

# Healthcare Improvement Scotland

2024/25 Annual Audit Report



Prepared for Healthcare Improvement Scotland and the Auditor General for Scotland  
June 2025

---

# Contents

---

|                                                    |    |
|----------------------------------------------------|----|
| Key messages                                       | 3  |
| Introduction                                       | 5  |
| Audit scope and responsibilities                   | 6  |
| Audit of the annual report and accounts            | 8  |
| Wider scope and Best Value audit                   | 14 |
| Appendix 1: Action plan 2024/25                    | 27 |
| Appendix 2: National and performance audit reports | 33 |

---

## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility).

---

# Key messages

---

## Audit of the annual report and accounts

- 1 All audit opinions stated that the annual report and accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by Healthcare Improvement Scotland.

## Wider Scope and Best Value audit

### Financial Management

- 3 Healthcare Improvement Scotland operated within their key financial targets set by the Scottish Government in 2024/25 and did not require additional funding in order to meet its revenue resource limit.
- 4 Audit work performed on the arrangements in place for securing sound financial management found that these were effective and appropriate.

### Financial Sustainability

- 5 The audit work performed on the arrangements in place for securing financial sustainability were effective and appropriate.
- 6 Medium and longer-term plans are in place however they are at a high level. There is a need to further identify and plan for more recurring savings in the medium to longer term.

### Vision, Leadership and Governance

- 7 The arrangements in place for securing Vision, Leadership and Governance concluded that these were effective and appropriate.

### Use of Resources to Improve Outcomes.

- 8 The audit work performed on the arrangements HIS has in place for use of its resources to improve outcomes found that these were appropriate.

## Securing Best Value

- 9 Arrangements in place for securing Best Value are developing with the first best value review presented in September 2024. The report provides assurance in relation to best value across the organisation and sets out the challenges and actions required.
-

---

# Introduction

---

## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Healthcare Improvement Scotland's annual report and accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to Healthcare Improvement Scotland, hereafter referred to as 'HIS' and the Auditor General for Scotland. It will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Claire Gardiner, of Audit Scotland, has been appointed as external auditor of HIS for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Claire Gardiner and the audit team are independent of HIS in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from HIS, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank HIS and its staff, particularly those involved in preparation of the annual report and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

---

# Audit scope and responsibilities

---

## Scope of the audit

**5.** The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
- An opinion on statutory other information published with the financial statements in the annual report and accounts, namely the Performance Report and Governance Statement.
- An opinion on the audited part of the Remuneration Report and the Staff Report.
- Conclusions on HIS's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on HIS's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

## Responsibilities and reporting

**6.** The Code of Audit Practice sets out the respective responsibilities of HIS and the auditor. A summary of the key responsibilities is outlined below.

### Auditor's responsibilities

**7.** The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and accounts, and concluding on HIS's arrangements in place for the wider scope areas and Best Value.

**8.** The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may

not be all that exist. Communicating these does not absolve HIS from its responsibilities outlined below.

**9.** The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

## **HIS's responsibilities**

**10.** HIS has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and accounts, comprising financial statements for HIS that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

## **National and performance audit reporting**

**11.** The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to HIS and the Audit and Risk Committee. Details of some of the national and performance audit reports published recently are listed in [Appendix 2](#).

# Audit of the annual report and accounts

## Main judgements

All audit opinions stated that the annual report and accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by HIS.

## Audit opinions on the annual report and accounts

**12.** The annual report and accounts were scrutinised by the Audit and Risk Committee (ARC) on 23 June 2025 and recommended to the Board for signing. The Board approved the annual report and accounts on 30 June 2025. The appointed auditor signed the Independent Auditor's Report on 30 June 2025 and this reports that, in the appointed auditor's opinion, the annual report and accounts were free from material misstatement.



## Audit timetable

**13.** The unaudited annual report and accounts and all working papers were received on 5 May 2025 in accordance with the agreed audit timetable.

## Audit Fee

**14.** The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £37,500. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

## Materiality

**15.** Materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual report and accounts.

**16.** The concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Materiality is ultimately a matter of the auditor's professional judgement.

**17.** Materiality levels for 2024/25 were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual report and accounts and updated in [Exhibit 1](#).

## Exhibit 1

### 2024/25 Final materiality levels

| Materiality                                                                                                                                                                                                                                           | Healthcare Improvement Scotland |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b>Materiality:</b> Set at 2% of gross expenditure                                                                                                                                                                                                    | £920,000                        |
| <b>Performance materiality:</b> Set at 75% of materiality. This acts as a trigger point e.g. if the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required | £690,000                        |
| <b>Reporting threshold:</b> Set at 5% of materiality                                                                                                                                                                                                  | £46,000                         |

Source: Audit Scotland

## Significant findings and key audit matters

**18.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for HIS is the ARC.

**19.** The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

**20.** In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.

- Significant events or transactions that occurred during the year.

