BOARD OF MANAGEMENT

Audit and Risk Committee

Tuesday 2 June 2026 at 5pm in room K-TO-624 and via MS Teams

Minute of the Audit & Risk Committee meeting held on Tuesday 3 March 2026 at 5pm in Room K-TO-624 Kingsway Campus and via Microsoft Teams.

PRESENT:

Helen Honeyman (Chair)
Derek Smith
Brian Mooney
Stephen Oakley
Richard Gordon
Carri Cussick
Jenna Lawrence

IN ATTENDANCE:

S McNaught (Henderson Loggie)
David Robertson (HEFESTIS)
Steve Taylor (Vice Principal Support and Organisation)
Andy Ross (Director of Infrastructure)
Nicky Anderson (Director of Finance)
Rachel Wall (Board Secretary)
Michael Speight (Forvis Mazars)
Ruth Holland (Forvis Mazars)

1. WELCOME

H Honeyman welcomed members of the Audit & Risk Committee.

2. APOLOGIES

Apologies were noted from David Archibald (Henderson Loggie), R Donegan and K McIntosh.

3. DECLARATIONS OF INTEREST OR CONNECTION

No declarations of interest or connection were noted.

4. MINUTE OF THE PREVIOUS MEETING

The minutes of the Audit & Risk Committee meeting held on 3 March 2026 were approved as an accurate record.
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5. MATTERS ARISING

The action relating to the potential strategic AI risk has been closed.
One matter arising was still to be progressed as part of a future Chairs Committee meeting with the date to be confirmed.

INTERNAL AUDIT

5.1 INTERNAL AUDIT REPORT: BUDGETARY CONTROL

SM summarised the report, highlighting the scope was to look at the arrangements for financial planning and budget setting in the College and any areas of strength and weaknesses. He explained that in financially challenged times for the sector there is an increased focus on budget setting and planning and he outlined the steps the college has taken to improve financial planning in the college highlighting improvements in how information is gathered, agreeing assumptions, the financial strategy review and setting three-year budgets. He explained that a deficit budget is consistent with the college sector to have managed deficits. He highlighted transparency of the assumptions in the financial strategy as key alongside evidence of management taking steps to manage the deficit. This coupled with finance team and budget holder transparency to Board strengthens the budget process. He further explained the following risks but advised that these were standard.

- Risk 2.1: Change in funding body and/or funding methodology and allocation – reduction or restriction in funding. (Residual Risk Score: 8, Significant); and
- Risk 2.2: Failure to achieve institutional sustainability (Residual Risk Score: 16, Major).

SM informed the Committee that there were two low-grade (Priority 3) recommendations for improvement, but overall the report was positive with no significant weaknesses and deficits were in line with the sector.

The Chair commented that the budgetary control framework was much improved and enquired as to whether the information which was to be communicated monthly to the Finance and Infrastructure committee members would cause issues from an operational perspective. N Anderson advised that this would not cause issues, as the SLT monthly Budget Monitoring Report was being revamped to include and executive summary, and that summary will go to Finance and Infrastructure Committee members each month providing transparency and consistency in the data.

B Mooney referred to the underpinning assumptions and asked how these were reviewed. N Anderson explained the Financial Strategy is a working document. The assumptions were agreed with SLT and Board Members and revisited again at the latter part of the budget setting cycle. In response to a comment from B Mooney, S Taylor advised that some of the assumptions have set dates, for example Credits, and therefore cannot be actively monitored and this is monitored on an on-going basis.

N Anderson further advised that differences between actuals and assumptions are monitored and explained on a monthly basis as part of the budget monitoring reporting process.

The Committee requested that reports were provided in a more timely manner in future, to allow for a more detailed review

The report was **APPROVED**

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6.2 2025/26 PROGRESS REPORT

S. McNaught confirmed that audit work is progressing as scheduled, and fieldwork for the Creditors and Procurement audit was being carried out this week..

6.3 FOLLOW UP SUMMARY

N Anderson reported that all follow-up actions, as reported at the February 2026 meeting, were either fully implemented.

