

EXPENSES REVIEW
UNIVERSITY OF DUNDEE
MAY 2025



**University
of Dundee**

AAB

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EXECUTIVE SUMMARY

We were engaged to:

- Establish if the expense claims and Purchase Card transactions submitted between 2021 to 2024 were in accordance with the University's policies and were correctly detailed.
- Establish if expense claims and Purchase Card transactions submitted during the period (including any receipts and associated documentation) were approved appropriately.
- Provide a summary of the level of expenditure per year, together with trends.

It was identified that a substantial number of expense claims were submitted in breach of the University's policy requirements and lacked robust documentation for the business rationale.

In respect of Purchase Card transactions in relation to travel, whilst appropriately approved, there was no data or documentation provided to AAB which demonstrated that value for money was assessed or achieved. The remaining sample of Purchase Card transactions that were not in relation to travel were inconclusive as there was no evidence to show that the transactions had been approved.

Page 12 sets out a summary of the level of expenditure per year and trends.



INTRODUCTION

The University of Dundee (“the University”), engaged Anderson Anderson and Brown Audit LLP (“AAB”) to perform an Expenses Review of the expense claims and Purchase Card transactions submitted by the University’s former Principal & Vice Chancellor for the period from 1 January 2021 to 6 December 2024. The key objectives of this assignment were to:

- **Scope 1:** Establish if the Expense Claims and Purchase Card transactions submitted during the period (including any receipts and associated documentation) were in accordance with the University’s policies and were correctly detailed.
- **Scope 2:** Establish if the Expense Claims and Purchase Card transactions were approved in accordance with the University’s policies and Schedule of Delegation.
- **Scope 3:** A summary of the level of expenditure per year and any trends within that.

The body of this report covers the three procedures outlined within the scoping document. Each section summarises the objective of the procedures, the work performed, the conclusion of the procedure and recommendations identified.

WORK PROGRAMME

Scope 1

- We obtained copies of the expense claims and associated receipts submitted during the period.
- We obtained Purchase Card transactions and selected a sample of 35 for testing, based on factors such as value, category and key word descriptions.
- We obtained screenshots from the OneUniversity system which provided the detail behind the claims.
- We extracted the relevant data and identified whether each claim was correctly detailed and in line with the University policies, and correctly detailed.

Scope 2

- For all expense claims and the sample of Purchase Card transactions, we obtained screenshots from OneUniversity and identified whether each expense claim was approved and by whom.
- We reviewed whether this approval was appropriate by reference to the Scheme of Delegation.

Scope 3

- We reviewed the datasets provided for expense claims and Purchase Card transactions and performed a graphical analysis.

Limitations of scope

We did not verify the data within OneUniversity and cannot comment on the integrity of the data input. Our scope was to review expense claims and Purchase Card transactions to assess if they were in line with policy and had appropriate approval.

We did not validate the data used in creating our analysis (being the underlying Purchase Card data). Our scope was to use this data to present summaries of spend and comment on trends noted.



UNIVERSITY POLICIES

The following policies were considered in performing the assignment:

- Staff expenses travel and working overseas policy (February 2019)
- Schedule of Delegation (November 2020)

The following documents were considered as addendums to the policies:

- Email from the Chair of Court (August 2022)

Key Principles

The Staff expenses travel and working overseas policy, approved in February 2019 by the Finance & Policy Committee and the Court; begins by establishing the key principles embedded in the application of the policy. There are eight key principles. For the purposes of this report the relevant elements of the principles are outlined below:

- The University will only reimburse the actual cost of expenses wholly, exclusively and necessarily incurred by staff in the performance of the duties of their employment.
- There must be no local customisation of the policy to create separate School or Directorate arrangements.
- The policy applies equally to all parts of the University and all its staff.
- Staff must endeavour to achieve value for money without impairing the efficiency of the University.
- Staff must ensure that effective management and financial controls are in place, and that expenditure incurred is reasonable and within budget.
- Expense claims can only be used to claim reasonable travel expenses, subsistence and other relevant costs as outlined in the policy.
- Expense claims must be used to reimburse incidental personal expenditure (personal costs incurred whilst on University business) and not general business expenditure.
- Expense claims must not include the purchase of equipment, goods or services, which should instead be made through the University's procurement procedures.
- Expense claims should be submitted no later than three months of the date of return to the University.
- All staff travel journeys and expense claims must comply with the policy unless fully reimbursed by an external funder, where the funder's policy allows staff to claim for a higher level of travel / subsistence in carrying out the project / business requirement.