**21.** The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

## Exhibit 2

### Significant findings and key audit matters

| Significant findings and key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Outcome                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Quality of the unaudited Remuneration Report</b></p> <p>The audit of the Remuneration Report identified a number of errors and other disclosure changes that were required to ensure the report was fully compliant with the applicable guidance.</p> <p>While the Remuneration Report was subject to a high level review by the Board and senior officers, the review should include a sample of recalculations and disclosure agreements to FReM / NHS Manual.</p> <p>We previously reported this in our 2022/23 Annual Audit Report as a key audit matter with a satisfactory resolution.</p> <p>This is regarded as a key audit matter given the nature of the Remuneration Report and the short timescale between receipt of the unaudited accounts and approval / signing at the Board.</p> | <p>Management have updated and corrected the required values and disclosures within the Remuneration Report.</p> <p>We are satisfied that the revised Remuneration Report fulfils the disclosure requirements of applicable guidance.</p> <p>We discussed with officers how to take this forward and improve the process for the 2025/26 annual accounts and included this as a recommendation below and in the action plan at <a href="#">Appendix 1</a>.</p> |

Source: Audit Scotland

## Recommendation 1

The Remuneration Report should be subject to sample recalculation and agreement with the FReM / NHS Manual to ensure completeness and accuracy prior to submitting to audit. This will further enhance the quality process and reduce potential delays with the audit process.

## Qualitative aspects of accounting practices

**22.** ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of HIS's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

### Accounting policies

**23.** The appropriateness of accounting policies adopted by HIS was assessed as part of the audit. These were considered to be appropriate to the circumstances of HIS, and there were no significant departures from

the accounting policies set out in the 2024/25 Government Financial Reporting Manual (FReM).

### Accounting estimates

**24.** Accounting estimates are used in number of areas in HIS's financial statements, including the valuation of land and buildings assets and the valuation of the pension liability. Audit work considered the process management of HIS has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

### Disclosures in the financial statements

**25.** The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity.

### Audit adjustments

**26.** No audit adjustments were required to the financial statements greater than the reporting threshold of £46,000.

**27.** There are no uncorrected misstatements to report at the time of issuing this report.

### Significant risks of material misstatement identified in the Annual Audit Plan

**28.** Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

---

## Exhibit 3

### Significant risks of material misstatement to the financial statements

#### Fraud caused by management override of controls:

Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.

---

**Audit response - The audit team:**

Evaluated the design and implementation of controls over journal entry processing.

Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.

Tested journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end.

Evaluated significant transactions outside the normal course of business.

Assessed the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.

Assessed changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.

**Audit work found:**

The design and implementation of controls over journal processing were appropriate.

No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.

No significant issues were identified from testing of journal entries.

**Outcome / conclusion: SATISFACTORY**

We found no evidence of fraud caused by management override of controls.

Source: Audit Scotland

**Prior year recommendations**

**29.** Substantial progress has been made in implementing the agreed prior year audit recommendations. We have included management's response in the action plan at [Appendix 1](#). There were seven actions in total and six have been implemented during 2024/25.

**30.** Recommendation five, the remaining outstanding action, is a known risk across the NHS landscape and there is little that Healthcare Improvement Scotland can do to directly mitigate or address this beyond what has already been implemented locally. Further detail on this is included in [paragraphs 49-50 below](#).

**31.** Recommendation seven relates to best value and we note the annual best value report is now a standing agenda at each September ARC. The 2024/25 best value report will be presented in September 2025. We will use the 2024/25 best value report to inform our 2025/26 audit planning. We consider this action to be implemented and we will review the annual

best value report as part of our normal audit procedures. We comment more on this in the [best value section below](#).

# Wider scope and Best Value audit

## Audit approach to wider scope and Best Value

### Wider scope

**32.** As reported in the Annual Audit Plan, the wider scope audit requires consideration of the significant audit risks in following areas:

- Financial Management;
- Financial Sustainability;
- Vision, Leadership and Governance and;
- Use of Resources to Improve Outcomes.

**33.** Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements in place for each of these is reported in this chapter.

### Duty of Best Value

**34.** The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

**35.** We have considered the arrangements in place to secure Best Value alongside the wider scope audit.

## Financial Management

### Conclusion

Healthcare Improvement Scotland operated within their key financial targets set by the Scottish Government in 2024/25 and did not require additional funding in order to meet its revenue resource limit.

Audit work performed on the arrangements in place for securing sound financial management found that these were effective and appropriate.

## HIS broke even in 2024/25, however there remains a reliance on non-recurring savings

**36.** The Scottish Government Health and Social Care Directorates (SGHSCD) set annual resource limits and cash requirements which NHS bodies are required by statute to work within.

**37.** Late funding allocations hinder effective financial management by creating uncertainty in budgeting, disrupting cash flow and potentially delaying the start of planned programme expenditure. This can slow decision making and reduce the efficiency of resource use. We highlighted in [NHS in Scotland 2024 Finance and Performance](#) that the Scottish Government needed to work to provide more certainty for Boards to allow them to effectively manage their budgets.

**38.** HIS prepared a balanced budget for 2024/25 reliant on an ambitious £2.5 million savings target including non-recurring savings and a £1.1 million vacancy factor. The savings represent 10.7% of baseline funding. [Exhibit 4](#) shows that Healthcare Improvement Scotland operated within their key financial targets set by the Scottish Government.

### Exhibit 4

Performance against resource limits in 2024/25 were met

| Financial target                    | Limit<br>£000 | Actual<br>£000 | Variance<br>£000 |
|-------------------------------------|---------------|----------------|------------------|
| Revenue Resource Limit - core       | 42,987        | 42,987         | 0                |
| Revenue Resource Limit – non-core   | 833           | 833            | 0                |
| <b>Total Revenue Resource Limit</b> | <b>43,820</b> | <b>43,820</b>  | <b>0</b>         |
| Capital Resource Limit – core       | 60            | 60             | 0                |
| Capital Resource Limit – non-core   | 214           | 214            | 0                |
| <b>Total Capital Resource Limit</b> | <b>274</b>    | <b>274</b>     | <b>0</b>         |
| <b>Cash requirement</b>             | <b>43,878</b> | <b>43,878</b>  | <b>0</b>         |

Source: Healthcare Improvement Scotland 2024/25 Annual Report and Accounts

## Healthcare Improvement Scotland delivered against their savings target but challenges remain for the medium term.

**39.** In 2024/25 the Scottish Government required all health boards to plan to deliver at least 3 per cent recurring savings during the financial year. HIS's 2024/25 financial plan identified a savings target of £2.5 million.

