

# Cùram Is Slàinte nan Eilean Siar

2023/24 Annual Audit Report



Prepared for Cùram Is Slàinte nan Eilean Siar and the Controller of Audit  
October 2025

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# Key messages

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## Audit of the annual accounts

- 1 A disclaimer of opinion was issued over the annual accounts. This was a consequence of the November 2023 cyber-attack at Comhairle nan Eilean Siar, which left key IJB accounting records inaccessible and meant that we could not obtain sufficient appropriate evidence on which to conclude our work.
- 2 This disclaimer specifically impacts:
  - The statements across the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Balance Sheet.
  - Management Commentary and Annual Governance Statement
- 3 We also report that, directly due to the cyber-attack:
  - Adequate accounting records have not been kept.
  - All information and explanations required for the audit were not received.

## Wider scope audit

- 4 The November 2023 cyber-attack on Comhairle nan Eilean Siar had a significant impact on the IJB's financial management arrangements. While management put in place manual processes to ensure continued financial operation, these were inevitably less efficient and effective.
- 5 The IJB reported a deficit position of £2.8 million against the revenue budget.
- 6 The cyber-attack disrupted financial reporting meaning that from November 2023 revenue budgets could not be monitored for the remainder of the financial year.
- 7 The scale of the financial challenges Western Isles IJB is facing remains significant, with future funding gaps posing serious risks to the sustainability of health and social care services

- 8 The IJB does not have a Chief Officer in post and it is not clear who is fulfilling the responsibilities of this vital leadership role
- 9 Significant improvements to the IJB's arrangements for governance and transparency are required.
- 10 The IJB monitors local performance, however an annual performance report has not been published for 2023/24.

### **Best Value audit**

- 11 The IJB has not carried out a Best Value self-assessment since 2019. As reported in the 2020/21 Annual Audit Report the previous auditor recommended the resumption of the self-assessments, but this remains outstanding
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# Introduction

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## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2023/24 audit of Cùram Is Slàinte nan Eilean Siar (also referred to as the Western Isles Integration Joint / “the IJB”) annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Cùram Is Slàinte nan Eilean Siar and the Controller of Audit, and 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 the IJB for the period from 2023/24 until 2026/27. As reported in the Annual Audit Plan, Claire Gardiner as engagement lead and the audit team are independent of the IJB 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 the council, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank the IJB and its staff, particularly those involved in preparation of the annual 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.

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# Audit scope and responsibilities

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## 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.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the IJB'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 the IJB'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 the Integration Joint Board 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 Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the IJB'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 the IJB 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.

### **Cùram Is Slàinte nan Eilean Siar's responsibilities**

**10.** The IJB 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 annual accounts, comprising financial statements that give 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 performance audit reporting**

**11.** The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the IJB and its Audit & Risk committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

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# Audit of the annual accounts

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## Main judgements

A disclaimer of opinion was issued over the annual accounts. This was a consequence of the November 2023 cyber-attack at Comhairle nan Eilean Siar, which left key IJB accounting records inaccessible and meant that we could not obtain sufficient appropriate evidence on which to conclude our work.

This disclaimer specifically impacts:

- The statements across the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Balance Sheet.
- Management Commentary and Annual Governance Statement

We also report that, directly due to the cyber-attack:

- Adequate accounting records have not been kept.
- All information and explanations required for the audit were not received.

## **The 2023 cyber-attack on Comhairle nan Eilean Siar prevented completion of our planned IJB audit work, resulting in a disclaimer of opinion on most of the financial statements.**

**12.** The IJB relies on its partner bodies, NHS Western Isles and Comhairle nan Eilean Siar, to deliver health and social care services and record the associated financial transactions which make up the majority of its financial statements.

**13.** The Comhairle suffered a cyber-attack in November 2023 which encrypted many council systems and backups, rendering them inaccessible. This included critical financial systems such as the general ledger and payroll. As a result, detailed accounting records were lost, and their auditor issued a disclaimer of opinion on the Comhairle financial statements.

**14.** The Comhairle systems are used to record financial information for social care services delivered on behalf of the IJB and therefore the cyber-attack has also impacted the audit of the IJB's financial statements.

**15.** Due to the extent of transactions and balances affected, we concluded that the possible effects of any unidentified misstatements could be both material and pervasive on the annual accounts as a whole. As a result, we issued a disclaimer of opinion within our Independent Auditor's Report.

**16.** This disclaimer specifically impacts the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Balance Sheet.

**17.** In addition to this, opinions on the Management Commentary and Annual Governance Statement are also disclaimed.

**18.** The independent auditor is also required to report certain matters by exception. For the 2023/24 audit of Cùram Is Slàinte nan Eilean Siar the following matters were reported:

- Adequate accounting records were not kept.
- The independent auditor did not receive all the information and explanations required for their audit.