The policy contains details relating to Travel, Accommodation, Subsistence, Hospitality, Gifts & Entertainment. Train Tickets, Hotel accommodation and flights. These must be booked ahead through the University's approved travel providers - Key Travel or DP&L.

Expenses must be approved by a Budget Holder, with expenses incurred by the Principal approved by the Chair of the University Court, or in the case of business class flights, the Director of Finance. The Director of Finance in place for the majority of the review period (2022 - late 2024) was Peter Fotheringham.



Travel

The policy provides guidance for staff traveling by air, rail, vehicle and taxi. For travel in the UK, where practicable, public transport should be used where this provides the best value for money. Where public transport is not practicable, travel can be by privately-owned car, University pool car, self-drive car hires or taxi.

From our review of the expense claims and Purchase Card transactions, the Principal claimed expenses using all modes of transport excluding vehicle, therefore the specifications on each of the three used travel modes are detailed below.

Travel by air

Air travel bookings should only be claimed via expenses in an emergency, where it was not possible to book ahead. Staff should use the standard airline baggage allowance on all flights and where additional baggage is required for business reasons, staff should advise the University's travel provider at the time of booking. Passport costs would not normally be reimbursed but travel visa costs may be claimed. Staff should travel economy class, with premium economy or economy plus (or equivalent) classes only available under the following circumstances:

- A premium economy or equivalent class of seat is available at an economy class fare.
- A flight is over five hours in duration.
- If a member of staff has a specific medical condition that requires different travel arrangement, and has been recommended by the University's Occupational Health Department.
- Other exceptional circumstances authorised in advance by the Director of Finance.
- Business-class tickets require authorisation from the Director of Finance, which will only be given in exceptional circumstances. First class air travel would not be approved.

Amendments for the Principal outside the policy

The finance team provided an email from the Chair of Court written on the 5 July 2022 authorising [REDACTED] (the Principal's Personal Assistant) to book premium economy or business class travel for the Principal without seeking approval from the Director of Finance, provided every effort is made to obtain good value prices.

The email states that: *"This is beyond the Travel & Expenses Policy, but you are authorised to book this without reference to the FD as this arrangement has been agreed with the Chair of Court. There is no definition for 'long haul', but I would assume over 5 hours in duration, in line with the Travel & Expenses policy. All other travel or personal expenses should be in line with the Travel & Expenses Policy, including those incurred on PCard (which he is aware of). with the condition that it was "as appropriate provided every effort is made to obtain good value prices"*.

Travel by rail

Staff should normally travel standard class. First class travel may be used only under the following circumstances:

- First class is available at a standard class fare on the same journey.
- A member of staff has a specific medical condition that requires different travel requirements, and this has been recommended by the University's occupational Health Department.
- Other exceptional circumstances authorised in advance by the Director of Finance.

If staff are required to use a sleeper service in the execution of their duties, they should upgrade to sole occupancy of the cabin.



Amendments for the Principal outside the policy

The email provided by the University of Dundee team also addressed rail travel. Short rail travel journeys (e.g. to Edinburgh) were expected to be taken in standard class but long journeys (e.g. to London) were permitted by first class. It was expected that good value should be obtained by purchasing advance tickets wherever possible.

Travel by taxi

For taxi journeys within Dundee where a bus is not practicable, the University appointed an approved taxi provider (Tele Taxis) which can be used for journeys within Dundee and airport pick-up and drop-off journeys.

In certain locations and countries, the use of taxis may be the only safe or convenient form of transport. Only licensed taxis should be used. All staff should obtain receipts for every journey. The receipts should show the destination and departure point, date and time of travel.