**40.** The £2.5 million savings plan relied heavily on changes to the workforce including removing posts from team structures and not filling vacancies for the majority of the year. HIS achieved its savings target of £2.5 million in year, of this £1.1 million was on a recurring basis. This represents 44% overall of recurring savings. Monitoring reports to the ARC have stressed that this is not sustainable in the medium to longer term and many risks remain live including the funding of future pay awards and the uncertainty and timeliness of core funding from the Scottish Government. The most recent financial performance information was presented to the ARC in March 2025.

**41.** Non-executives were also advised that the savings target is the highest of all the non-patient facing health boards and is at a level similar with territorial health boards. High level plans were put in place by HIS to manage this however there is a need to focus strongly on longer-term savings in order to move to a more sustainable position. This is further discussed in the section on [financial sustainability below](#).

**42.** As at March 2025 there were few recurring saving initiatives identified for the 2025/26 year and still a reliance on non-recurring savings to meet targets. There is a risk that HIS is unable to remain in recurring financial balance in the medium term. This is an NHS-wide issue and not unique to HIS.

**43.** Our work found that during 2024/25 HIS was consistently on target to meet their overall savings target but underperforming on its recurring savings goal. The rate of recurring savings at 44% poses a risk to the achievability of savings across the five year financial plan. It is unclear how this gap can be met and HIS will need to further identify and plan to achieve more recurring savings.

## Recommendation 2

HIS need to further identify and plan for more recurring savings in the medium to longer term to demonstrate financial sustainability.

## There were appropriate internal control arrangements at HIS, however there are assurance gaps arising from shared service arrangements

**44.** From our review of the design and implementation of systems of internal control, including those relating to IT, relevant to our audit approach, we did not identify any significant internal control weaknesses which could affect HIS's ability to record, process and report financial and other relevant data to result in a material misstatement in the financial statements.

**45.** Across the NHS in Scotland a number of shared services exist and therefore Healthcare Improvement Scotland's control environment includes externally provided services from:

- NHS National Services Scotland (NSS) provision of payroll services and the national IT controls.
- NHS Ayrshire and Arran provision of the National Single Instance eFinancials service.
- Elcom who provide Professional Electronic Commerce Online System (PECOS) the eProcurement system used by NHS boards across Scotland.

**46.** The NHS in Scotland procures service audits each year to provide assurance on the controls operating within the shared systems. As part of our overall audit approach we consider the evidence from service auditors of NHS NSS and NHS Ayrshire and Arran to inform our risk assessment procedures.

**47.** The Type II service audit on NSS payroll resulted in a qualified audit opinion relating to two control objectives which did not operate effectively during the year:

- Controls provide reasonable assurance that new employees' data and amendments to existing data that impact payroll values are authorised and entered onto the payroll system.
- Controls provide reasonable assurance that payroll (including changes to the payroll amount) are processed in a complete, accurate and timely manner and that changes to the payroll amount are authorised.

**48.** As part of our substantive testing of payroll we gained assurance over the completeness, accuracy and occurrence of new starts, leavers and payroll amendments which feeds into the staff costs reported in the financial statements. No issues were identified from this substantive testing and therefore we are satisfied the control weaknesses reported did not materially impact the control environment at HIS.

**49.** A further qualification was reported on the Type II service audit of the national IT service contract, specifically on the controls relating to the systems. The control related to the objective, 'Controls provide reasonable assurance that logical access to applications, operating systems and databases is restricted to authorised individuals' and it did not operate effectively during the year.

**50.** NHS Ayrshire and Arran procures a Type II service audit of the National Single Instance (NSI) eFinancials services. The service auditor assurance reporting in relation to the NSI eFinancials was unqualified. The assurance gap identified in previous years for the IT general controls,

system backup and disaster recovery remains. Although this assurance gap did not impact on HIS's systems this year, there remains a risk for future years. All NHS boards should ensure that going forward they are satisfied that controls over the NSI eFinancials system are adequate in the absence of these service auditor assurances. NHS Ayrshire and Arran are working with NHS National Services Scotland to expand the service audit scope to cover this assurance gap for 2025/26.

### Recommendation 3

HIS should ensure that going forward they are satisfied that controls over the NSI eFinancials system are adequate in the absence of these service auditor assurances.

- 51.** In November 2024, the hosting arrangements of the PECOS application changed from being held at the Scottish Government's Saughton House data centre to being held and managed externally from the Scottish Government by third-party provider, Elcom.
- 52.** While the Scottish Government own the contractual arrangement with Elcom, it is for individual bodies to ensure themselves that there are appropriate application and hosting controls in place at Elcom. Healthcare Improvement Scotland has not received any assurances around the operation of these controls at the third-party provider.
- 53.** Healthcare Improvement Scotland is satisfied that there have been no issues around service performance or availability of information to support the preparation of the financial statements and there is no adverse impact on the Board's system of internal control or governance arrangements in respect of the use of the PECOS application.
- 54.** During 2024/25, the purchase order system was reviewed and rebuilt in a manner that better supports governance including monitoring and reporting. Retraining on PECOS was provided to relevant HIS staff and updates will now be provided to members of the ARC on a regular basis. This change and retraining have resulted in a significant decline in the number of year-end accruals.