### **The audit opinion on the remuneration report is unqualified**

**19.** As all information within the remuneration report is sourced from NHS Western Isles systems (which was not impacted by the cyber-attack on the Comhairle), we were able to complete our work in this area. We concluded that the remuneration report had been properly prepared.

**20.** The annual accounts, accompanied by our disclaimer of opinion, were authorised for issue by the Cùram Is Slàinte nan Eilean Siar on 20 November 2025.

### **The audit timetable was delayed by the cyber-attack**

**21.** Due to the cyber-attack, Cùram Is Slàinte nan Eilean Siar unaudited accounts were published on 3 November 2024, later than the 30 June 2024 statutory deadline.

**22.** Given the impact of the attack, we commend management on their ability to prepare a set of draft financial statements.

**23.** Due to the partnership relationship, it was necessary to await the completion of the 2023/24 Comhairle nan Eilean Siar audit prior to concluding the audit of Cùram Is Slàinte nan Eilean Siar. The Comhairle audit was significantly delayed due to complications arising from the cyber-attack, and was finalised on 25 September 2025.

**24.** The IJB financial statements were authorised for issue, alongside the disclaimer of opinion on 20 November 2025, later than the 30 September 2024 statutory deadline.

**25.** The Comhairle's ledger became operational in October 2024, and the finance team worked to input the necessary data to reconstruct the council's financial position. Efforts also focused on rebuilding robust financial controls, re-establishing reliable audit trails, and ensuring data completeness and accuracy. Looking ahead, the Comhairle will need to undertake significant remediation efforts to restore the integrity of its financial systems and records.

**26.** A return to an unqualified opinion at Cùram Is Slàinte nan Eilean Siar will depend on the Comhairle's ability to demonstrate sustained progress in financial governance and system resilience.

## Audit Fee

**27.** The audit fee for the 2023/24 audit was reported in the Annual Audit Plan and was set at £33,360. We highlighted at the planning stage that we anticipated the audit fee would increase due to the increased risks around the cyber-attack and the increased need for consultation on our opinion. We have considered this and revised our fee to £37,000.

## Materiality

**28.** 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 accounts.

**29.** 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 accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

**30.** Materiality levels for the audit of the IJB 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 accounts. No changes were required to the materiality levels, which are outlined in [Exhibit 1](#).

## Exhibit 1

### 2023/24 Materiality levels

Materiality	Amount
<b>Materiality</b> – set at 2% of gross expenditure	£1.88 million
<b>Performance materiality</b> – set at 60% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£1.13 million
<b>Reporting threshold</b> – set at 5% of materiality.	£0.09 million

Source: Audit Scotland

## Significant findings and key audit matters

**31.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the Cùram Is Slàinte nan Eilean Siar is the Audit & Risk Committee.

**32.** 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.

**33.** 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.

**34.** The only significant finding to report related to the disclaimer of opinion which is outlined at paragraphs 12- 18. The impact on the audit is outlined further in Exhibit 2 and 3.outlined in Exhibit 2

## Other matters to report

**35.** Auditing standards require auditors to report a number of other matters if they are identified or encountered during an audit. As a consequence of the disclaimer of opinion on the annual accounts, we are unable to

conclude on many of these areas. The matters identified or encountered on the audit of the IJB are outlined in [Exhibit 2](#).

## Exhibit 2

### Other matters to report

Auditing standard requirement	Matter to report	Outcome
<p><b>Other ISA (UK) 260 matters</b></p> <p>In addition to the matters already reported under ISA (UK) 260 in the Annual Audit Report, this standard also requires auditors to report:</p> <ul style="list-style-type: none"> <li>Any significant difficulties encountered during the audit.</li> <li>Circumstances that affect the form and content of the auditor's report.</li> <li>Any other matters that are relevant to those charged with governance.</li> </ul>	<p>As previously noted in this report. The independent auditor is also required to report certain matters by exception. We identified the following matters:</p> <ul style="list-style-type: none"> <li>Adequate accounting records were not kept.</li> <li>The independent auditor did not receive all the information and explanations required for the audit.</li> </ul> <p>These issues arose as a direct result of the cyber-attack at Comhairle nan Eilean Siar and the disclaimer of opinion on their accounts as financial information for the Comhairle makes up a material element of the Cùram Is Slàinte nan Eilean Siar accounts.</p>	<p>These issues were a key factor in the decision to issue a disclaimer of opinion over the annual accounts.</p>

