

# BOARD OF MANAGEMENT

## Audit and Risk Committee

Tuesday 3 June 2025 at 5.00pm **Room K-TO-624,**  
**Kingsway Campus** (MS Teams option available)



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Minute of the Audit & Risk Committee meeting held on Tuesday 3 June 2025 at 5.00pm in Room K-TO-624 Kingsway Campus and via Microsoft Teams.

**PRESENT:** Helen Honeyman (Chair) Derek Smith  
Matthew Beattie Richard Gordon  
Ged Bell

**IN ATTENDANCE:** Steve McNaught (Henderson Loggie)  
Nicky Anderson (Director of Finance)  
Steven Taylor (Vice Principal Support and Organisation)  
Michael Speight & Konzekerani Chigwenembe (Forvis Mazars)  
Penny Muir (Board Administrator)

### 1. WELCOME

H Honeyman welcomed everyone to the Audit & Risk Committee meeting.

### 2. APOLOGIES

Apologies were noted from K McIntosh and J Buchanan. S McNaught noted he was standing in for D Archibald.

### 3. DECLARATIONS OF CONNECTION & INTEREST

No declarations of connection and interest were noted.

### 4. MINUTE OF THE PREVIOUS MEETING

The minute of the Audit & Risk Committee meeting held on 4 March 2025 was approved as an accurate record.

### 5. MATTERS ARISING

All matters arising have been completed or are addressed in the current agenda.

### 6. AUDIT

#### 6.1. 2023-2024 Audit Lessons & Improvement Plan

S Taylor presented an update following discussions at the last meeting, where there had been a delay in the audit sign-off. It was agreed at that time to hold a follow-up session with M Speight and K Chigwenembe to review the audit process and explore areas for improvement in the audit approaches. This session had proven useful and had led to the production of the plan.

S Taylor reported that there has been progress, with significant work taking place behind the scenes to meet audit requirements. He expressed confidence that the College will meet the necessary obligations, with work continuing to progress in subsequent years as required to further refine and enhance arrangements.

M Speight added that from Mazars' perspective, the session with David from Henderson Loggie had been productive. He noted that the foundational elements of the audit process are now falling into place. Although this has not been a typical nine-month audit cycle due to earlier delays, a substantial amount of work is required in a condensed timeframe. He acknowledged that while the outcome in the Autumn may not be fully polished, it will set a clear foundation for future audits.

G Bell queried whether the plan presented was a joint plan between the College and Mazars, or solely a College initiative. S Taylor confirmed that it was a College-led plan designed to support collaborative working and effective information exchange, but that there were elements for Mazars to undertake too.

G Bell asked whether a corresponding plan from Mazars would be forthcoming. M Speight responded that Mazars did not intend to issue a separate plan, as they had contributed directly to the development of the College's plan. He identified capital accounting as a significant challenge last year and acknowledged that lessons have been learned.

M Speight highlighted further additional complications, such as job evaluation work and the transition of responsibilities within the finance team that had also impacted the timing of the audit. He noted that the audit team would be strengthened for 2024/25, with the return of Ruth from maternity leave and K Chigwenembe remaining in post.

S Taylor added that the joint elements referenced in the paper are practical, focusing on the audit timetable, the timely sharing of documentation, and maintaining consistent arrangements rather than implementing significant changes.

H Honeyman highlighted the importance of communication with the Audit and Risk Committee should there be any risk of delays in 2025. She noted that while the process may not be perfect, regular updates are essential to provide assurance that progress is being made. She asked that a further progress update be presented at the next committee meeting. This was agreed,  
**N Anderson to progress.**

## **6.2. 2024/25 Audit Plan**

M Speight provided an overview of the 2024/25 annual audit plan. He reported that planning discussions were held with the Finance team the previous week. The primary objective is to achieve as much consistency as possible throughout the audit process, which is expected to be beneficial.

