Comhairle nan Eilean Siar

2024/25 Annual Audit Report

Prepared for Comhairle nan Eilean Siar and the Controller of Audit
June 2026

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Key messages

Audit of the annual accounts

1 We concluded that the 2024/25 financial information within the annual accounts is free from material misstatement. However, due to the impact of the 2023 cyber-attack, sufficient and appropriate audit evidence was not available to support the 2023/24 comparative data, and the audit opinion was qualified as a result.

2 A material audit adjustment was processed to update the Comhairle’s estimated future liability for payments for teachers who had been awarded added years when taking early retirement. The estimated liability increased from £2.6 million to £8.7 million when the calculation was updated with the most recently available data.

Wider scope audit

3 The Comhairle has generally appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

4 Financial management improved during 2024/25, with services delivered within budget and progress made to restore financial reporting and core systems following the cyber-attack. Some weaknesses in the control environment remain, although further improvement is expected in 2025/26 as normal processes continue to be re-established.

5 Arrangements are in place to support financial sustainability in the short term, with budget gaps managed through savings and the use of reserves. However, this approach is not sustainable over the medium term and more detailed financial planning is required to address the scale of the challenge.

6 Governance arrangements are operating as intended overall, with clear links between strategy and service delivery and regular performance reporting. There are some areas requiring improvement, including updating financial regulations and strengthening governance reporting. A recent change in Chief Executive introduces a period of transition that will require ongoing oversight.

7 Further progress has been made to strengthen IT governance, cyber security and resilience following the cyber-attack. While these developments are positive, a number of actions remain in progress, including enhancements to risk management, completion of staff training, and further testing of incident response and recovery arrangements. These actions need to be completed and embedded to support a more resilient control environment.

8 The Comhairle has established arrangements for monitoring performance and meeting public performance reporting requirements, with clear roles for both Audit and Scrutiny and service committees. However, performance oversight is spread across multiple forums, which can limit the clarity and integration of strategic, council-wide reporting. There is an opportunity to strengthen corporate-level oversight and alignment across committees to provide a more joined-up view of performance and improvement.

Best Value audit

9 The Comhairle has effective and appropriate arrangements in place for securing Best Value.

10 The Management Report on themes prescribed by the Accounts Commission reported the Comhairle has been innovative and demonstrated its commitment to transforming services, but should improve how it reports progress to the executive team and elected members.

11 The Comhairle has appropriate arrangements in place for preparing and publishing Statutory Performance Information.

12 Overall, reported service performance presents a mixed picture, with the Public Performance Report showing a majority of KPIs on target, while Corporate Strategy indicators highlight a more varied position in terms of performance improvement, indicating that progress is not yet consistent across all areas.

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 Comhairle nan Eilean Siar annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to Comhairle nan Eilean Siar, hereafter referred to as 'the Comhairle' 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 Comhairle 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 Comhairle 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 Comhairle, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Comhairle 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.

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.
- 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 Comhairle'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 Comhairle's arrangements for securing Best Value.
- Providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts return.
- A review of the Comhairle's arrangements for preparing and publishing statutory performance information.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the Comhairle 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 Comhairle'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 Comhairle 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.

The Comhairle's responsibilities

10. The Comhairle 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 for the Comhairle and its group 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 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 Comhairle and its Audit and Scrutiny Committee. Details of national and performance audit reports published over the last year can be seen in Appendix 3.

Audit of the annual accounts

Main judgements

We concluded that the 2024/25 financial information within the annual accounts is free from material misstatement. However, due to the impact of the 2023 cyber-attack, sufficient and appropriate audit evidence was not available to support the 2023/24 comparative data, and the audit opinion was qualified as a result.

A material audit adjustment was processed to update the Comhairle's estimated future liability for payments for teachers who had been awarded added years when taking early retirement. The estimated liability increased from £2.6 million to £8.7 million when the calculation was updated with the most recently available data.

The audit opinion on the 2024/25 annual accounts is qualified due to a lack of sufficient evidence over 2023/24 comparative figures in the accounts

12. The Comhairle was the victim of a cyber-attack in 2023 which had a significant impact on the 2023/24 financial reporting cycle. As a result, a disclaimer of opinion was issued on the Comhairle's 2023/24 annual accounts and the process concluded a year late in September 2025.

13. The cyber-attack continued to impact the 2024/25 audit process. As set out in the annual audit plan and Exhibit 2, additional risks of material misstatement were identified and bespoke audit approaches had to be designed to obtain assurance in the context of the cyber-attack recovery and prior year disclaimer of opinion. These factors increased the volume of work required both by the audit team and Comhairle management.

14. Despite these challenges, sufficient and appropriate audit evidence was obtained to conclude that, in the appointed auditor's opinion, the 2024/25 financial information is free from material misstatement. The 2024/25 annual accounts also present comparative data from the 2023/24 financial year over which it was again not possible to obtain assurance. The Independent Auditor's Report included within the 2024/25 annual accounts is therefore qualified regarding the 2023/24 comparative data.