Auditing standard requirement	Matter to report	Outcome
<p><b>Significant deficiencies in internal control</b></p> <p>ISA (UK) 265 requires auditors to report any significant deficiencies in internal control identified during the audit.</p>	<p>Similarly, these issues arose as a direct result of the cyber-attack at Comhairle nan Eilean Siar and the disclaimer of opinion on their accounts as financial information for the Comhairle makes up a material element of the Cùram Is Slàinte nan Eilean Siar accounts</p>	<p>We could not evidence that key financial controls were in operation for part of the 2023/24 financial year.</p> <p>Issues regarding the availability of financial records prevented us completing audit work and resulted in disclaimer of opinion being issued.</p> <p>The control deficiencies did not directly impact our opinion, however they did further significantly increase the risk of misstatement due to fraud or error within the Cùram Is Slàinte nan Eilean Siar's financial information.</p>

Source: Audit Scotland

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

**36.** 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

Risk of material misstatement	Audit response	Outcome of audit work
<b>Significant risks of material misstatement</b>		
<p><b>Cyber-attack at Comhairle nan Eilean Siar – Impact on IJB</b></p> <p>In November 2023 there was a significant cyber attack on Comhairle nan Eilean Siar resulting in a loss of access</p>	<ul style="list-style-type: none"> <li>Assess the reliability of transactions and disclosures in the financial statements.</li> <li>Where estimates have been used to inform figures reported in the financial statements we</li> </ul>	<p>The impact of the cyber-attack on Comhairle systems was significant.</p> <p>We were unable to obtain sufficient appropriate audit evidence on which to support an audit opinion. We have</p>

Risk of material misstatement	Audit response	Outcome of audit work
<p>to data, including the financial ledger system.</p> <p>The IJB commissions social care services from the Comhairle and relies on information from its systems to create the IJB's annual accounts.</p> <p>At the current time it is not clear what information the Comhairle will be able to provide to support the transactions and balances in the financial statements of the IJB. There remains a strong possibility that there will be limitations in the completeness and accuracy of the accounting records provided by the Comhairle to support the financial statements of the IJB. This may result in a modified audit opinion.</p>	<p>will evaluate the appropriateness of assumptions and calculations which underpin key figures.</p> <ul style="list-style-type: none"> <li>• Review the disclosures included in the annual accounts.</li> </ul>	<p>outlined key issues across this exhibit.</p> <p>This resulted a disclaimer of opinion being issued on the 2023/34 annual accounts.</p>
<p><b>Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Agreement of balances and transactions to Comhairle nan Eilean Siar and NHS Western Isles financial reports/ledger and correspondence.</li> <li>• Constituent body auditor assurances will be obtained over the completeness, accuracy and allocation of income and expenditure to Western Isles Integration Joint Board activities included in the annual accounts.</li> <li>• Review of year-end transactions and journals.</li> <li>• Evaluate any significant unusual transactions</li> </ul>	<p>While we undertook audit procedures in response to this risk, issues arising from the cyber-attack meant we were unable to obtain sufficient and appropriate audit evidence</p> <p>We reviewed adjustments at year end and financial monitoring reports.</p> <p>We obtained assurances from the external auditors of NHS Western Isles.</p> <p>Due to the cyber-attack we were unable to obtain assurances from the external auditors of Comhairle nan Eilean Siar.</p> <p>The results of this work support our decision to issue a disclaimer of opinion.</p>

Risk of material misstatement	Audit response	Outcome of audit work
	outside the normal course of business.	

Source: Audit Scotland

## Prior year recommendations

**37.** The IJB has made progress in implementing the agreed prior year audit recommendations. However, progress has been mixed, with several recommendations only partially implemented. Timely delivery of audit actions is essential to support effective governance and continuous improvement. For actions not yet implemented, revised responses and timescales have been agreed with the council and are outlined in [Appendix 1](#). The IJB should continue to prioritise the completion of outstanding recommendations.

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# Wider scope and Best Value audit

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## Audit approach to wider scope

### Wider scope

**38.** As reported in the Annual Audit Plan, the wider scope audit areas are:

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

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

### Best Value

**40.** Integration authorities have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards the strategic objectives and holding partners to account. 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.

**41.** The duty on auditors to consider the arrangements in place to secure Best Value applies to the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

**42.** Consideration of the arrangements the body has in place to secure Best Value has been carried out alongside the wider scope audit.

## Financial Management

### Conclusion

The November 2023 cyber-attack on Comhairle nan Eilean Siar had a significant impact on the IJB's financial management arrangements. While management put in place manual processes to ensure continued financial operation, these were inevitably less efficient and effective.

The IJB reported a deficit position of £2.8 million against the revenue budget.

The cyber-attack disrupted financial reporting meaning that from November 2023 revenue budgets could not be monitored for the remainder of the financial year.