Accommodation

Hotels or accommodation must represent good value for money. If staff select hotels or accommodation providers with which they wish to collect loyalty points the costs must not result in any incremental cost being borne by the University. If a hotel is likely to exceed the recommended rate, then prior authorisation must be obtained from the budget holder. The agreed maximum rate per night (inclusive of VAT and / or other local taxes) for accommodation bookings is:

- £180 for bed and breakfast in London (within the M25) and capital cities overseas;
- £130 for bed and breakfast in the rest of the UK and outside a capital city overseas. In exceptional circumstances where a higher rate is paid, staff should retain evidence that there were not valid cheaper alternatives.

Subsistence

Overnight stays

Where there is an overnight stay, staff members are entitled to claim reasonable expenses for personal subsistence.

- In the UK, this is a maximum daily allowance of £40 per person per day to cover all meals and refreshments.
- In Europe and overseas, a maximum daily allowance of £50 per person per day to cover all meals and refreshments.
- If subsistence is likely to exceed the authorised rates then permission must be obtained from the budget holder and in advance where possible.

Purchase of alcohol

All such expenditure is deemed to be personal in nature and cannot be reclaimed from University funds or included in a subsistence claim.



Hospitality and entertaining

Hospitality

Hospitality is defined in the University's Financial Regulations as: "Any food, drink, accommodation or entertainment which has been provided either without charge or at a heavily discounted rate."

Entertaining

Acceptable entertainment is deemed as:

- i) expenditure incurred from occasions arising to discuss a particular business project with external people not directly connected to the University; or
- ii) expenditure incurred where the purpose is to maintain an existing business connection or to form a new one with external people not directly connected to the university.

When claiming business entertainment expenses, the policy states that prior to the entertainment being offered, the relevant Dean or Director must approve in advance if the amount in total is over £200 or £50 a head. From discussion with the finance team, it is our understanding, in the Principal's case, this would be the Chair of Court. All costs incurred must be reasonable and consistent with the basis for the entertainment being offered.

Further rules surrounding claiming business entertainment expenses included:

- A ratio of no more than four employees to one guest is acceptable.
- All entertainment must be supported with written evidence of payment.
- The names of all attendees, and the names of their employers, must be presented with the expenses claim.
- Alcohol is only permitted when entertaining external guests with a defined business outcome.
- The drinks bill should reflect reasonable consumption given it is a business meeting.

SCHEDULE OF DELEGATION AND DECISION-MAKING POWERS

The University has a decision-making framework in place, incorporating the University Court as the governing body of the University. It has collective responsibility for managing the affairs of the University in accordance with the University Charter and Statutes. Subject to rules framed by the University Court, The Principal & Vice Chancellor shall exercise general supervision over the University and be generally responsible for maintaining and promoting the efficiency and good order of the University.

Whilst it was not covered within the framework, from discussion with the Head of Financial Accounting, it our understanding that the Principal's expenses and purchase card transaction are approved by the Chair of Court.



SCOPE 1: SUBMITTED IN ACCORDANCE WITH UNIVERSITY POLICIES

Expense claims

We reviewed all 32 expense claims made by the Principal during the period, totalling £3,266.74. The majority of the claims were categorised as Hospitality (59%), with the remaining categories as: Accommodation (24%); Travel (11%); and Other (6%). We assessed that compliance with the policy varied depending on the category of expense. Receipts and appropriate associated documentation were attached in all claims. We note that none of the travel claims were booked through Key Travel, contrary to the policy.

The analysis of expense claims found that 69% (22 claims) were in line with the University's policy, 13% (four claims) were in breach of the policy and 19% (six claims) inconclusive in our view. In terms of £ value, 48% were in line with policy, 14% were in breach of the policy and 38% were inconclusive in our view.

Out of policy

All of the four that were designated as in breach of the University's policy were for hospitality. They were in relation to dinners with members of University of Dundee staff. They were in Broughty Ferry, Edinburgh, and Dundee, therefore we have assumed that these were not subsistence for overnight trips. They all included alcoholic drinks and were only with staff members which is against the University policy. The total value of these claims was £447.30. All instances of non-compliance were between 09 December 2021 and 22 August 2022. All of the out of policy expenses were for meals with various members of the UEG.

