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# Investigation into Financial Oversight and Decision-Making at the University of Dundee: The Circumstances and Causes of the Current Financial Position

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## Terms of Reference

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The Scottish Funding Council (SFC) has commissioned an independent investigation to determine the causes and contributing factors to the deterioration of the University of Dundee's financial position as revealed to its Court on 12 November 2024. SFC wishes to understand how it was possible that this deterioration came as a surprise to the University leadership.

### Purpose

The investigation is being commissioned to understand the reasons why the University of Dundee's financial position deteriorated so seriously and apparently so suddenly. The investigation will consider the role of management and governance in the deterioration, the information flows, any cultural issues and whether appropriate questions were asked at University Executive Group (UEG), Court and its committees.

The investigation will provide the opportunity for the University to learn lessons from the circumstances that led to the deterioration. Additionally, SFC would be interested in understanding any lessons that would be beneficial for the wider sector in Scotland.

### Detailed Terms of Reference

The investigation will seek to understand:

#### Financial Management

1. The causes of the worsening financial situation, and in particular the balance between external factors affecting income generation and internal factors around governance and cost control.
2. The extent to which, over time, budgets were building in unrealistic savings or income targets which masked the true ability of the University to meet its budget targets.
3. The reasons the University failed to manage its cash prudently, allowing it to deteriorate to critically low levels, and failed to honour the commitment to invest money that had been understood to be ringfenced for future projects.
4. Whether investment decisions (capital, staffing, digital, operational, other) were appropriately agreed against their effects on the University's sustainability.
5. The effectiveness of internal systems and controls.

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## Financial Reporting

6. The reasons why key signs of distress were not reported to UEG and Court in a timely fashion, and in particular why Court was only informed fully in November 2024.
7. The reasons why the University failed to report in a timely fashion to its key stakeholders.
8. The quality, credibility and accuracy of the information provided to the UEG and Court and their delegated committees and other groups, and whether this had an impact on the UEG's or Court's capacity to understand the situation and provide appropriate challenge.
9. The extent to which these bodies were left with a false impression of the University's financial health.
10. The extent to which any current or former member of the executive or governance structures sought to suppress information about the magnitude of the financial situation.
11. The extent to which any member of staff felt unable to raise concerns of the magnitude of the financial situation.

## Governance & Oversight

12. The extent to which UEG and Court and their committees and groups were aware, could have been aware and should have been aware, of the worsening financial situation.
13. The extent to which any reasonable person could have reached a judgement on the basis of the information provided that the University's financial position was worse than presented in the reports provided to UEG, Court and their committees and groups.
14. Whether any of the UEG, Court and their committees and groups failed in their executive or governance responsibilities to act soon enough to respond to the worsening situation.
15. The degree to which any executive or governance failures since the Court meeting on 12 November 2024 have inhibited the ability to address the financial situation and work towards recovery.

## Other

16. Such other issues as may emerge from the investigation of the above and which contributed to the deterioration of the financial position.

The Investigator and the team appointed shall have access to all appropriate information including, but not limited to:

- Agendas, papers and minutes of meetings of the UEG and Court and their reporting committees and other groups.

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- Any working drafts of papers presented to these groups.
  - Any other reporting to these groups, or relevant information provided to them.
  - Such other information as may be determined by the Investigator as necessary to fulfil the terms of reference.

The Investigator and the team shall be entitled to interview members of staff of the University and members of the University Court as may be required to fulfil the terms of reference – this includes those who are currently employed by the University but may not be currently at work for any reason. Where possible, the Investigator and team will be encouraged to speak with former members of staff. SFC expects that the Investigator and the team will consult with trades unions, regulators, contractors or wider stakeholders in fulfilment of the terms of reference. University staff and students or members of Court may request an opportunity to provide evidence to the investigation team.

SFC will ask that the Investigator endeavour to complete the investigation, including submission of the final report, within two months of the team being appointed.

The Investigator will provide periodic updates to SFC at regular intervals throughout the process on a timeframe to be agreed.

## Investigator and team

SFC, together with the independent investigator, will appoint an appropriate team to undertake the detailed work. Members of this team will not be an employee of the University of Dundee or the Scottish Funding Council or any of their partners. Any real or potential conflicts of interest will be carefully examined before reaching a decision to appoint the team. The Investigator and team so appointed will be required to have a good understanding of the Scottish HE context and will ideally have detailed experience of financial management and oversight. Ideally the Investigator's team will have experience of carrying out comparable investigations elsewhere.

## Administration

The investigation will be supported by the University to ensure the Investigator and team has access to the documents and information that is required, and to support such arrangements for interviews, etc, as prove necessary.

## Publication

The Investigator's team will provide a written report to the Investigator for presentation to the Scottish Funding Council. This will be shared with the University Court. The report will be expected to be compiled by the investigation team in a way which will enable it to be published in full.

The final report will be provided to the SFC who will share it with Scottish Ministers, the Office of the Scottish Charity Regulator and the University prior to publication. The

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Investigator and their team will also convene an open meeting for staff and students of the University to share the findings and recommendations prior to the report being published.

**25 March 2025**