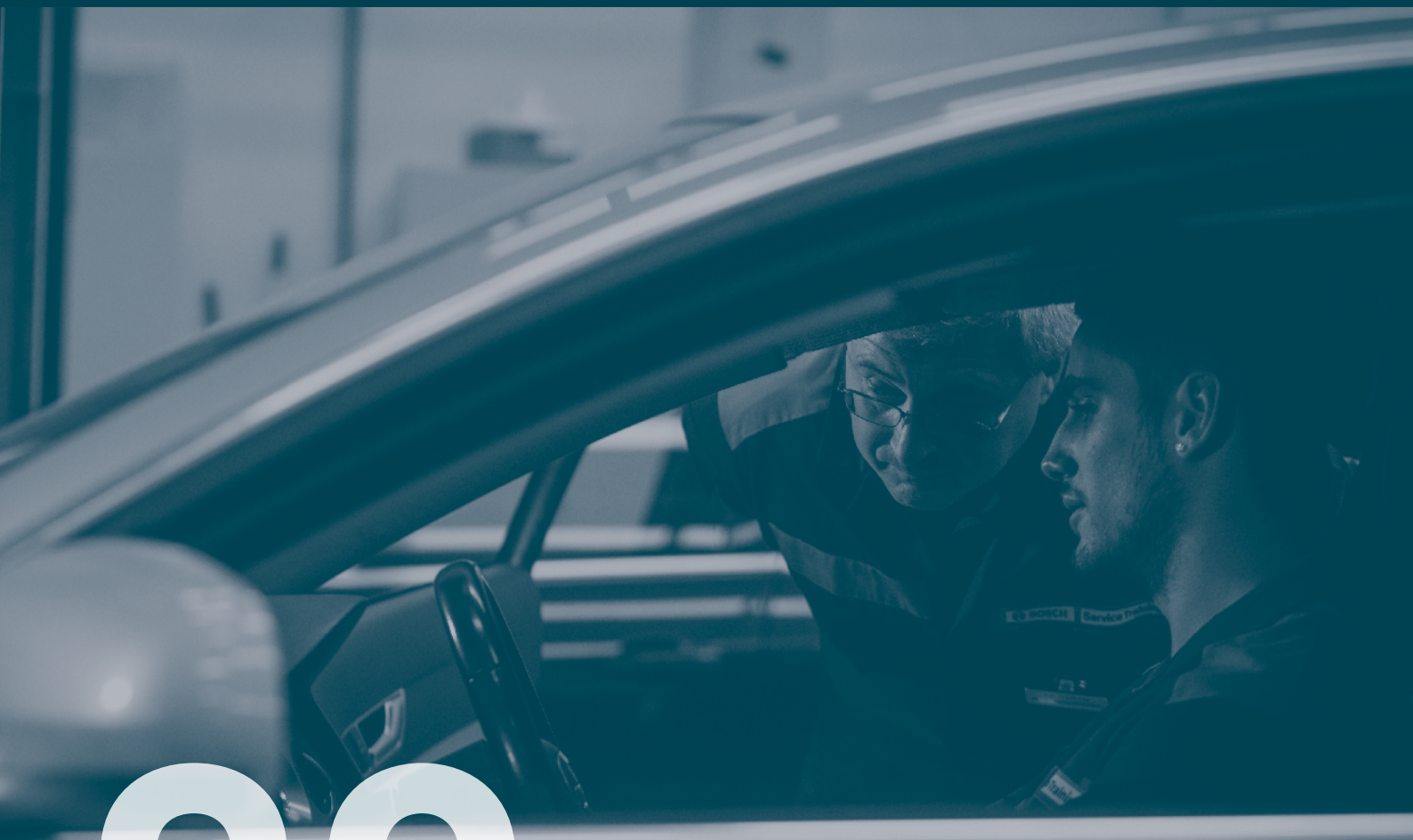




INSTITUTE OF THE
MOTOR INDUSTRY



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ANNUAL REPORT

Together, driving up standards

RISK

RISK

The directors of IMI and IMI Awards Ltd have a robust risk management policy and keep the IMI Group's activities under constant review, particularly with regard to any major risks. The risk management policy reflects the purpose and approach to risk management and the role of staff and senior management in identifying and reporting risk, and taking mitigating actions to reduce risk levels. There is an organisational risk register that identifies all known strategic risks assigned to individual risk owners. The risk register includes mitigating actions to eliminate or reduce each risk and is reviewed monthly for effectiveness.