Inconclusive

The six claims that we deemed inconclusive were in respect of hospitality, being the Principal with guests in five of the claims. All guests were appropriately documented, however the business rationale was not included. The amounts spent were over the approved maximum spend of £200 in total and or £50/head for each. There was no evidence available to agree that the spend over this limit was approved by another Dean or Director before it was claimed, therefore we have deemed that the results for this are inconclusive. The total of the claims that were inconclusive were £1,236.16. See Figure 1 below for the breakdown of the inconclusive entries:

Reference	Date	Vendor	Total expense claim
VC-7	22/08/2022	The New Club	£ 105.20
VC-13, VC-15, VC-17	09/12/2021	The Caledonian Club	£ 400.56
VC-25	28/10/2021	Piccolo	£ 250.85
VC-28	10/11/2021	Café Royal Circle Bar	£ 479.55

Figure 1: Inconclusive Entries

Of the above, VC-25 was the only entry which had members of UEG in attendance.

Summary: A significant number of expense claims were out of policy and lacked proper documentation of the business rationale, which creates risks of non-compliance, misuse of funds and compromised financial oversight.



Recommendations:

- Conduct a periodic cold review of expense claims. By auditing a sample of claims each quarter, the finance team can intervene before small issues become endemic.
- Explore tailoring the OneUniversity's functionality to enforce policy compliance by setting rules for expenses (e.g., maximum allowable amounts for certain categories, approval thresholds, etc.). Claims that fall outside of these predefined parameters should be automatically flagged for review and approval by the Director of Finance.
- Ensure University staff are aware of the expense claim policies and approval processes.

Purchase Card Data

The Purchase Card analysis was more inconclusive than for the expense claims. As noted, an email was provided by the Chair of Court which allowed the Principal to travel in premium economy or business class for long-haul flights providing it was good value for money without approval of the Director of Finance. The email is not an approved policy document, although we acknowledge that the Principal would act in accordance with the email's contents which reference long-haul flights as the threshold for business class travel.

All flights within the sample were long haul and within policy, assuming value for money. We are unable to comment on whether business class flight purchases were value for money, as no documentation was made available to support this assertion. Of the sample of 35 purchases, (78%) were categorised as Travel, and all were for business class travel. The remaining purchases were categorised as Accommodation (13%), Hospitality (6%) and Other (3%).

Analysis of the Purchase Card sample identified that 51% were inconclusive as to compliance with University policy, 29% were in breach of policy and 20% were in line with the policy. In terms of overall value (c£97k), (90%) were inconclusive (£87k), (6%) were in breach of policy (£6k) and (4%) were in line with policy (£4k).

We identified that all the Accommodation purchases were in breach of policy and were above maximum rate per night threshold in both the UK and Overseas. Hospitality was largely in line with the expenses policy in terms of value, (67%) of the entries were compliant.

Summary: A significant number of purchases made with the Purchase Card lacked information to show that every effort had been made to obtain value for money (i.e. in the case of business class flights). The email to the Principal did not provide clarity as to what evidence should be retained. This creates subjectivity and creates risk of non-compliance, misuse of funds, making it harder to detect or prevent misuse and to enforce accountability.

Recommendations:

- All arrangements must be clear to minimise subjectivity. If a degree of subjectivity remains, implement a control such as that quotes must be held in addition to the booking confirmation documents as well as the business rationale for the decision.



SCOPE 2: APPROVED IN ACCORDANCE WITH UNIVERSITY POLICIES

Expense claims

The expense claim and approvals system is used by all employees, irrespective of seniority, to submit and approve expenses. The individual from whom staff members are to seek approval is clear from the policy. From our discussions with the Head of Financial Accounting, the Principal's expenses should be approved by the Chair of Court but this is not clearly stated within the policy.

From analysis of the expense claims submitted by the Principal, we identified evidence that the expenses approval system was ineffective at capturing the correct approvals. The expense claims were all approved from a procedural perspective through the system, however Court members do not have access to this system to approve expenditure. Therefore, the expense claim system does not evidence approval from a Court member.

