MINUTES

AUDIT, FINANCE AND RISK SUB-COMMITTEE 04.08.25

Name:	Audit, Finance and Risk sub-committee
Date:	Monday, 4 August 2025
Time:	10:30 am to 12:00 pm (BST)
Location:	Default Location, Morrison House, Bayfield, Portree
Committee Members:	Mrs Audrey Sinclair, Mr David Clapham, Mr Robin Nairn (Committee Chair), Mr Ian Young, Mr Robert Muir
Attendees:	Fanchea Kelly, Ben Thomas, Jennifer MacInnes, Trudi Tokarczyk
Guests/Notes:	Chris Docherty, Bruce Hay of RSM for Item 6.1

1. Opening Meeting

1.1 Apologies

There were no apologies noted.

2. Declarations of Interest

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There were no new declarations of interest.

3. Minutes of Previous Meeting

3.1 Minutes of Previous Meetings

Audit, Finance and Risk Sub-Committee 12 May 2025, the minutes were confirmed as presented.

The minutes of the AFR Sub-Committee meeting held on 12 May 2025, had previously been approved at the Board Meeting on 26 May 2025, they had been moved by Robin Nairn and seconded by Robert Muir.

4. Decision Tracker

4.1 Action List

Due Date	Action Title	Owner(s)
30 May 2025	DoFDS to follow up with Colin McNeil if it would be possible to b... **Status:** In Progress	Ben Thomas

Due Date	Action Title	Owner(s)
30 June 2025	Members would like the Management Accounts to be simplified as th... **Status:** In Progress	Ben Thomas
14 July 2025	CEMC advised that we would come back with a more specific project... **Status:** In Progress	Ben Thomas, Fanchea Kelly

CEMC advised that we could bring this to the September Board, or if preferred wait for the November AFR, by which time the staff structure should be complete. Members requested that it be taken to November AFR.

Pension Update

Following on from Pension Review discussion at 12 May AFR Meeting and update today it was requested that the Pension update be brought to the November AFR.

Due Date: 3 Nov 2025
Owner: Fanchea Kelly

A member advised that that Risk Register Review hadn't been picked up at the away day. CEMC confirmed that the survey is complete and Risk Management arrangements will be taken to the October Board, and the Risk Register will be back in consideration at November AFR.

Risk Management & Risk Register

CEMC confirmed that the Risk Appetite Survey is due to be complete and will be linked with Risk Management arrangements in the October Board, and the Risk Register will be back in consideration at November AFR.

Due Date: 6 Oct 2025
Owners: Ben Thomas, Fanchea Kelly

5. Matters Arising

5.1 Other matters arising

6. AFR Business

6.1 External Audit Findings Report and Financial Statements

DFI advised that the Audit is complete and there were no adjustments required to the draft accounts and no control issues raised.

Members were pleased with how DFI has managed to get through the audit and with the Auditors Report.

10.45am - Bruce Hay and Chris Docherty from RSM joined the meeting.

Bruce Hay gave an overview of the Audit Findings Report, highlighting some key points with Chris Docherty providing some feedback on the Valuation of Pension Liabilities. He advised that the audit report from PWC for the pension scheme providers TPT was marked as qualified, this was due to anomalies within TPT's financial systems and a legacy server. However there were no specific concerns about the accuracy of the information provided by TPT and incorporated into the LSHA accounts, so this did not impact the LSHA audit findings.

A member asked about the dates for buy out which RSM will check.

All staff left the meeting and allowed time for Board to meet with the Auditors alone.

11.10am - Bruce Hay and Chris Docherty left the meeting. Staff re-joined the meeting.

The chair advised that a few typos were noted which CEMC advised would be corrected. Members will send any other minor notes they had to DFI.

Members considered the Audit Findings Report and Statutory Annual...

Members **considered** the Audit Findings Report and Statutory Annual Accounts and will recommend this to the Board on 18 August subject to minor amendments.

Decision Date: 4 Aug 2025

6.2 NWHCE Report and Financial Statements to 31.03.2025

DFI advised that NWHCE has had no trading through the year. A meeting of the Directors requires to take place and CE, Lowri Richards has confirmed she will be available to attend the meeting to confirm the status of the dormant company to 31 March 2025, on 18 August 2025 before the main Board meeting.

Noted.

6.3 Quarter 1 2025-26 Financial Performance and reforecast

DFI provided the 2025-26 Quarter 1 Summary Financial Performance and Reforecast which have been prepared on a cash basis, reconciled to all bank transactions and closing balances. He explained that due to the audit there has been a delay in producing the quarterly Management Accounts from Sage which is quite a long and involved process. In the meantime DFI has set up a summary cash flow which shows headline profit and loss, separating trading activities from development income and expenditure. Members would like to see the September Management Accounts at the November Board Meeting.

DFI highlighted some key points, explaining reasoning where figures are not as budgeted, e.g. timings of receipt of grants, NHS funding, staff vacancies etc. He advised that property costs are currently very slightly over budget and there is a lot of work to go through to forecast for the remainder of the year and then the following five years maintenance costs, looking at both cyclical and component replacement.

Members discussed the Financial Performance and Reforecast, they found the format and summary very useful and especially having the forward projection which gives a chance to model improvement ideas and take any action required. They discussed the Development expenditure summary, agreed the format is useful and would like some more information included on the stage of developments. CEMC advised that the Development Report prepared for the Board will tie together with the financial summary.

Noted.

September Management Accounts

September Management Accounts to be provided at the November Board Meeting.

Due Date: 12 Nov 2025
Owner: Ben Thomas

6.4 Digital Action Plan Update

DFI provided the Digital Action Plan Update and advised that he and GCM had worked together to review the current performance and potential improvements required to HomeMaster. It has been concluded that HomeMaster is an appropriate system for an RSL of our size and nature, so it does not need to be replaced. There had been some fundamental flaws in the initial data transfer and configuration when it was installed, we now have internal processes in place to improve our use of the system and upgrades to align our requirements better with the system capabilities.

We also intend to move from Sage to the HomeMaster Finance package, this will go live on 1st April 2026 to coincide with the start of the new financial year.

Members were in complete approval of these plans.

Noted.

7. A.O.C.B

7.1 A.O.C.B.

The Committee Chair confirmed that the next AFR will take place on 10 November at 10.30am.

8. Meeting Close

8.1 Close the meeting

Next meeting: Audit, Finance and Risk Sub-committee 10.11.2025 - 10 Nov 2025, 10:30 am

Signature: Ian H. Young **Date:** 25/8/25