Audit timetable

15. The unaudited annual accounts and all working papers were received in accordance with the agreed audit timetable. As noted above the 2024/25 audit commenced a year later than planned. The complex and challenging audit was completed within 9 months, reducing the overall delay and allowing the Comhairle to move back towards the normal reporting timetable.

Audit Fee

16. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £282,362. This includes a £23,472 (10%) increase over the centrally calculated value in recognition of the additional work required in response to the cyber-attack and 2023/24 disclaimer of opinion. There have been no further developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

17. 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.

18. 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.

19. Materiality levels for the audit of the Comhairle and its group 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.

Exhibit 1
2024/25 Materiality levels for Comhairle nan Eilean Siar and its group

Materiality	Amount
Materiality – set at 2% of gross expenditure	£4.4 million
Performance materiality – set at 50% 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.	£2.2 million
Reporting threshold – set at 2% of materiality.	£0.1 million

Source: Audit Scotland

Significant findings and key audit matters

20. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the Comhairle is Audit and Scrutiny committee.

21. 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.

22. 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.

23. 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
The 2024/25 audit opinion has been qualified in respect of the 2023/24 comparative figures in accounts Annual accounts include comparative figures from the previous year, these are also subject to audit. Our audit of the 2023/24 annual accounts resulted in a disclaimer of opinion as we could not complete our audit work due to the impact of the 2023 cyber-attack on the Comhairle. The 2023/24 figures are included in the 2024/25 accounts as comparative figures, and these remain unauditable.	We judged the lack of audit evidence over the 2023/24 comparative figures to be material, but not pervasive, to our opinion on the 2024/25 annual accounts. Our opinion on the 2024/25 annual accounts has therefore been qualified in respect of the 2023/24 comparative figures.
Control environment in 2024/25 The 2024/25 financial year commenced on 1 April 2024, approximately 5 months after a cyber-attack that significantly impacted the Comhairle's financial systems. Many systems were non-operational following the cyber-attack, including the financial ledger and key feeder systems. Transactions recorded earlier in the 2024/25 financial year were subject to manual and ad hoc processes until the revised ledger and other systems were gradually brought online. Once the systems were activated we noted that many controls, for example timely system reconciliations, did not initially operate as intended. This had an impact on the majority of systems across the Comhairle.	As a result of the control environment issues, we assessed that many classes of income and expenditure were significant risks of material misstatement and increased the extent of our audit testing accordingly. A summary of control exceptions has been reported in Exhibit 9. We noted that controls did tend to improve towards the end of the financial year, we will revisit these processes in our 2025/26 annual audit.

Significant findings and key audit matters	Outcome
Update to teachers' early retirement benefit pension liability The Comhairle recorded a liability of £2.6m at 31 March 2025 as the estimated cost of previously issued teachers' early retirement benefits. This is unfunded and accounted for separately from the standard scheme. Our audit work highlighted that data used to calculate the liability was out of date and we requested management revise this.	Updated retiree data was obtained by management and the calculation of the liability was revised to £8.7m, a material increase of £6.1m.

Source: Audit Scotland

Qualitative aspects of accounting practices

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

Accounting policies

25. The appropriateness of accounting policies adopted by the Comhairle was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Comhairle, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

26. Accounting estimates are used in a number of areas in the Comhairle'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 the Comhairle 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

27. 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, such as financial instruments and valuation of the pension liability.

Group audit

28. The Comhairle is part of a group and prepares group financial statements. The group is made up of two components, including the Comhairle which is the parent of the group. As outlined in the Annual Audit Plan, audit work was required on a number of the group's components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group audit instructions were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in Exhibit 3.

Exhibit 3
Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
Comhairle nan Eilean Siar	**Audit Scotland** Fully scope audit of the Comhairle's annual accounts.	The outcome of audit work performed is reported within the Annual Audit Report, with details of significant findings and key audit matters reported in Exhibit 2.
Curam is Slainte nan Eilean Siar (Western Isles Integration Joint Board).	**Audit Scotland** Confirmation of balances included in joint venture consolidation	No issues identified.

Source: Audit Scotland

Other matters to report

29. Auditing standards require auditors to report a number of other matters if they are identified or encountered during an audit. The matters identified or encountered on the audit of the Comhairle are outlined in Exhibit 4.

Exhibit 4
Other matters to report

Auditing standard requirement	Matter to report	Outcome
Significant deficiencies in internal control ISA (UK) 265 requires auditors to report any significant deficiencies in internal control identified during the audit.	Many financial systems, including the financial ledger, were impacted by the 2023 cyber-attack. Recovery work was underway during the 2024/25 meaning that manual and ad hoc processes remained in place, particularly early in the financial year. This matter has been raised to highlight the reduced effectiveness of the control environment.	This had been anticipated at the outset of the audit as highlighted by the risks within the annual audit plan. As a consequence, the extent of audit testing was significantly increased. No material audit issues were highlighted as a direct result of the deficiencies in the control environment.