Risk owners are trained to identify risks, implement mitigating strategies and to deal with issues that arise. Risks which are considered to be high in impact are reported to the Group Board twice a year. Any interim significant high impact changes in risk levels are reported to the Group Board as they occur. A number of independent quality assurance committees for both IMI and IMI Awards Ltd continue to function to ensure that the activities of the Group are closely monitored.

BREXIT AND THE IMI

It is our consideration that the result of the referendum, to leave the European Union, will have little impact on the IMI in the short or medium term, given that the process will take up to two years and the UK will effectively remain an EU member up to that time.

The Executive team, in consultation with the Board, will consider and plan for any longer term risks as the full effects of Brexit become clearer, but there are no obvious challenges to our strategy. The UK is still our core market and our growth overseas is very largely outside of the EU.

SCOPE OF RESPONSIBILITY

The CEO has responsibility for maintaining a sound system of internal control that supports the achievement of the Institute of the Motor Industry policies, aims and objectives as set out in the IMI Strategic Plan 2014 - 2017 and Financial Strategy whilst safeguarding the public funds and organisational assets, in accordance with the responsibilities assigned to the CEO in Managing Public Money.

The Institute of the Motor Industry has been supported by the Group Board who are responsible for:

- Agreeing and signing off the organisation's strategies and enabling frameworks;
- Monitoring performance against annual business objectives and targets;

- Identifying the central activities required to support delivery of the corporate plan and approving the annual budget;
- Evaluating the impact of emerging issues or significant divergences from corporate and business objectives delivery.

The Group Board is chaired by a non executive Director (Adrian Smith) and comprises of the organisation's CEO, two executive directors together with non executive members. An Audit and Remuneration Committee of non executive Directors supports the Group Board and Executive team through monitoring and reviewing the adequacy and effectiveness within the organisation of:

- Corporate governance arrangements;
- Processes for managing risks;
- Internal audit and related activity;
- Management responses to the recommendations resulting from internal audit work;
- CEO Statements on Internal Control;
- Financial Statements.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Institute of the Motor Industry policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Institute of the Motor Industry for the year ended 31 March 2016 and up to the date of the approval of the Annual Report and accounts, and accords with Treasury guidance.

REVIEW OF EFFECTIVENESS

The CEO has responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Senior Management Team and other managers within the organisation, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on



the implications of the result of my review of the effectiveness of the system of internal control by the Group Board and the Audit and Remuneration Committee and measures to address weaknesses and ensure continuous improvement of the systems are in place..

THE INSTITUTE OF THE MOTOR INDUSTRY GROUP BOARD

The CEO has responsibility for maintaining a sound system of internal control that supports the achievement of the Institute of the Motor Industry policies, aims, and objectives as set out in the IMI Strategic Plan 2014-2017 and Financial Strategy while safeguarding the public funds and organisational assets, in accordance with the responsibilities assigned to the CEO in Managing Public Money.

The Group Board is the governing body of the organisation and carries responsibilities for setting the Institute of the Motor Industry policy priorities and for promoting the efficient and effective use of staff and other resources whilst ensuring that it fulfils its aims and objectives. The main responsibilities of the Group Board are as follows:

- The Group Board is entrusted with public funding and therefore has a particular duty to observe the highest standards of corporate governance. This includes ensuring and demonstrating integrity and objectivity in the transactions of the Institute of the Motor Industry and, wherever possible, following a policy of openness and transparency in the dissemination of decisions.

- The Group Board has a duty to enable the organisation to achieve its strategic aims. This responsibility includes considering and approving the organisation's final Strategic Plan and Business Objectives and resource deployment.
- The Group Board regularly monitors the performance of the organisation against its planned strategies and key performance indicators.
- The CEO is responsible to the UKCES for ensuring value for money, regularity and propriety in deploying all the organisation's resources. The Group Board's financial responsibilities include ensuring the solvency of the organisation and safeguarding its assets and receiving and approving the Annual Report and Accounts.
- The Group Board has oversight of the organisation's arrangements for internal and external audit, as well as ensuring the existence and integrity of financial and other control systems. This responsibility is delegated to the Audit and Remuneration Committee.

This report was approved by the board on 6 July 2016 and signed on its behalf.

S Nash FIMI
Director

The IMI believes that the development and facilitation of professional registration is critical to personal and business success.

We exist to make this happen.