The total value of the expense claims under review was £3,266.74, we identified that 94% (£3,240.06) of the expense claims were created by the Principal and approved by [REDACTED], his Personal Assistant. The other 6% (£26.68) of occasions occurred with the Principal creating and approving his own expense claims. These transactions individually being below the £50 de minimis and were therefore in accordance with the University's approval process for low value claims. There was no evidence demonstrating that the University Court approved the expense claims submitted by the Principal's Personal Assistant.

If the Personal Assistant and the Principal can approve the Principal's expenses, it creates a scenario where there is no independent review. The Principal submitting the expenses could potentially approve their own claims, whether or not they are legitimate. The Personal Assistant might feel pressure to approve expenses on behalf of the individual, even if they are not fully justified.

Summary: All of the expense claims were approved by the Principal or the Principal's Personal Assistant. Invoices were retained but no further documentation substantiating the appropriateness of the claims. There is no evidence to enable us to conclude on approval in line with the University's policies, as no Court approval documentation was provided to us.

Recommendations:

- Set up the system to flag potential conflicts of interest if a Personal Assistant or individual attempts to approve their own or each other's expenses. Self-approval or delegated self-approval should not be possible.
- If feasible, enable the Chair of Court to approve or reject expenses directly within the system via a custom approval interface, which would be restricted to just the necessary functionality (e.g., viewing expense details and submitting approval/rejection).
- If the above is not feasible, configure the system to allow the Chair of Court to approve or reject the expense directly via email. A link in the email could direct them to a secure online form or approval screen, where they can review and take action on the submission.
- If workflow access remains impractical for the Chair, the University could implement a manual workflow for expense approvals. The Chair of Court could receive a report containing expenses that require approval in PDF or paper format.



Purchase Card data

We identified that all purchases made on the Purchase Card had been approved in the system. The primary difference between the analysis of these and that of the expense claim approvals was that in our sample we found eight different individuals that were responsible for the Purchase Card approvals. Below we outline the number of approvals per individual, value of approvals and overall number of instances:

Approved by court?	Approved by	Value	Number of entries
Inconclusive	Iain Gillespie	£ 651.56	2
	Judy Finlay	£ 1,128.83	2
	[REDACTED]	£ 3,970.34	4
	[REDACTED]	£ 4,285.00	9
Yes	Christine Milburn	£ 20,391.00	3
	Jason Norris	£ 10,604.33	2
	[REDACTED]	£ 6,674.68	2
	[REDACTED]	£ 4,744.06	1
	Neale Laker	£ 16,393.53	3
	[REDACTED]	£ 27,829.71	7
Grand Total		£ 96,673.04	35

All 18 of the travel sample items are shown as approved appropriately as they were in line with the arrangements outlined in the email from the Chair of Court (those shown as Yes above), although an email is not a policy document. Business class flight approvals per the policy should have been approved by the Director of Finance but the email from the Chair of Court removed this approval need. On the system the business class flights were made by [REDACTED]. The remaining 17 sample items across the other categories were inconclusive. There was no documentation retained to confirm that the entries were approved by the Chair of Court.

Summary: Similarly to the exceptions noted in the expense claims, there was not sufficient documentation retained in order to draw conclusions upon entries (particularly those in relation to any non-travel spend). There remains an exception with the Principal’s Personal Assistant approving Purchase Card spend in the system, and the Principal also being able to do so.

Recommendations:

In addition to the recommendations in the expense claim data section:

- We recommend that the approvals system is revised and that greater clarity is enforced as to who is responsible for approving Purchase Card spend.



SCOPE 3: EXPENDITURE SUMMARY AND TRENDS

We reviewed the available expense claim data to summarise the total level of expenditure by year and to identify trends over the period. The trend analysis considered heat maps of travel spend by destination, total spend per academic year and categories of spend over the Purchase Card dataset. Observations are based solely on the data provided and any data quality limitations have been noted where relevant.