Regarding areas of Audit and Risk, M Speight reminded the Committee that, consistent with required audit standards the previous years, general ledger entries and revenue recognition would be featured as standard audit items.

The Tayside Pension Fund valuation was highlighted as another area of focus and an internal specialist will review these complex areas, noting that the College has a relatively small percentage of the overall pension fund allocated to it.

M Speight highlighted that the valuation estimates recorded in the financial statements, particularly those pertaining to land and buildings, will be subject to detailed scrutiny. H Honeyman asked whether the College was ahead in terms of the valuation work undertaken for the 2023/4 audit and N Anderson confirmed that a full revaluation was planned for this year.

M Speight clarified that the valuation will be a full valuation, and this detail will be amended in the final audit plan to ensure accuracy.

M Speight reported that the job evaluation scheme continues to present a sector-wide challenge and will feature again in the audit. He noted that the Scottish Funding Council had advised that the publication of the 2024/25 audit guidance will be in July 2025, with the expectation that this would be consistent with the 2023/24 guidance.

As the Job Evaluation project was being progressed, the current basis for the calculation may become outdated over time, potentially impacting financial reporting over a period ranging from six months to several years. Although this is not regarded as a significant risk at present, it remains important to keep the matter under review, with the possibility that an alternative approach of calculation may be required as the project nears implementation. This issue is relevant across the entire sector and does not specifically affect Dundee & Angus College.

M Speight noted that financial sustainability is flagged as a sector-wide risk, though there are no specific concerns for Dundee & Angus College. Other institutions may be in more challenging positions.

H Honeyman enquired about an increase in audit fees, to which M Speight explained that Audit Scotland set the fees, which have risen in line with salary inflation figures.

H Honeyman thanked Mazars for their input and update.

## **7. INTERNAL AUDIT**

### **7.1. Payroll**

S McNaught presented the findings of the recent internal audit of payroll. The audit focused on internal controls around staff costs, which represent a significant portion of the overall budget. The review covered both the People Team and the Payroll Team.

The audit outcome was positive, with a good level of assurance provided and no recommendations identified. Although a small number of administrative-type errors were noted, no significant issues were identified. The audit found that there was a strong segregation of duties, effective checking processes were in place, no errors were identified in deduction calculations, and salaries were aligned with contractual agreements.

S McNaught noted that while this was a strong result for the College, some other college clients had encountered difficulties with payroll, particularly in relation to academic staff. These situations can unravel quickly if not properly managed.

H Honeyman welcomed the positive audit report and commended the Payroll and the People Team for their efforts, she asked about data security in relation to payroll. In response, S McNaught explained that the move to the iTrent system and the implementation of self-service functionality had improved data security significantly. As part of the transition, substantial data cleansing was undertaken, and data protection was a focus throughout.

S Taylor reported that the HR Committee had discussed the progress made through the Rapid Improvement Event, which aimed to streamline staff contracts and positions. It was noted that staff could hold multiple positions, and the plans focused on how the administrative processes for this could be better managed.

G Bell congratulated the Payroll and People Teams, recognising the complexity of payroll within support services. He noted that simplifying payment structures would contribute to more accurate payroll outcomes.

H Honeyman asked whether evidence had been requested to support the AVC compliance. N Anderson noted that this was not a priority as AVC information was held by the staff, but going forward such records would be retained.

H Honeyman thanked S McNaught for the report.

## **7.2. Internal Audit Progress Report**

S McNaught provided a summary of the current position within the annual audit plan. He stated two audits had been completed, with three still to be presented. Areas such as credits, bursaries, and the Education Maintenance Allowance (EMA) are scheduled to be reported later in September 2025.

The budget control audit had been delayed to 2025/26 to create space for the input on capital accounting.

The digital strategy audit had been planned to commence around the current time; however, work is progressing to refresh the digital strategy. As a result, the timing of the audit will be delayed to ensure there is a sufficiently developed strategy in place to review.