### Strength of the financial management culture

- 55.** From our review of various agendas and minutes, meetings with key senior officers and from our regular attendance at the ARC, we note that HIS demonstrate a culture of strong financial awareness and management. Finance reports and quarterly performance reports are presented and discussed at each ARC and at the Board. Reports are clear, easy to understand and set out the key risks and associated costs in plain English.

## Accountability and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption

**56.** HIS is responsible for having arrangements to prevent and detect fraud, error and irregularities, bribery and corruption. It is also responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

**57.** We assessed HIS's control arrangements, financial regulations and fraud reporting arrangements as satisfactory. No issues were noted regarding the regulations in place, their relevance, availability nor did we identify any risks in the arrangements for fraud risk management and reporting.

**58.** Fraud arrangements are discussed regularly at the ARC and the National Services Scotland (NSS) quarterly counter fraud reports are considered alongside any local HIS reports. One of the ARC non-executives was also the Counter Fraud Champion for HIS. There were no frauds reported during 2024/25.

## Financial Sustainability

### Conclusion

The audit work performed on the arrangements in place for securing financial sustainability were effective and appropriate.

## Health boards across Scotland face substantial affordability challenges despite increases in funding

**59.** Health remains the single biggest area of government spending with a planned increase to £19.4 billion in the 2024/25 Budget Bill. The Scottish Government continued to distribute funding throughout the year which increased the final budgets provided to NHS boards and reflects the long-term trend of annual increases in health expenditure.

**60.** Despite increases in health spending much of the additional funding was consumed by pay deals and inflation leaving little room to invest in transformation or service improvement.

**61.** In their three-year financial plans submitted to the Scottish Government, for 2024/25, NHS boards continued to forecast increases in spending. Boards are also increasingly citing a reliance on non-recurring savings, and therefore carrying forward underlying deficits into future years, which poses a significant risk to long term financial sustainability.

**62.** Audit Scotland's [NHS in Scotland 2024 Finance and Performance](#) highlights that the affordability of healthcare spending is now an urgent issue that the Scottish Government must address. Difficult decisions need to be made about transforming services potentially identifying areas of

limited clinical value and considering how services can be provided more efficiently or withdrawn. Boards should work with the Scottish Government to focus on longer term reform. This will be essential for managing the demands placed on the healthcare system and ensuring its future sustainability.

## Short term plans

**63. Annual Delivery Plans:** HIS produces an annual delivery plan setting out the strategy for delivering their strategic objectives. The 2024/25 plan was set amid the current financial context, and highlighted further financial pressures, including funding allocation delays from the Scottish Government. The delivery plan outlined a phased approach to be taken for the three largest programmes in order to minimise both the financial and delivery risk.

**64.** The 2025/26 Integrated Delivery Plan was presented to the ARC in November 2024 and was submitted to the Scottish Government in January 2025. The document is high level and sets out the purpose and direction of HIS. It includes financial and other planning assumptions as well as savings targets. The plan was cascaded to the senior leadership team in order to inform their budget processes.

**65.** For 2025/26 HIS do not want to have any savings targets, and want the budget to fully align to their work programme to ensure affordability. The plan highlights the risks of baseline funding as well as the need to revisit and review the risk appetite for funding in 2025/26. It was highlighted that an increase to baseline funding would help reduce this risk but overall mental health and primary care are key areas that can't be estimated and can vary.

**66. Workforce Plan:** Employee expenditure makes up the majority of HIS's annual expenditure (86%). Workforce plans are therefore critical to ensure delivery of objectives. An interim workforce plan was presented to the Board in December 2024 and is monitored quarterly by the staff governance committee. It is an in-depth document and considers all elements of the workforce including:

- external factors
- the increasing workforce demand and how to address this
- other areas where there are funding challenges impacted by this such as the Healthcare Staffing Programme (HSP) and Excellence in Care (EiC), and
- how new recruitment approaches are being implemented to mitigate the risks.

**67.** The workforce plan considers and addresses the risks and financial pressures and identifies actions set out to ensure both workforce and financial performance are effective.

**68.** Financial planning, management, monitoring and reporting is clear and sets out the key risks enabling HIS to plan effectively so that it can continue to deliver services. Nevertheless, there are considerable medium and longer term risks to ongoing financial sustainability, a challenge which is consistent across NHS boards.

### Medium to longer term financial plans

**69. Three Year Budget:** HIS submitted their three year financial plan 2025/26-2027/28 and the 2025/26 Annual Delivery Plan to the Scottish Government in March 2025. The financial plan shows a breakeven position for each of the three years. For each of the three years HIS have outlined their key assumptions including a 3% increase to staff costs; 3% increase to the SLA as well as 2.2% increase to non-pay inflation

**70.** The detailed savings plans are being further refined by the senior leadership team and will look for the plans to include more details.

**71. Five Year Financial Plan:** The five-year financial plan was presented to the ARC in March 2024 and although brief it clearly identifies the risks to financial sustainability across the five-year period. The plan makes assumptions and highlights additional risks including the funding of pay awards and uncertainty on core funding from the Scottish Government.