### **Cùram Is Slàinte nan Eilean Siar reported a deficit of £ 2.8 million on the provision of services in 2023/24, which was supported by the use of reserves**

**43.** The IJB approved its 2023/24 revenue budget in March 2023. The revenue budget was set at £78.8 million.

**44.** The IJB's revenue budget for 2023/24 identified a funding gap of £6 million for the year which was planned to be addressed by the achievement of savings of £4.4 million and a further £1.6 million from the board's reserves.

**45.** The IJB ended the year with a net overspend of £2.8 million.

**46.** Exhibit 5 shows that over the past three years the IJB has worked to manage the gaps in the budgets through savings and flexibilities, and use of reserves.

## Exhibit 5

### Key financial information

Budget setting	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
Budget gap	3.9	3.8	6.0
Planned to be met via:			
• Savings and flexibilities	3.9	1.6	4.4
• Use of reserves	-	2.2	1.6
<b>Reserves</b>			
Use of / (contribution to) reserves	(8.7)	5.2	2.8
Total usable reserves carried forward	16.7	11.5	8.7
General Fund:			
• Earmarked	3.7	2.6	2.1
• Uncommitted	13.0	8.9	6.6

Source: The Western Isles Integration Joint Board 2023/24 unaudited annual accounts and Audit & Risk Committee papers

**47.** In order to balance the budget £2.8m of general fund reserves were utilised and the balance available to be carried forward decreased to £8.7m.

**48.** The reliance on savings and use of reserves to achieve break-even means that IJB started 2024/25 with a significant shortfall before considering any new pressures.

**49.** Significant savings have now been required for several years which means that in order to deliver a higher level of recurring savings, the IJB must look to more significant savings programmes. These are likely to involve redesigning services and will take time to be fully implemented.

### **Budget monitoring arrangements of the IJB were significantly impacted by the cyber-attack at the Comhairle**

**50.** Prior to the cyber-attack at Comhairle nan Eilean Siar, budget monitoring reports were routinely submitted to Integration Joint Board meetings, clearly outlining the year-to-date outturn and projected year-end financial position. At the November 2023 Audit & Risk Committee,

members received financial performance reporting up to September 2023 (Month 6), which indicated a projected overspend of £4.1 million.

**51.** Through attending committee meetings, we had observed that senior management and members received regular and accurate financial information on the IJB's financial position.

**52.** Following the cyber-attack in November 2023, the IJB was unable to present members with financial reporting papers until Comhairle systems for monitoring financial performance were restored. During this period, members were advised that in-year monitoring figures for social care were unavailable, and financial reporting consisted primarily of verbal updates from the Chief Finance Officer for the remainder of the financial year.

**53.** Draft outturn figures for social care costs were available in September 2024, providing an indication of year-end position. The draft annual accounts for 2023/24 were subsequently approved by the IJB Board in November 2024.

**54.** Financial reporting during 2024/25 was also significantly affected, with the first financial monitoring report presented to members at the February 2025 IJB meeting. This report showed that, for the period to 30 November 2024, the IJB had incurred an overspend of £2.31 million, with a projected year-end overspend of £4.06 million, excluding the use of reserves. It remains the most recent finance report published on the IJB's website at the time of issuing this annual audit report.

**55.** The IJB should ensure the regular provision of written financial monitoring reports to Board members. While verbal updates from the Chief Finance Officer were necessary during the disruption caused by the November 2023 cyber-attack, reliance on verbal reporting should be minimised. The Board should prioritise the restoration and continuity of formal reporting mechanisms, including timely circulation of budget monitoring papers, to support informed decision-making and effective financial oversight.

### **Recommendation 1**

The Board should prioritise the restoration and continuity of formal reporting mechanisms, including timely circulation of budget monitoring papers, to support informed decision-making and effective financial oversight.

**The cyber-attack on Comhairle nan Eilean Siar significantly disrupted systems on which the IJB also relies. The operational impact on social care was minimal, however key financial controls ceased to function and had to be replaced by manual processes.**

**56.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure are incurred by constituent bodies and processed in their accounting records. The IJB does not have its own financial systems and instead relies on the financial systems of its constituent bodies, NHS Western Isles and Comhairle nan Eilean Siar.

**57.** From an operational point of view, the impact on social care services was minimal due to the key system being cloud based. The issue encountered was the lack of telephony system to allow service users to be contacted.

**58.** However, the Comhairle's financial systems, which are used to support IJB delegate functions were significantly disrupted. Initially, the Comhairle focussed on maintaining critical functions, particularly the payment of staff and suppliers. In the absence of automated systems, manual processes were implemented to facilitate these payments.

**59.** During this period, Comhairle nan Eilean Siar was unable to record IJB related income or expenditure in its financial systems, nor could it reconcile transactions against pre-existing data such as sales and purchase orders. This significantly weakened the control environment, as many of the internal controls relied upon by management, such as authorisation levels, are embedded within the financial systems themselves.

