CONFIRMED MINUTES

AFR 11.05.2026

At the **AFR 03.08.2026** on **3 Aug 2026** these minutes were **confirmed as presented.**

Name:	Audit, Finance and Risk sub-committee
Date:	Monday, 11 May 2026
Time:	10:30 am to 12:30 pm (BST)
Location:	Default Location, Morrison House, Bayfield, Portree
Committee Members:	Mr David Clapham, Mr Robin Nairn (Committee Chair), Mr Ian Young, Mrs Audrey Sinclair, Mr Robert Muir, Steven Proudfoot, Mr Tim Wallis
Attendees:	Ben Thomas, Jennifer MacInnes, Lowri Richards

1. Opening Meeting

1.1 Apologies

2. Declarations of Interest

2.1 Declarations of Interest

There were no new declarations of interest noted.

3. Minutes of Previous Meeting

3.1 Minutes of Previous Meetings

AFR 09.03.2026 9 Mar 2026, the minutes were confirmed as presented.

The minutes of the previous AFR Meeting were proposed by Robin Nairn, seconded by Steven Proudfoot and approved by the Board on 23 March. They will now be signed off using the BoardPro system.

4. Decision Tracker

4.1 Action List

Due Date	Action Title	Owner(s)
6 Oct 2025	Risk Management & Risk Register **Status:** Completed on 11 May 2026	Ben Thomas
20 Feb 2026	Recommendations from wbg Report to be amended as agreed with AFR **Status:** Completed on 18 May 2026	Ben Thomas

Due Date	Action Title	Owner(s)
13 Mar 2026	Email LSHA 10 Year Summary Development Programme **Status:** Completed on 12 Mar 2026	Jennifer MacInnes
20 Apr 2026	DoFI to include a note in his update to Board when the bank recon... **Status:** Completed on 18 May 2026	Ben Thomas
30 Apr 2026	Add risk framework colour coding to Strategic Risk Register **Status:** Completed on 21 Apr 2026	Lowri Richards
11 May 2026	Review performance targets **Status:** Completed on 21 Apr 2026	Ben Thomas, Lowri Richards

5. Matters Arising

5.1 Other matters arising

6. AFR Business

6.1 Year End Management Accounts 2025/26 - Verbal

DoFI provided the Statement of Comprehensive Income for the year up to 31 March 2026 and went over the figures, comparing previous year, budget and current year along with the variance and budget for the coming year 2026-27.

These accounts have changed the way we capitalise on DLO costs, which we've not done as had been in the past to make it more consistent with accountancy policies and DoFI had checked these with the auditors. A similar approach has been taken with repairs and small components have not being capitalised. Members advised that we should have a Capitalisation Policy which is to be prepared for August AFR.

DoFI also provided a Statement of Financial Position and discussed the figures with members.

Members would like a list of commercial units, DoFI will share this (added to meeting documents Agenda Item 6.1c BoardPro. They discussed the vacant premises in Kyle, which if the latest note of interest does not lead to a lease then it will be advertised.

Members discussed the DLO and asked about the staffing level. CE advised that they had been looking at the programme of works and to deliver this they have identified the need to employ a joiner. They also have an electrician due to commence next week. DoFI provided the figures, which showed that DLO recruitment is value for money.

Members found the discussion useful and were pleased to discuss the reasons behind the figures.

Members discussed rent arrears and noted the trend is upwards, DoFI confirmed that it is marginally below our peers. Following further discussion DoFI to provide a paper explaining rent arrears and write offs for Board Members.

Share list of Commercial Properties

Members would like a list of commercial units, DoFI will share this. This has been saved to the meeting documents on Agenda item 6.1 BoardPro

Due Date: 22 May 2026
Owner: Ben Thomas

Capitalisation Policy to be Created

Capitalisation Policy to be prepared for August AFR.

Due Date: 20 July 2026
Owners: Ben Thomas, Lowri Richards

Rent Arrears and Write Offs

DoFI to provide paper explaining Rent Arrears and Write Offs.