H Honeyman asked whether this audit could be expected at the September 2025 meeting. S McNaught confirmed this was the revised expectation.

G Bell noted that the implementation of the digital strategy must provide measurable elements to enable a meaningful audit.

S McNaught responded that, across the sector, there have been changes in guidance, and the College is currently updating its framework to support the implementation of its digital strategy. He advised that it is appropriate to wait until the College has finalised amendments to its own strategy before proceeding with the audit.

The progress was noted and the report welcomed.

## **7.3. Procurement & Creditors Audit Progress**

N Anderson provided an update on the Procurement and Creditors Audit undertaken in June 2024. The audit resulted in six recommendations, with progress regularly reported to both the Audit & Risk Committee and the Finance & Property Committee.

Of the six recommendations, five have been fully implemented. The remaining recommendation had a completion deadline set for the end of August 2025.

N Anderson also reported on the recommendation concerning compliance with the requirement to raise purchase orders. In the 2023/24 financial year, overall purchase order compliance stood at 23%. This figure has increased to 37% in the current year. While progress has been gradual, she emphasised that sustained focus and targeted efforts have led to significant improvement and would continue.

H Honeyman asked whether Purchase Order (PO) compliance levels were expected to increase further.

N Anderson responded that PO compliance should reach the high 90s in percentage terms. Significant efforts are underway, particularly with the Estates team, which is the largest area of spend. Transaction teams have been meeting with team managers to review and reinforce PO compliance in detail.

R Gordon commented that this change is being felt throughout the organisation and acknowledged that the implementation involves more than just financial control as it also touches on broader software and service-related issues.

H Honeyman asked how long the organisation is giving itself to progress on this journey. N Anderson explained that initial meetings with budget holders have already taken place and will be followed by a series of meetings focusing specifically on Purchase Orders. Compliance will also be monitored during the monthly budget review meetings, offering multiple touchpoints to reinforce expectations and processes.

S McNaught noted the increased risk of fraud where POs were not standard. N Anderson noted that this had been considered in the audit and that further work was being progressed by the new Procurement Manager.

The Committee welcomed the update and acknowledged the positive direction of travel.

#### **7.4. Follow Up Summary**

S Taylor provided an update on the progress of audit recommendations. It was noted that recommendations from the previous audit had been reviewed and that it was positive to see progress, with most areas now marked as complete.

S Taylor also referenced proposals relating to the commercial offer within the Sports Centre and noted that it was proposed that these be deleted should the current proposals around the sports Centre operation be progressed.

G Bell asked about the timing of this and steps should the commercial operation be continued and it was confirmed that in these circumstances the audit recommendations would continue to be progressed. The Committee agreed to approve the removal of audit recommendations associated with the Gardyne Sports Centre, if and when the related commercial proposals are no longer being pursued.

### **8. FINANCIAL GOVERNANCE REFLECTION/UPDATE**

S Taylor presented the paper to the Committee.

He advised that, in light of the similarities in core business operations and funding models between Dundee & Angus College and the University of Dundee, the College's Senior Leadership Team had undertaken a reflective self-evaluation. This was intended to review internal practices and consider any relevant issues arising from the recent parliamentary scrutiny of the University of Dundee's finances and governance arrangements from a D&A perspective.

S Taylor highlighted the importance of maintaining a proactive approach as these matters gain wider visibility and noted the possibility of a formal request or similar ask that all colleges and universities undertake a review relative to the outcome of the current inquiry into the Dundee University position.

He explained that the paper was informed by an initial parliamentary review and whilst acknowledging the financial challenges within the College, he reported that no significant gaps had been identified in Dundee & Angus College's current approaches. He confirmed that the paper would be further developed as additional information becomes available.

H Honeyman praised the Senior Leadership Team (SLT) for their tight financial control and proactive approach, describing it as a positive development.

S Taylor described the situation as a work in progress and outlined the next steps, which include reporting back to the Finance and Property Committee (FPC) and the Audit & Risk Committee (A&R) on identified risk areas, progress made, and action plans. He noted that this would include both management and governance practices.