Travel - Heat map analysis

For all travel spend on the Purchase Card data, we summarised the spend according to destination and presented a geographical heat map by continent. We excluded travel related costs that were not directly attributable to flights, for example, separate baggage costs with no flight reference, any credits with unclear cost offsets and any values under an individual threshold of £50. The top three destinations in terms of spend were China (incl. Hong Kong), Kenya and Iraq, see Figure 1 for breakdown of China travel spend per year.

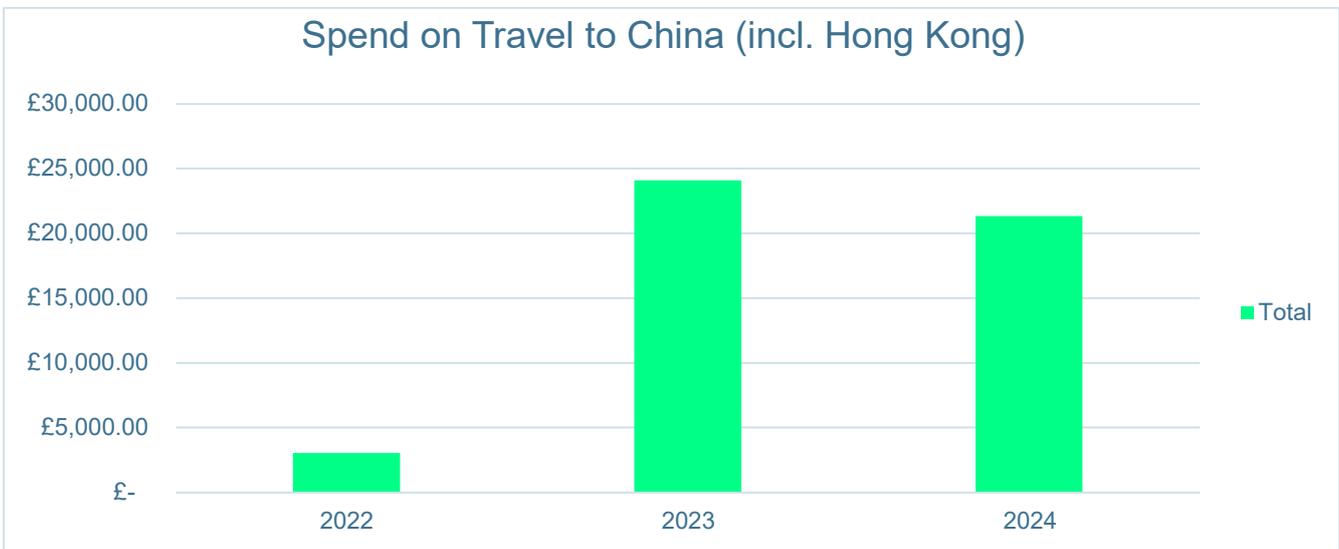


Figure 1 – Spend on Travel to China within the dataset

The majority of spend was on travel to Asia and the Middle East (64% of the dataset). The next largest was in relation to travel to Africa (25%), followed by Europe (11%). See Figures 2 – 4 for Heat Maps per continental region.



Figure 2 – Travel Spend (Asia & Middle East)



Figure 3 – Travel Spend (Africa)