**60.** As part of our audit approach, we requested assurances from the external auditors of NHS Western Isles and Comhairle nan Eilean Siar. The assurances for NHS Western Isles confirmed that there were no significant weaknesses in the systems of internal control. We were unable to obtain assurances over the systems of internal control at Comhairle nan Eilean Siar due to the impact of the cyber-attack.

**The IJB's arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption were impacted by the cyber-attack at Comhairle nan Eilean Siar**

**61.** In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

**62.** The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its constituent bodies.

**63.** As part of our audit approach, we request assurances from the external auditors of NHS Western Isles and Comhairle nan Eilean Siar. The assurances confirmed that there were no significant weaknesses in the arrangements for the prevention and detection of fraud at NHS Western Isles. Due to the use of compensating manual controls at Comhairle nan Eilean Siar following the cyber-attack, we were unable to determine whether systems of internal control were effective during the year.

**64.** We have previously reported that the IJB has a Code of Conduct for members and the Members' Registers of Interest, however this had not been updated to reflect the membership following the 2023 local authority elections. These documents remain unavailable on the IJBs website. A revised date for delivery is set out in our Action Plan at [Appendix 1](#).

## Financial Sustainability

### Conclusion

The scale of the financial challenges Western Isles IJB is facing remains significant, with future funding gaps posing serious risks to the sustainability of health and social care services

**65.** Our Annual Audit Plan identified a risk over financial sustainability:

- The IJB prepared a draft three year financial plan to 2026/27. The plan forecast a cumulative funding gap in the region of £6 million to 2026/27. There is a risk that the IJB may not be able to deliver services over the medium term within budget.

### **The scale of the financial challenge Western Isles IJB is facing remains significant, with future funding gaps posing serious risks to the sustainability of health and social care services**

**66.** Like all public services, the IJB is continuing to face budgetary challenges amid rising demand, increasing costs, and workforce shortages. Given these pressures, ensuring long-term financial stability requires identifying and delivering substantial savings.

**67.** The budget for 2024/25 and 3 year financial plan to 2026/27 was presented at the Board meeting in March 2024. The plan noted gross budget gaps of £6.3m (2024/25), £8.8m (2025/26) and £10.7m (2026/27) respectively.

**68.** The 2024/25 budget was approved members of IJB in June 2024. This agreed a balanced budget position which included £6.3m of Savings and

Financial Flexibilities. While the draft 2024/25 accounts reported a small surplus, largely due to staff vacancies and better than anticipated funding, the fundamental long term financial challenges remain.

**69.** The IJB's approved budget 2025/26 forecasts a funding gap of £5.1m, partially address by savings (£0.9m) and the use of IJB and Comhairle reserves (£2.7m). A gap of £1.4m remains for 2025/26, with large deficits identified for 2026/27 (£5.3m) and 2027/28 (£7.1m). The reliance on reserves and large funding gaps illustrates the significant financial challenge the IJB is facing. To address this, the IJB should prioritise working with partners to strategically identify savings (Appendix 1, follow up recommendation 2).

## Vision, Leadership and Governance

### Conclusion

The IJB does not have a Chief Officer in post and it is not clear who is fulfilling the responsibilities of this vital leadership role

Significant improvements to the IJB's arrangements for governance and transparency are required.

### **The IJB does not have a Chief Officer in post and it is not clear who is fulfilling the responsibilities of this vital leadership role**

**70.** IJBs are required by legislation to appoint a Chief Officer, for Western Isles IJB the Chief Officer is responsible for strategic leadership and operational oversight for the delivery of integrated health and social care services.

**71.** The previous Chief Officer departed on 15 September 2025. The Integration Scheme sets out a process for the appointment of an interim Chief Officer, however it was not followed, and it is not clear who is fulfilling the responsibilities of this vital leadership role.

**72.** In the absence of a Chief Officer, key functions such as issuing directions, coordinating service delivery, and representing the IJB may be disrupted, leading to operational uncertainty and governance risks.

### Recommendation 2

The IJB should prioritise the appointment of an interim Chief Officer.

## The IJB approved its Strategic Framework in September 2024

**73.** The IJB's Strategic Framework for 2024-27 was approved in September 2024, it sets out the IJB's vision "To empower the people of the Western Isles to live independently at home or in community settings by developing and nurturing community asset based approaches." The strategy also details objectives and the governance structure monitoring the delivery of these.

**74.** With an updated strategy now in place, delivery will be key in addressing the challenges it is facing, particularly around financial sustainability.