**72.** The plan identifies savings of £3.1 million required over the next five years representing 9.2% on a recurring basis. If savings made in 2024/25 are maintained, then the saving target for 2025/26 and beyond will be significantly smaller, ranging from 0.3% to 0.7% and HIS will once again be in a position of a recurring balance.

## Vision, Leadership and Governance

### Conclusion

Audit work performed on the arrangements in place for securing Vision, Leadership and Governance concluded that these were effective and appropriate.

**73.** We considered the effectiveness of governance arrangements for delivery, which includes openness and transparency of decision-making; and reporting of decisions and outcomes, and financial and performance information. The paragraphs below demonstrate how HIS have demonstrate this.

## Blueprint for Good Governance

**74.** As part of HIS' commitment to the Blueprint for Good Governance, during 2024/25 HIS developed and completed their Assurance Framework mapping all sources of assurance across HIS. The draft Assurance Framework was presented and agreed at the November 2024 ARC.

**75.** "The Assurance Framework is the high-level system of assurance that operates within Healthcare Improvement Scotland (HIS). This framework aligns to the NHS Scotland Blueprint for Good Governance which describes the Assurance Framework as promoting and delivering good governance by bringing together the organisation's purpose, aims, values, corporate objectives and risks with the strategic plans, change projects and operating plans to deliver the desired outcomes."

**76.** The Assurance Framework will be formally reviewed every three years by the ARC. It will be updated in intervening years if any assurance requirements need to change in line with national guidance, statutory duties or organisational delivery plans. An annual update will be provided to the ARC to support the annual governance statement in the annual accounts. There is also a standing action for the ARC to monitor the effectiveness of the Assurance Framework. The document was shared with all Board members, Executive Directors and the Senior Leadership team.

**77.** The Assurance Framework also features on the 2025/26 Internal Audit Annual Plan to review the new framework and ascertain whether it is fit for purpose and consistently adhered to.

## Effectiveness of governance arrangements for delivery

**78.** Effectiveness of governance arrangements includes openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

**79.** The ARC prepares an annual governance committee report and it is reviewed at the ARC and then submitted to the Board. The governance committee annual report for 2024/25 was presented to the March 2025 ARC. As part of the report, the committee provide examples of how they have met their remit including for 2024/25 the consideration of the first best value report, the agreement of an assurance framework and the creation of a risk management sub committee. Reports presented are clear and these enable non-executives to carry out their role effectively.

**80.** From our regular attendance at the ARC and reviews of related agendas, minutes and papers, we conclude that there are appropriate governance arrangements in place for delivery.

## Use of Resources to Improve Outcomes

### Conclusion

The audit work performed on the arrangements HIS has in place for use of its resources to improve outcomes found that these were appropriate.

**81.** Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

**82.** We considered the clarity of the arrangements in place to ensure that resources (e.g. the workforce) are deployed to improve strategic outcomes, meet the needs of service users taking account of equalities, and deliver continuous improvements in priority services.

### Clarity of the arrangements in place to ensure that resources are deployed to improve strategic outcomes

**83.** Below are two examples we looked at to demonstrate the link between HIS's strategic objectives and delivery, outcome and impact to the users and the general public.

**84. Scottish Health Technologies Group (SHTG):** HIS's SHTG provide advice on health technologies. The SHTG recently issued advice on the use of a vacuum bell device. As part of this work, they reviewed published studies on the device to understand its effectiveness and safety; estimated the costs associated with using the device; looked at the age profile for use; consulted with experts from NHSScotland and key stakeholders including a patient organisation. HIS then developed recommendations on the use of the device in NHSScotland. One of the key recommendations is that the device should be available as a non-surgical treatment option for selected people who have the condition that is negatively affecting their physical and/or psychological wellbeing.

**85.** We noted that this guidance / advice was applied by a health board and a recent media report on the advice notes that it has helped the patient's mental health and significantly reduced the invasive alternative treatment. This links to HIS's delivery of strategic objective two: *assess and share intelligence and evidence which supports the design, delivery and assurance of high quality health and care service*.

**86. Hospital at Home:** This is a key initiative to alleviate pressure on hospital beds. The purpose of the service is to reduce hospital admissions for elderly patients by providing treatments in the comfort and familiarity of the person's own home. It aims to deliver care outside a traditional hospital

setting focussing on personalised care. Success relies on effective coordination between emergency and community health and care services.

**87.** We noted that during 2024/25 the Scottish Ambulance Service developed national guidance for clinicians using Hospital at Home guidance based on Healthcare Improvement Scotland's Guiding Principles. The guidance facilitates the rapid establishment of local pathways, providing clear advice on when to consider the service and the available local support for people. This link to HIS's delivery of strategic objective four: *deliver practical support that accelerates the delivery of sustainable improvements in the safety and quality of health and care services across Scotland*.

### Three Year Delivery Plan 2024-27

**88.** HIS produced a three-year delivery plan for 2024-27. The medium term plan is in line with HIS's four strategic priorities and also considers service sustainability, health and social care system recovery, and a focus on safety. The plan is high level and attempts to address the challenges of ensuring financial obligations and savings targets are met while not disrupting key programmes. Financial risks are briefly considered alongside service delivery such as:

- The risk in additional allocations funding (projected to make up 29% of total income for 2024/25).
- The uncertainty of recurring funding for pay awards.
- The risk of accepting the need to make difficult decisions regarding commitment to programmes within the plan.

**89.** Whilst the delivery plan is not a financial plan it does consider financial sustainability over the medium term, however it is brief and limited detail is provided on the exact nature of the risks and how they will be addressed.