N Anderson highlighted that the exercise provides a valuable opportunity for the SLT to discuss any concerns or issues openly. S Taylor added that through this process, it became evident that some members of the SLT would benefit from more specialised financial training. He also raised the importance of ensuring a clear understanding of how the curriculum and credits operate and how finances are derived from them, emphasising the need for comprehensive organisational and financial knowledge across the team.

H Honeyman welcomed the comments regarding the review of risk management arrangements to ensure that interlinkages between areas of risk were clear and robust.

S McNaught noted that student enrolment figures, despite their critical importance, had not been previously classified as a high-priority risk at Dundee University. He referenced recent reviews of Dundee University's situation to emphasise the necessity of closely monitoring of student numbers, given their substantial impact on institutional performance and planning.

G Bell noted that challenges faced by Dundee University further demonstrated the necessity of such oversight. He affirmed that the College horizon scanning practices have been effective in identifying emerging risks and commended the transparency of this approach, highlighting its value in adapting to external environmental factors.

H Honeyman concluded by commending the work as thorough and valuable.

## 9. STRATEGIC RISK REGISTER

S Taylor provided an update, noting the ongoing sector financial governance review previously discussed. The report identified a proposed additional risk, which had also been considered by the Finance and Property Committee (FPC). The FPC was comfortable with broadening the review to encompass financial strategy, planning, and audit functions. The Committee approved inclusion of this additional risk. **S Taylor to progress.**

Financial sustainability was highlighted as a significant red risk. The HR Committee and Finance & Property Committee had been informed of planned savings and efficiency measures, with detailed discussions around staffing matters, including consultation with trade unions. A comprehensive update will be provided to the next board meeting.

There has been no material change in the risk around Regarding Reinforced Autoclaved Aerated Concrete (RAAC). A further structural engineering assessment is scheduled, with no expected significant change in condition.

H Honeyman asked about the potential financial risk posed by the RAAC remediation timeline of three to five years in contrast to the timeline for the new campus development. S Taylor stated that this remained a concern but that it was hoped that there has been no deterioration in RAAC condition and if so that the three to five-year rolling review will continue.

Should remediation be necessary, a provisional plan exists, including options such as renting alternative premises or borrowing other public sector space. This would, however, incur additional costs and financial support from the Funding Council would be sought.

The Committee approved the strategic risk register.

## 10. INTERNAL AUDIT PROCUREMENT

### Item was taken without auditors present

N Anderson reported that at the September committee meeting, the responsibility for selecting the internal audit provider was delegated to H Honeyman and N Anderson. This process has now been completed, with two supplier bids received and assessed. Following evaluation, it was recommended that Henderson Loggie will be appointed as the internal auditor for Dundee & Angus College for a three-year term commencing October 2025, with an option for extension of up to 2 further years.

H Honeyman noted the importance of gaining a deeper understanding of the industry in which the College operates, describing this as a positive development.

N Anderson confirmed that the successful supplier scored highest in both price and quality criteria.

G Bell highlighted Henderson Loggie's existing knowledge of the College as an advantage.

H Honeyman emphasised the importance of obtaining the best service and value for the Board's needs, noting that Henderson Loggie's proposal was competitive on both price and service aspects.

The Committee formally approved the appointment of Henderson Loggie as internal auditors for Dundee & Angus College as proposed. **N Anderson to progress.**

## 11. DATE OF NEXT MEETING

Tuesday 16 September 2025 at 5.00pm in Room K-TO-624, Kingsway Campus

<b>Action Point Summary</b>		
<b>Action</b>	<b>Responsibility</b>	<b>Date</b>
Update on audit progress to be provided to the next meeting	N Anderson	16 September 2025
Risk Register to be updated	S Taylor	13 June 2025
Internal Audit contract to be implemented	N Anderson	16 September 2025