Due Date: 22 May 2026
Owner: Ben Thomas

6.2 Strategic Risk Register

CE provided the updated Strategic Risk Register as following the Board meeting on 27th April, CE has updated the Digital Strategic Risk with further details following meetings and advice from Board Member Rob Malcolm. She advised that new content had been shown in bold.

Members discussed the need to ensure that the operating platforms we use are secure and that the operators back up systems are also secure and UK based. CE confirmed that we are digitising a lot of data and we are consulting platform operators to check cyber security and whether data needs to be automatically or manually destroyed at the end of the retention period. DoFI advised that we use Microsoft, HomeMaster and Sage HR as our internal systems.

HomeMaster test site should also, if possible be anonymised and not contain replicas of live client data.

CE confirmed that staff have Cyber Security training as part of the induction process and then should be refreshed annually. Board members would appreciate refresher training and will bring this up in their appraisals. Members advised it may be good practice to send reminders to all Board Members.

CE advised that the amendments on mitigation measures does lower the risk scoring, but it does not take the digital risk down to an acceptable appetite level that Board Members would like, and members acknowledged it is a start and they are pleased with the progress.

Approval of Strategic Risk Register with amendments to Digital Strategic Risk.

Members approved the Strategic Risk Register with the amendments to the Digital strategic risk.

Decision Date: 11 May 2026
Outcome: Approved

6.3 Internal Audit Work Plan and Recommendations Completed Progress

DoFI provided the updated Internal Audit workplan update, items in Green are complete within timescale. Yellow are on the plan, and being worked on within timescale. Orange items are overdue.

There had been an update to the workplan after the Meeting papers had been uploaded, which was emailed to members and has been added to the meeting documents following the meeting.

CE confirmed that DM is working with Scotland Excel on the Procurement Improvement Plan.

6.4 EICR Process Mapping Presentation

CE provided the EICR Process Map showing there is a rolling two month timescale being worked through to gain access for EICR completions. She advised that the process is working better by the appointments being made in house and then timetables issued to contractors, who have been block-booked.

The process map has been added to the meeting documents following the meeting for future reference.

CE and DoFI also provided an update on the current programme for completing the backlog of overdue EICRs, and that we are on track to be up to date by 31st May 2026. On the rolling programme,

AFR members were also given visibility of the full number due in the current financial year, which showed there are no months with significant volumes or bottlenecks that cannot be spread out reasonably before their due date.

A summary of EICR status as at 11th May 2026 was also provided: 78 on the current control sheet that are coming up for renewal or are due. Of these, 28 were completed, 28 were complete but awaiting receipt of formal certification and 22 were still to be completed. Of the 22 outstanding, 14 had been booked and 8 had not. The 8 properties either have access issues or the EICR could not be booked in time due to access and contractor availability timing issues.

Members would like CE to contact the SHR Engagement Manager to check if the large number of EICR inspections not carried out within their due date during FY 2025-2026, should be reported as a notifiable event.

AFR members were assured by the evidence provided and process workflow that sufficient work and lessons learned was ongoing to prevent re-occurrence and encouraged close monitoring to continue.

CE to Contact SHR re EICR Inspections

CE to contact the Regulator to check if the EICR inspections which were not carried out within the timescale should be reported as a notifiable event and report back to Board on 25th May.

Due Date: 20 May 2026
Owner: Lowri Richards

7. A.O.C.B

7.1 A.O.C.B.

8. Meeting Close

8.1 Close the meeting

Next meeting: No date for the next meeting has been set.

New Actions raised in this meeting

Item	Action Title	Owner(s)
6.1	Share list of Commercial Properties **Due Date:** 22 May 2026	Ben Thomas
6.1	Capitalisation Policy to be Created **Due Date:** 20 July 2026	Ben Thomas, Lowri Richards
6.1	Rent Arrears and Write Offs **Due Date:** 22 May 2026	Ben Thomas
6.4	CE to Contact SHR re EICR Inspections **Due Date:** 20 May 2026	Lowri Richards

Signature: Ian H. Young

Date: 17/8/26