### Recommendation 4

The delivery plan would benefit from having more linkages and signposts to financial plans / scenario planning / key financial reports to demonstrate financial sustainability in the delivery of the programmes in the medium to longer term.

## Conclusions on duty of Best Value

Arrangements in place for securing Best Value are developing with the first best value review presented in September 2024. The report provides assurance in relation to best value across the organisation and sets out the challenges and actions required.

**90.** Best value is included within HIS's Performance Management Framework approved in 2023. Audit work performed on the arrangements in place for securing Best Value found the arrangements were developing, were effective, and appropriate. This judgement is primarily evidenced by our review of the 2023/24 best value report produced by HIS in September 2024.

**91.** The 2023/24 best value report is the first time this report has been produced and considers performance management, workforce and financial resources. The report was prepared to provide assurance in relation to best value across the organisation. It was presented to the ARC in September 2024 and now is a key standing agenda item for each September ARC meeting. The report is also included in the Quality and Performance Committee's business schedule.

**92.** Audit did not have sight of the 2024/25 report at the time of drafting this annual audit report. Comments below on best value are based on the 2023/24 report and any observations from the ARC during 2024/25. We will use the 2024/25 best value report to inform our planning for the 2025/26 audit.

**93.** Best value assessments were carried out in 2023/24 as part of HIS' quarterly performance reporting. The covering paper to the ARC recognised that officers need to do more to understand impact and outcomes. To date, HIS have not routinely gathered this type of information but work during 2024/25 was underway to address this. This will allow HIS to be better placed to carry out future assessments and assurances over best value.

**94.** The report contains an appendix with the best value assessments carried out in 2023/24. HIS use CIPFAs 4Es Framework (economy, efficiency, effectiveness and equity) and are also aligned to NHSScotland Value Based Health and Social Care Action Plan. This allows HIS to demonstrate its contribution to the six national commitments.

**95.** Audit observed strong support to demonstrate the commitment to best value by both officers and non-executives. The ARC agreed to integrate the best value assessment across whole organisation. The 2023/24 best value report was sent to all committees to review, discuss and provide feedback. This will help ensure and define how they are contributing and

making a difference with the aim of embedding best value in all the committees, not just the ARC.

**96.** Our 2022/23 annual audit report recommended that HIS should consider how it articulates that arrangements are in place to secure and demonstrate best value. We consider this recommendation to be closed given the progress made on best value over the last two years. This has also been commented on in [paragraph 31 above](#).

# Appendix 1: Action plan 2024/25

## 2024/25 recommendations

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Recommendation                                                                                                                                                                                                                                                                               | Agreed action, officer and timing                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. The Remuneration Report</b></p> <p>The audit of the Remuneration Report identified a number of errors and other disclosure changes that were required to ensure the report was fully compliant with the applicable guidance.</p>                                                                                                                                                                                                                                            | <p>The Remuneration Report should be subject to sample recalculation and agreement with the FReM / NHS Manual to ensure completeness and accuracy prior to submitting to audit.</p> <p>This will further enhance the quality process and reduce potential delays with the audit process.</p> | <p><b>Accepted</b></p> <p><b>Details of agreed action:</b><br/>We will work with NSS colleagues to ensure a QC review of the remuneration report calculations are undertaken prior to the first draft being sent to Audit Scotland</p> <p><b>Responsible officer:</b><br/>Head of Finance</p> <p><b>Agreed date:</b> 30 April 2026</p>            |
| <p><b>2. Savings plans</b></p> <p>During 2024/25 HIS consistently met its overall savings targets but underperformed in meeting its recurring savings goals. Non-recurring savings cannot be relied upon. It is unclear how the recurring savings gap will be met in the medium to longer term.</p> <p>There is a risk that HIS will not be able to achieve recurring savings targets and this could represent a threat to the five year financial plan and financial stability.</p> | <p>HIS need to further identify and plan for more recurring savings in the medium to longer term to demonstrate financial sustainability.</p>                                                                                                                                                | <p><b>Accepted</b></p> <p><b>Details of agreed action:</b><br/>We will continue to work with the organisation to identify recurring savings for the medium to long term to demonstrate financial sustainability.</p> <p><b>Responsible officer:</b><br/>Director of Finance, Planning and Governance</p> <p><b>Agreed date:</b> 31 March 2026</p> |

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                | Recommendation                                                                                                                                                                                                                                             | Agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. Controls over NSI eFinancials</b><br><br>The assurance gap identified in 2023/24 for the IT general controls, system backup and disaster recovery remains in place for 2024/25. Although this assurance gap did not impact on HIS's systems this year, there remains a risk for future years. | HIS should ensure that going forward they are satisfied that controls over the NSI eFinancials system are adequate in the absence of these service auditor assurances.                                                                                     | <b>Accepted</b><br><br><b>Details of agreed action:</b><br>We will pick this up with the host board for the general ledger to ensure backups are appropriately taken and stored.<br><br><b>Responsible officer:</b><br>Director of Finance, Planning and Governance<br><br><b>Agreed date:</b> 31 March 2026                                                                                     |
| <b>4. Delivery plans</b><br><br>The three year delivery plan is high level and only contains minimal detail on how financial sustainability risks and challenges will be addressed in order to deliver the strategic objectives.                                                                    | The delivery plan would benefit from having more linkages and signposts to the medium term financial plan / scenario plans / key financial reports to demonstrate financial sustainability in the delivery of the programmes in the medium to longer term. | <b>Accepted</b><br><br><b>Details of agreed action:</b><br>We will continue to work on linking the plans across the organisation together to ensure we can demonstrate financial sustainability in the medium to long term.<br><br><b>Responsible officers:</b><br>Director of Finance, Planning and Governance<br><br>Director of People and Workforce<br><br><b>Agreed date:</b> 31 March 2026 |