The Committee noted the positive position.

H Honeyman thanked S McNaught for the updated reports presented to the Committee.

7. SFC OUTCOME FRAMEWORK & ASSURANCE MONITORING (OFAM) SIGN-OFF SUMMARY ("THE SUMMARY")

S Taylor provided a verbal update to the Summary, explaining this reflects new arrangements implemented by the SFC when this assurance framework replaced the outcome agreement

B Mooney referred to the Financial Viability & Sustainability section and queried as to why the savings made via Voluntary Severance will be largely neutralised by payments for the same. S Taylor advised that this was due to timing issues, but that overall the savings made had resulted in more posts being retained. He noted that as a result of this process, there may be a liquidity ask of SFC for AY26-27.

The Committee discussed the usefulness of the Summary, and it was agreed that, despite the lag in the reporting data, it was a useful tool and thanked S Taylor for the update.

The Committee confirmed that the Summary provided appropriate assurance.

8. STRATEGIC RISK REGISTER

(i) RISK REGISTER UPDATE

S Taylor provided an update on the draft June 2026 Strategic Risk Register and advised the Committee that the only change had been to Risk 2.2 – Failure to achieve institutional Sustainability, which now included reference to the Financial Strategy. He advised that the risks surrounding the future financial sustainability of the College remain significant and focused savings plans and detailed monitoring are in place as necessary to support on-going sustainability.

The Committee noted that financial sustainability remains a Major risk.

The Committee referred to the funding regularity with Dundee University, and S Taylor noted that productive conversations were being undertaken in relation to the curriculum.

S Taylor referred to the concerns surrounding RAAC and informed the Committee that there had been a question raised that day, in First Ministers Questions, and both the question and the response were positive.

The College noted that the College was currently running 2% behind the Credit threshold, but this was not of concern, and it was likely that this would be met by year end.

C Cussick referred to risks arising from AI and suggested that this should be a separate entry in the register. After discussion, it was noted that AI risks are embedded across the Risk Register rather than held as a standalone risk, reflecting their cross-cutting nature.

R Gordon agreed with the Chair that the risk is continuously evolving, as are the mitigation measures, and that these mitigation measures should be more clearly reflected within the register.

Ensure mitigation measures relating to AI risks are explicitly referenced in the Risk Register. **ACTION.**

The Committee **APPROVED** the update

(ii) STRATEGIC RISK REGISTER

H Honeyman thanked S Taylor for the update and confirmed approval of the Strategic Risk Register

9. DATA REPORTING

S Taylor advised that there had been no reportable data breaches. The Committee noted the position.

10. EXTERNAL AUDIT – 2025/2026 AUDIT PLAN (the "Plan")

M. Speight (Mazars) referred to the report and advised the Committee that the Plan sets out the intentions that were agreed in April. It was noted that N Anderson had extended the 2024/25 year end of Gardyne Theatre Limited to 31 January 2026 at Companies House to finalise the closure of the company,

M. Speight referred to pages 24 and 25 and advised that risks 1 and 2 were mandated risks, and risk 3 reflected the assumptions and judgements which had to be made when calculating the Defined benefit pension scheme assets.

Risk 6 was included due to the valuation of land and buildings being the largest number in the statements. Risk 7 (Accounting treatment of Job Evaluation Scheme) was not of major concern and was expected to be in line with both expectations and FS102 standards.

M. Speight informed the Members that a letter regarding potential considerations would be circulated and responses would be appreciated. In response to a comment from S Taylor, it was agreed that this letter be provided earlier. He also confirmed that, in terms of materiality, risks were consistent with previous years and the auditors believe they remain independent.

H. Honeyman thanked M Speight for his update.

11. DATE OF NEXT MEETING

Tuesday 15 September 2026 at 5.00pm in room K-TO-624, Kingsway Campus.

Action Point Summary

Action	**Responsibility**	~~**Date**~~
Include the mitigation measures being undertaken in relation to AI in the Risk Register	S Taylor	15 September 2026