## Revisions to the Scheme of Integration are ongoing

**75.** The IJB's Integration Scheme is the legal agreement between NHS Western Isles and Comhairle nan Eilean Siar that sets out how the partner bodies will work together to plan and deliver community health and social care services. Legislation requires that the Integration Scheme be reviewed and agreed by the council and the health board at least every five years. The agreed Integration Scheme is then submitted to the Scottish Government for approval.

**76.** The IJB's Scheme of Integration was approved in 2015; and the full review due in 2020 was delayed by the Covid-19 pandemic. We previously reported that the revised Integration Scheme would be reported to the November 2023 Board meeting and shared with the partner bodies for their agreement.

**77.** Despite ongoing work throughout the year, the revision process has continued to experience delays. The draft Scheme was considered at a special meeting in April 2024 and subsequently presented to the June 2025 IJB Board meeting, where public feedback was invited.

**78.** The Scheme of Integration is fundamental to the operation of the IJB and it is now more than 5 years overdue for review. It is essential that the board prioritise completion of this. A new target date is included in our Action Plan at Appendix 1.

## The Audit and Risk Committee has not met frequently enough

**79.** The Audit and Risk Committee has a key role in ensuring sound governance arrangements are in place at the IJB and for monitoring IJB performance. The committee's terms of reference set out that there should be a minimum of 4 meetings per year. However, the committee has only met 3 times in the past 2 years. We understand that meetings have often been cancelled due to low attendance meaning they would not be quorate.

**80.** The lack of regular Audit and Risk Committee meetings increases the risk of governance and performance issues going unnoticed and unaddressed, and ultimately risks the ability of the IJB to meet its strategic objectives. Steps should be taken to review attendance patterns and

strengthen member engagement to support the effective functioning of future meetings.

### Recommendation 3

#### Frequency of Audit and Risk Committee meetings

The IJB should take steps to ensure that Audit and Risk Committee convenes with sufficient frequently in accordance with its approved terms of reference.

## Transparency and Public Access to Information

**81.** We have previously reported that further progress is required by the Integration Joint Board (IJB) to ensure the timely publication of committee papers, minutes, and other key governance documents on its website. Following the cyber-attack at Comhairle nan Eilean Siar, the IJB launched a new website to facilitate public access to information relating to services and decision-making. While this represents a positive step, we noted that some meeting agendas and papers from the current year are not available on the website. Furthermore, documentation—including papers and minutes—for meetings held prior to March 2023 remains publicly unavailable. This limits transparency and public scrutiny of the IJB's decision-making processes.

### Recommendation 4

#### Availability of historic meeting papers

The IJB should reinstate meeting papers prior to 2023 to ensure transparency on decision making and outcomes.

## Use of Resources to Improve Outcomes

### Conclusion

The IJB monitors local performance, however an annual performance report has not been published for 2023/24.

The IJB has not carried out a Best Value self-assessment since 2019.

## The IJB monitors local performance, however an annual performance report has not been published for 2023/24

**82.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance, and best value, reporting on localities,

and the inspection of services. The Ministerial Strategic Group for Health and Community Care has agreed a core suite of integration indicators against which all IJBs should report in their annual performance reports.

**83.** The IJB has not approved an annual performance report for 2023/24, however performance was monitored throughout the year. It is a requirement that the Annual Performance Report is published by 31 July each year and the IJB should work towards achieving this target.

**84.** Data from February 2024 showed the IJB performing better or equal to that the local target in 5 of 9 internal indicators, for example acute unscheduled bed days (reduction to 1,371 vs target reduction to 1,480). For 4 of 9 indicators, the IJB was performing worse than the local target, for example delayed discharges (increase to 408 vs target reduction to 284).

### Recommendation 5

The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report, this was not published for 2023/24.

The IJB should publish its 2023/24 annual performance report in line with required deadlines.

**85.** Underneath the nine National Health and Wellbeing Outcomes sit integration indicators which all Health and Social Care Partnerships use to report their performance. The National Indicators 1-9 are taken from the Health and Care Experience Survey (HACE) which is conducted every 2 years. 2023/24 is a reporting year for the HACE Survey and National survey results are published on the Scottish Government website. Published data shows Western Isles IJB is above the national average for performance in 8 out of 9 of the integration indicators. These indicators can be compared to the Scottish national averages but cannot be compared with previous years data because of changes in the way the Experience Survey commissioned by the Scottish Government was designed.

### The IJB has not carried out a Best Value self-assessment since 2019

**86.** Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**87.** The IJB has not carried out a Best Value self-assessment since 2019. As reported in the 2020/21 Annual Audit Report the previous auditor recommended the resumption of the self-assessments, but this remains

outstanding. A revised date for delivery is set out in our Action Plan at Appendix 1.