## Follow-up of prior year recommendations (2022/23 and 2023/24)

| Matter giving rise to recommendation                                                                                                                                                         | Recommendation, agreed action, officer and timing                                                                                                                                                                                    | 2024/25 Update                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>2023/24 recommendations</b>                                                                                                                                                               |                                                                                                                                                                                                                                      |                                                                                                                              |
| <b>1. Impairment review of non-current assets</b><br><br>There has been no impairment review for non-current assets conducted in 2023/24 and one has not been carried out for several years. | <b>Recommendation:</b> Non-current assets should be subject to an annual impairment review, in particular for material assets.<br><br><b>Accepted:</b> We are in agreement with this suggestion and will look to implement an annual | <b>Implemented</b><br><br>An impairment review was completed as part of the 24/25 fixed asset review at the end of the year. |

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                                                                        | Recommendation, agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2024/25 Update                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                             | <p>impairment review of non-current assets.</p> <p><b>Responsible officer:</b> Director of Finance, Planning &amp; Governance</p> <p><b>Agreed date:</b> March 2025</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                             |
| <p><b>2. Service Level Agreement (SLA)</b></p> <p>The 2023/24 SLA for financial services between NHS National Services Scotland (NSS) and HIS is dated 21 March 2024 and was not signed until April 2024.</p> <p>This means that there was not a mechanism in place to ensure accountability of the service provider during the 2023/24 financial year.</p> | <p><b>Recommendation:</b> HIS should ensure formalised SLA documents are in place in advance of the service period.</p> <p><b>Accepted:</b> We are in agreement with this suggestion and will look to implement an annual impairment review of non-current assets.</p> <p><b>Responsible officer:</b> Director of Finance, Planning &amp; Governance</p> <p><b>Agreed date:</b> March 2025</p>                                                                                                                                                                                                                                         | <p><b>Work in progress</b></p> <p>The SLA was received from NSS in April 2025 despite attempts to receive sooner. NSS are looking to review in June 2025 to ensure 25/26 SLA is signed promptly.</p> <p><b>Responsible officer:</b> Director of Finance, Planning &amp; Governance</p> <p><b>Agreed date:</b> June 2025</p> |
| <p><b>3. Establishment checks</b></p> <p>An establishment check of the workforce as not been recently carried out.</p> <p>This is a routine check that should be performed at least once per year to ensure the validity and existence of staff.</p>                                                                                                        | <p><b>Recommendation:</b> An establishment check should be performed at least once per year to verify the existence of staff on the payroll.</p> <p>The output should be checked and reviewed by an appropriate staff member to ensure the completeness and existence of the workforce.</p> <p><b>Accepted:</b> Full staff lists are issued as part of the monthly management accounts dashboards. Going forward we will implement and collate evidence of annual checks by Directors to confirm existence of staff on the payroll.</p> <p><b>Responsible officer:</b> Director of Workforce</p> <p><b>Agreed date:</b> March 2025</p> | <p><b>Implemented</b></p> <p>Establishment checks were performed by the organisation based on February 2025 EES information.</p>                                                                                                                                                                                            |

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                                                                                                     | Recommendation, agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2024/25 Update                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>4. Review of non-current asset useful lives</b></p> <p>From our review of the accounting policies, we noted that the majority of IT, plant and machinery and software licence assets have been used for significantly longer than their designated useful life. We also noted that intangible assets have a NIL value in the accounts.</p>                                         | <p><b>Recommendation:</b> We recommend that HIS review their accounting policy and consider allocating longer useful lives for assets in the non-current asset categories. Consideration should be given whether it is necessary to include a separate note for intangible assets given that the NBV is zero.</p> <p><b>Accepted:</b> We are in agreement with this suggestion and will review our accounting policy with regards to the useful economic lives of non-current assets.</p> <p>With regards to the separate note in the accounts, although the NBV is zero the assets are still in existence and therefore we believe the note is required to demonstrate ownership.</p> <p><b>Responsible officer:</b> Director of Finance, Planning &amp; Governance</p> <p><b>Agreed date:</b> March 2025</p> | <p><b>Implemented</b></p> <p>We have completed a review of the useful lives.</p> <p>Buildings: 10 years for buildings based on lease.</p> <p>IT equipment: 5 years based on redundant and out of support; 7 years for routers in line with manufacturer's warranty.</p> <p>P&amp;M: in line with supplier useful life recommendations.</p> <p>There are no items with a value which requires updated useful life calculations.</p>                                  |
| <p><b>5. IT back up – general ledger</b></p> <p>NHS Scotland e-Financials service is hosted by Atos who perform all of the back-ups of the system (HIS' general ledger).</p> <p>Full responsibilities for the various system operations are included in System Operating Procedures, and these are reviewed and distributed to Boards Leads late May/ early June on an annual basis.</p> | <p><b>Recommendation:</b> Evidence / confirmation should be obtained from Atos (the service provider) that routine back-ups of HIS' general ledger have been taken and tested.</p> <p>This is to ensure the integrity of the system and the ability to recreate the general ledger in the event of a failure.</p> <p><b>Accepted:</b> We will pick this up with the host board for the general ledger to ensure</p>                                                                                                                                                                                                                                                                                                                                                                                            | <p><b>Superseded by <a href="#">recommendation 3 above (Controls over NSI eFinancials)</a></b></p> <p>Atos are unable to provide evidence/confirmation that back-ups of the ledger are being taken. This is a known risk between Atos and NSI. This has been excluded from the scope of the service audit.</p> <p>Audit have included a recommendation in the above action plan regarding this and officers have agreed to pick this up with the host board for</p> |

