explained that at this stage no dividend was being proposed.</p>
	<p>6. External Audit Report FY23/24</p> <p>6.1. The Committee considered the 2023/2024 External Audit Report presented by Deloitte.</p> <p>6.2. The External Auditors highlighted there were no significant audit adjustments or disclosure deficiencies to date, and there was no significant changes to the risks as per the indicative audit plan issued to ARC's meeting on 15th May 2024.</p> <p>6.3. The External Auditors noted that improvement can be made to the control environment, whereby management and those charged with governance need to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.</p> <p>6.4. The External Auditors highlighted that a discrepancy was identified between a GGEL loan agreement (£1.17 million) and the IM books (£1.5 million), though alternative procedures confirmed the balance aligned with management's records. The Group Head of Finance suggested to adjust the risk rating from medium to low, as the findings pose no risk to the organisation.</p> <p>6.5. The Committee recommended changing the risk rating for the IT access review from low to medium impact, citing the lack of periodic user access review controls for in-scope applications to ensure appropriateness of user, system, and service accounts, which they deemed a medium risk to the organisation.</p>
ACTION	<p>7. Internal Audit</p> <p>7.1. The Committee received and discussed the Internal Audit Annual Report, with the Internal Auditors noting that they were unable to provide an overall conclusion on the School's risk management, governance, and internal controls based on the 2023/24 audits (Attendance Monitoring and Student HESA Data Futures) and reported that the Cyber Security Follow-up audit could not progress due to insufficient engagement from relevant HQ staff.</p>
ACTION	<p>7.2. The Committee received and noted the updated Terms of Reference for the Health and Safety Audit.</p> <p>7.3. The Committee recommended proceeding with a Financial Audit as agreed in the previous meeting and requested that the Terms of Reference for this audit be presented at the next meeting in January.</p> <p>7.4. The Committee agreed to defer consideration of the proposed Terms of Reference for Staff Well-being and Student Recruitment and Admissions audits to the next meeting. It was further agreed that an audit schedule report would be provided to facilitate discussion on prioritising audits for 2024/2025.</p>
ACTION	<p>8. School Director's Report</p> <p>8.1. The Committee received and considered the School Director's Report, including the following:</p> <p>8.2. Student recruitment: Overall student recruitment finished below target and 13% less than last year with the decline in recruitment from India having contributed significantly. Other reductions in the School's established markets included China, Spain and Mena whereas Turkey and Mena were areas of growth. Mitigation and recovery plans had been developed and while the School's position was far less severe than many institutions management were exercising continued vigilance and proactivity.</p> <p>8.3. Staff recruitment and retention: Staff turnover had stabilised and had improved significantly from a couple of years ago. The School Director attributed this to the various well-being initiatives in place and incentives.</p>

<p>8.4. Further investment had been made in the staffing establishment with the total headcount now standing at 63.</p>
<p>9. Risk Management and Risk Register 9.1. The Committee agreed to defer the discussion of the Risk Register to the next meeting due to time constraints. The Chair noted that the January meeting will prioritise a comprehensive review of the Risk Register for Quarter 1 and Quarter 2, given the detailed nature of the report.</p>
<p>10. Irregularities Report 10.1. The Committee received and noted the irregularities report from quarter 4, which highlighted a nil return on any financial irregularities, including any fraud and bribery, any significant losses, and any whistleblowing cases. 10.2. The Chair recommended updating the suspected fraud figure to 1 and including an explanation regarding the reimbursement from the bank. Additionally, the Chair requested the Financial Controller to prepare a report detailing the lessons learned from this incident. It was agreed that this report would be circulated to all Committee members following the meeting.</p>
<p>11. Reportable Events Report 11.1. The Committee received and noted the change on UKVI change of Accountable Officer.</p>
<p>12. Briefing Note on Regulatory and Reporting Requirements 12.1. The Committee received and noted the briefing note on Regulatory and Reporting Requirements, including the UNIAC Briefing Report on Corporate Governance Failures in Accountability and Ethical Decision Making, and the UNIAC Briefing Report on Asset Management.</p>
<p>13. Minutes of the meetings of the Academic Board and Quality Committee 13.1. The Committee received and noted the minutes of the meeting of the Academic Board held on 26 June 2024.</p>
<p>14. Date of Next Meeting 22 January 2025</p>

ACTION