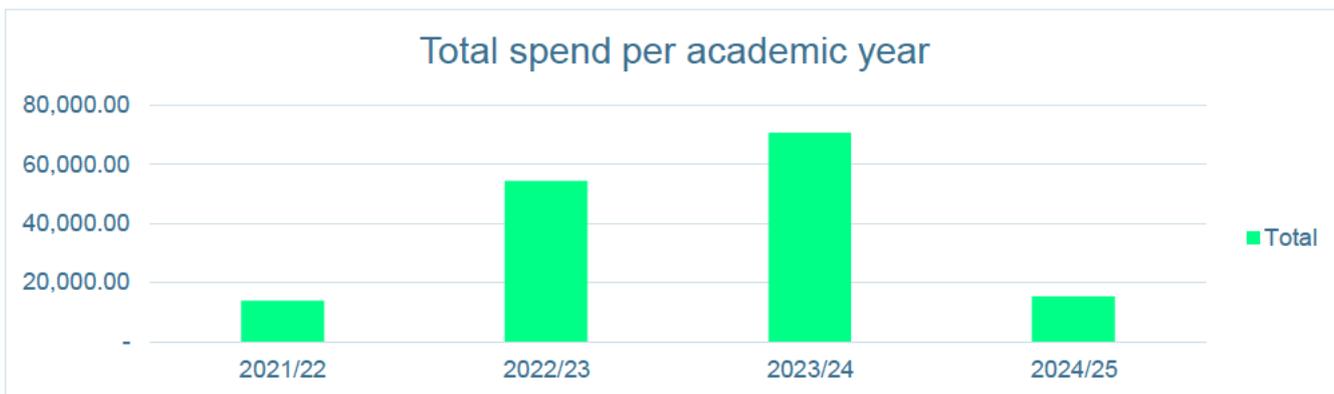


Figure 4 – Travel Spend (Europe)

Total spend per academic year

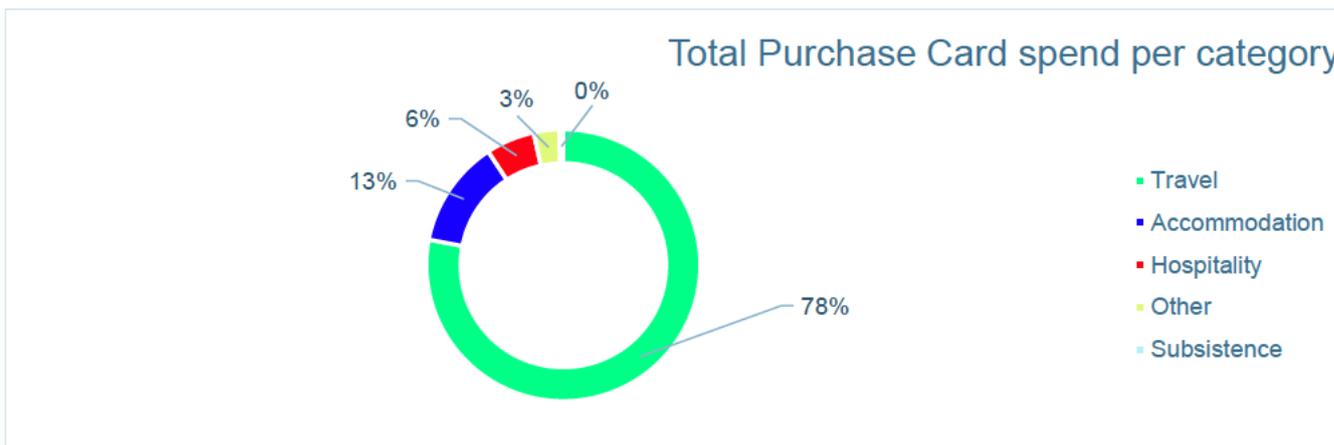
The level of Purchase Card spend has varied year on year. In 2021/22, spend was relatively low at £13,791, which may reflect the impact of pandemic-related travel restrictions during that period. Expenditure increased in 2022/23 to £54,335, likely driven by the resumption of in-person conferences and the aim to build on overseas relations to help the University recover post-COVID. This upward trend continued into 2023/24, where spend peaked at £70,633, suggesting an increase in international academic activity.

In the current year to date (2024/25), spend is £15,275, which appears lower, but it should be noted that this figure represents only part of the year and therefore may not be directly comparable to full-year totals.



Categories of spend over the Purchase Card dataset

The Purchase Card spend is weighted towards Travel, which accounts for 77% of the total spend at £120,173. Accommodation costs total £19,635 (around 13%), suggesting that while travel is high, most trips are of short duration. Hospitality spend sits at £8,854, which appears proportionate given the need to host guests, business partners or networking events. The 'Other' category totals £4,650 and relates to expenses such as conference fees, VISA applications and miscellaneous purchases, all of which are typical for supporting international academic engagement. Subsistence costs are minimal at £720.



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