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                                                                                       | Recommendation, agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2024/25 Update                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We could not find documentation to evidence the back-up process in HIS were completed.</p>                                                                                                                                                                                                                                                                              | <p>backups are appropriately taken and stored.</p> <p><b>Responsible officers:</b><br/>Director of Finance, Planning &amp; Governance<br/>Director of Evidence &amp; Digital</p> <p><b>Agreed date:</b> March 2025</p>                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>the general ledger to ensure backups are appropriately taken and stored.</p>                                                                                                                                                                                                                                     |
| <p><b>6. Digital strategy</b></p> <p>There is an opportunity to improve the Digital Strategy by incorporating the planned investment, governance arrangements, workforce considerations and reporting arrangements from the Business Case into the Digital Strategy.</p> <p>This would help to increase the awareness of these areas for staff and wider stakeholders.</p> | <p><b>Recommendation:</b> The ICT Review Summary could be developed into an overarching Digital Strategy by incorporating details from the Business Case for IT Investment. A single overarching strategy document would also provide greater coherence between the digital strategy and the Corporate Plan.</p> <p><b>Partially accepted:</b> Agree that an up to date Digital Strategy should be prepared.</p> <p>The ICT Review is probably out of date and requires more than insertion of details from the business case.</p> <p><b>Responsible officer:</b> Director of Evidence &amp; Digital</p> <p><b>Agreed date:</b> March 2025</p> | <p><b>Implemented</b></p> <p>Digital strategy has been approved for 2025 – 2028.</p>                                                                                                                                                                                                                                |
| <b>2022/23 recommendations</b>                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                     |
| <p><b>7. Best value</b></p> <p>HIS does not undertake a periodic self-evaluation of its best value arrangements. There is a risk that HIS cannot effectively demonstrate the arrangements it has in place to secure and demonstrate best value.</p>                                                                                                                        | <p><b>Recommendation:</b> HIS should consider how it articulates that arrangements are in place to secure and demonstrate best value.</p> <p><b>Accepted:</b> Best value and performance is an area where we made significant strides in 2022/23 – introducing KPIs, enhancing our performance reporting, reprioritisation for winter pressures and</p>                                                                                                                                                                                                                                                                                        | <p><b>Implemented</b></p> <p>The first best value report (2023/24) was shared with the Audit and Risk Committee on the 4 September 2024.</p> <p>The 2024/25 best value report is being prepared and will be presented to the September ARC. The report is now a standing agenda item the September ARC meeting.</p> |

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2024/25 Update |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
|                                      | <p>formalising our sharing intelligence network, and this work will continue into 2023/24 aligning to our new strategy. All of this was overseen by the Quality &amp; Performance Committee (QPC) and the Board and is demonstrated in the Performance report, our SG annual review and can be seen on our website. Management has agreed to consider this collectively in a formal best value report which will be presented to QPC periodically.</p> <p><b>Agreed date: 31 March 2024</b></p> <p><b>2023/24 Update:</b> Things have progressed including the introduction of best value / value for money assessments in our quarterly performance reports. The Director of Finance is developing an annual best value report. This will be our first annual report. It has been added to the Quality &amp; Performance Committee's business schedule, with the first report due to be considered in August 2024.</p> <p><b>Responsible officer:</b> Director of Finance, Planning &amp; Governance</p> <p><b>Revised date: August 2024</b></p> |                |

# Appendix 2: National and performance audit reports

| Report name                                                                                 | Date published   |
|---------------------------------------------------------------------------------------------|------------------|
| <a href="#">NHS in Scotland: Spotlight on governance</a>                                    | 25 May 2025      |
| <a href="#">General practise: Progress since the 2018 General Medical Services contract</a> | 27 March 2025    |
| <a href="#">Integration Joint Boards: Finance bulletin 2023/24</a>                          | 6 March 2025     |
| <a href="#">Integration Joint Boards finances continue to be precarious</a>                 | 6 March 2025     |
| <a href="#">Sustainable transport</a>                                                       | 30 January 2025  |
| <a href="#">Auditing climate change</a>                                                     | 7 January 2025   |
| <a href="#">NHS in Scotland 2024: Finance and performance</a>                               | 3 December 2024  |
| <a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>    | 26 November 2024 |
| <a href="#">Fiscal sustainability and reform in Scotland</a>                                | 21 November 2024 |
| <a href="#">Alcohol and drug services</a>                                                   | 31 October 2024  |
| <a href="#">Tackling Digital Exclusion</a>                                                  | 22 August 2024   |
| <a href="#">The National Fraud Initiative in Scotland 2024</a>                              | 15 August 2024   |
| <a href="#">Integration Joint Boards: Finance and performance 2024</a>                      | 25 July 2024     |

# Healthcare Improvement Scotland

## 2024/25 Annual Audit Report



Audit Scotland  
102 West Port  
Edinburgh EH3 9DN

Phone: 0131 625 1500

Email: [info@audit.scot](mailto:info@audit.scot)

Website: [www.audit.scot](http://www.audit.scot)