# Appendix 1

## Action plan 2023/24

### 2023/24 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>1. Financial Reporting</b></p> <p>Financial reporting was disrupted following the cyber-attack at the Comhairle, with verbal reporting replacing the normal papers. Only one full financial report has been publicly reported since the cyber-attack.</p> <p>Risk – Adequate scrutiny of the IJB’s finances is not possible without regular reports.</p>	<p>The Board should prioritise the restoration and continuity of formal reporting mechanisms, including timely circulation of budget monitoring papers, to support informed decision-making and effective financial oversight.</p>	<p>Accepted</p> <p>Financial data is now coming through more frequently and for 25/26 the aim is for quarterly written finance reports to IJB Governance meetings with Q2 up to end of September 2025 to go to November’s Integrated Joint Board</p> <p>Chief Financial Officer</p> <p>30 Nov 2025 and On-going.</p>
<p><b>2. Appointment of interim Chief Officer</b></p> <p>The outgoing Chief Officer ceased employment on 15 September, and the post is currently vacant.</p> <p>In the absence of a Chief Officer, key functions, such as issuing directions, coordinating service delivery, and representing the IJB, may be disrupted, leading to operational uncertainty and governance risks.</p>	<p>The IJB should prioritise the appointment of an interim Chief Officer.</p>	<p>Accepted</p> <p>Both Chief Executive do not agree that there will be disruption with operational uncertainty in the short term but it is a priority to recruit into post.</p> <p>As of 28<sup>th</sup> October – the interim job has been advertised and has closed</p> <p>Chief Executive of NHS Western Isles and Chief Executive of Comhairle nan Eilean Siar</p> <p>30 Nov 2025.</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>3. Frequency of Audit and Risk Committee meetings</b></p> <p>The committee has only met 3 times in the past 2 years. We understand that meetings have often been cancelled due to low attendance meaning they would not be quorate.</p> <p>Risk - Governance and performance issues going unnoticed and unaddressed, and ultimately risks the ability of the IJB to meet its strategic objectives</p>	<p>The IJB should take steps to ensure that Audit and Risk Committee convenes with sufficient frequency in accordance with its approved terms of reference.</p>	<p>Accepted</p> <p>2026 Audit meeting schedule has been prepared taking on board both Comhairle nan Eilean Siar and NHS Western Isles existing meeting calendar to ensure no clashes. The Schedule is being presented November. Training will be provided by Azets the current IJB Auditor in February 2026 on roles and responsibilities of members.</p> <p>Membership will be reviewed and presented to Audit Committee Feb 26</p> <p>Corporate Business Manager 31 March 2026</p>
<p><b>4. Availability of historic meeting papers</b></p> <p>Meeting papers prior to March 2023 are not currently available on the IJB website.</p> <p>Risk – A lack of transparency and public scrutiny of the IJB’s decision-making processes.</p>	<p>The IJB should reinstate meeting papers prior to 2023 to ensure transparency on decision making and outcomes.</p>	<p>Accepted</p> <p>The previous IJB Website was hosted by Comhairle nan Eilean Siar and was lost when the cyber-attack happened including all documentation. Once a decision is taken who will host the permanent site, officers will begin to populate the site with historic papers</p> <p>Corporate Business Manager 31 March 2026</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>5. Publication of the 2023/24 annual performance report</b></p> <p>The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report, this was not published for 2023/24.</p> <p>Risk – The IJB is not meeting a statutory requirement.</p>	<p>The IJB should publish its 2023/24 annual performance report in line with the required deadline.</p>	<p>Accepted</p> <p>Once an Interim Chief Officer is in post, performance data (already produced) will be forwarded to them to allow the annual performance report to be written for both 23/24 and 24/25</p> <p>Interim Chief Officer 31 March 2026</p>

## Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>1. Financial sustainability</b></p> <p>The IJB currently has a funding gap in its 3-year financial plan and existing reserves are unlikely to be able to be used to achieve a balanced position beyond 2023/24.</p> <p>Risk – the IJB is unable to deliver financially sustainable services.</p>	<p>The IJB should identify savings measures to address the budget gap over the 3-year period to 2025/26. The IJB should engage with its partners to identify financially sustainable service delivery options.</p> <p>Management response</p> <p>There will be some slippage against the Goathill complex reserves which will be available for use in 24/25 above the budgeted release of reserves. The Strategic Plan will feed into and advise the financial sustainability agenda. However, with increased pay uplifts, increasing health needs both in Health and in Social Care and with no increased funding for either partner it is becoming increasingly difficult to sustain services as they are presently.</p> <p>Responsible officer</p> <p>Chief Finance Officer and Chief Officer</p> <p>Agreed date</p> <p>31 March 2024</p>	<p>The IJB has approved its budget 2025/26- and 3-year plan, however savings measures are required to address the budget gap.</p> <p>Partially Implemented</p> <p>Due to the Financial Settlements of both partners, it is very difficult without making major changes to services to bring the budget to a break-even position with still high inflation and increased pay uplifts. Due to the poor workforce demographics of the Islands, break-even position is achieved due to high vacancies in some service areas. The strategic plan and framework need to address any transformation of services. With decreasing workforce and increase in the over 65 population with increasing need, makes this difficult to achieve.</p> <p>Interim Chief Officer</p> <p>31 March 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>2. Scheme of Integration</b></p>	<p>The IJB should complete a full review of the Scheme of Integration.</p> <p>Management response</p> <p>A review of the Integration Scheme is ongoing and due to conclude shortly. The revised Integration Scheme will be reported to the November 2023 Board meeting and shared with the partner bodies for their agreement.</p> <p>Responsible officer</p> <p>Chief Officer</p> <p>Revised date</p> <p>31 December 2023</p>	<p>A revised draft was considered by the IJB in April 2024, with further review requested by the Board to ensure alignment with current needs and legislative requirements.</p> <p>A public consultation was launched in June 2025 to gather feedback on the revised scheme, aiming to ensure it remains fit for purpose and reflects the needs of the Western Isles population.</p> <p>Partially Implemented</p> <p>The final draft document will be taken through the IJB Governance arrangements including relevant partner bodies</p> <p>Interim Chief Officer</p> <p>31 March 2026</p>
<p><b>3. Strategic planning</b></p>	<p>A three-year strategic plan should be published to bring together the Board's financial plans, workforce plans, and service redesign priorities.</p> <p>Management response</p> <p>A Consultation process is underway in developing the strategic framework and will need to tie into the health needs assessment and the ever-decreasing funds available for care.</p> <p>Responsible officer</p> <p>Chief Officer</p> <p>Revised date</p> <p>31 March 2024</p>	<p>Implemented</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>4. Transparency</b></p>	<p>Further progress is required to publish committee papers and minutes and to make key documents available on the IJB website.</p> <p>Management response</p> <p>IJB Declaration of Interest– will be presented at the October IJB Board meeting. Historically there has been a challenge in getting all discussion papers in time to provide the 5 days required by the Standing Orders. Propose changing the Standing Orders to 3 days publication in advance.</p> <p>Responsible officer</p> <p>Corporate Business Manager and Chief Officer</p> <p>Revised date</p> <p>November 2023</p>	<p>The IJB has launched a new website, however key documents including the IJB declaration of Interests, and some committee papers and minutes are unavailable.</p> <p>Partially Implemented</p> <p>See point 4 above on page 28</p>
<p><b>5. Risk Management</b></p>	<p>A refreshed Risk Management Strategy and Policy should be approved to ensure that the Board's arrangements effectively manage risks to achieving its objectives. This should include unifying the risk register and forming a strategic risk management group.</p> <p>Management response</p> <p>A strategic Risk Register for 2023 has been carried forward from IJB meeting June to October 2023.</p> <p>Responsible officer</p> <p>Chief Officer</p> <p>Revised date</p> <p>11 October 2023</p>	<p>Implemented</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>6. Best Value self-assessment</b></p>	<p>An annual Best Value self-assessment should be undertaken and approved by the IJB Audit Committee.</p> <p>Management response</p> <p>The Best Value Self-assessment process is underway and will be completed by the end of financial year 2023/24.</p> <p>Responsible officer</p> <p>Corporate Business Manager</p> <p>Revised date</p> <p>31 March 2024</p>	<p>Not implemented</p> <p>To be presented to first IJB Audit Committee 2026</p> <p>Corporate Business Manager</p> <p>31 March 2026</p>

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# Appendix 2

## Supporting national and performance audit reports

Report name	Date published
<a href="#">Local government budgets 2024/25</a>	15 May 2024
<a href="#">Scotland's colleges 2024</a>	19 September 2024
<a href="#">Integration Joint Boards: Finance and performance 2024</a>	25 July 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024
<a href="#">Transformation in councils</a>	1 October 2024
<a href="#">Alcohol and drug services</a>	31 October 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">NHS in Scotland 2024: Finance and performance</a>	3 December 2024
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Local government in Scotland: Financial bulletin 2023/24</a>	28 January 2025
<a href="#">Transparency, transformation and the sustainability of council services</a>	28 January 2025
<a href="#">Sustainable transport</a>	30 January 2025
<a href="#">A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study</a>	20 February 2025
<a href="#">Additional support for learning</a>	27 February 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="#">General practise: Progress since the 2018 General Medical Services contract</a>	27 March 2025
<a href="#">Council Tax rises in Scotland</a>	28 March 2025

# Cùram Is Slàinte nan Eilean Siar

2023/24 Annual Audit Report



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