Source: Audit Scotland

Significant matters discussed with management and audit adjustments

30. All significant matters identified during the audit and discussed with the Comhairle's management have been reported in the Annual Audit Report Audit adjustments.

31. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all corrected audit adjustments greater than the reporting threshold of £0.1 million are outlined in Appendix 2.

32. In addition to the corrected misstatements , there were other misstatements identified greater than the reporting threshold. The value, nature, and circumstances of the uncorrected misstatements were considered, individually and in aggregate, by the audit team, and it was concluded these were not material to the financial statements. As a result, these did not have any impact on the audit opinions given in the Independent Auditor's Report.

33. It is the auditor's responsibility to request that all misstatements greater than the reporting threshold are corrected, even if they are not material. Management of the Comhairle have not processed any audit adjustments to correct these misstatements. However, the final decision on whether an audit adjustment is processed to correct a misstatement rests with Audit and Risk Committee as those charged with governance. Audit and Risk Committee is requested to correct these misstatements.

34. Details of the uncorrected misstatements can be seen in Appendix 3.

Whole of Government Accounts (WGA) return

35. The Comhairle is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. The Comhairle was below this threshold and therefore only limited audit procedures are required. Work regarding the submission will be completed following conclusion of the 2024/25 audit.

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 .

Exhibit 5

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
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.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.	Audit work performed found: • We noted one isolated exception regarding a self-authorisation of a journal, otherwise 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. **Conclusion:** We found no evidence of fraud caused by management override of controls.

Risk of material misstatement	Planned audit response	Outcome of audit work
Financial information recorded during 2023/24 The Comhairle suffered a cyber-attack in November 2023 which resulted in the loss of key financial systems. The 2023/24 financial accounts were subject to a disclaimer of opinion from external auditors. This creates an increased risk of material misstatement in the following areas: • Opening balances held at 1 April 2024, where these originate from figures first recorded in 2023/24. • Transactions recorded at the end of 2023/24 and of the start of 2024/25, specifically whether they were recorded in the correct period. All 2023/24 comparative figures which may remain unauditable.	The audit team will: • Review balances for those initially recorded in 2023/24 and carry out focussed substantive testing of these to ensure that they are materially accurate, recoverable and are presented appropriately. • Review post year end information (e.g. bank statements, media, Comhairle papers) to assess the completeness of assets and liabilities. • Substantively test transactions in late 2023/24 and early 2024/25 to ensure that have been recognised in the correct period. • Consider the impact of a lack of assurance over 2023/24 comparative figures on the 2024/25 audit opinion. • Consider valuations where applicable to inform opening property, plant and equipment balances.	Audit work performed found: • Balances held at 31 March 2025, including those recorded in 2023/24 were materially correct and complete. • No issues were identified from the testing of whether 2023/24 and 2024/25 transactions had been recorded in the correct financial year. • Audit evidence over comparative figures in the accounts could not be obtained and the audit opinion is qualified in respect of this matter. • Additional valuation evidence was obtained to support opening property, plant and equipment balances. **Conclusion:** We concluded sufficient audit evidence was not available to support the 2023/24 comparative information. Additional work carried out allowed a positive audit conclusion on 2024/25 financial data.

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud or error within revenue and expenditure Auditing standards within the public sector presume a risk material misstatement due to fraud in the recognition of both revenue and expenditure. We have considered revenue and expenditure streams within the Comhairle and assessed that the following are inherently at greatest risk: - Fees, charges and other service income (£70.673 million) - Non-pay service expenditure (£109.238). Additionally, the control environment at the Comhairle was impacted by the 2023 cyber-attack and financial processes had not fully recovered at the outset of 2024/25. During this time, the risk of material misstatement due to fraud or error in the revenue and expenditure transaction streams above is judged to be higher. The presumed risk of material misstatement due to fraud has been rebutted in areas where inherent risk is lower, for example government block grant income and payroll expenditure.	Key audit responses include: • Evaluation of the design and implementation of controls over revenue and expenditure recognition before and after implementation of new ledger and sub-systems. • Substantive testing of revenue and expenditure, focussing on transaction streams assessed as higher risk of material misstatement due to fraud or error. • Focussed testing of revenue and expenditure transactions recorded around period end to assess whether they have been recorded in the correct financial year. • Focussed testing of accounting accruals and prepayments.	Audit work performed found: • Controls in early 2024/25 remained manual and ad hoc until new systems were operational during the year. • We conclude that internal controls were not designed and implemented appropriately during 2024/25 • No material issues were noted from substantive testing of income and expenditure. **Conclusion:** Despite the controls issues noted, we concluded that revenue and expenditure were not materially misstated.

Risk of material misstatement	Planned audit response	Outcome of audit work
Valuation of property, plant and equipment The council reported £260.392 million of property, plant, and equipment (PPE) at 31 March 2025, of which £248.785 was land and building assets. The council is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.	The audit team will: • Evaluate the design and implementation of controls over the valuation process. • Review the information provided to the valuer and assess this for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of the valuer. • Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. • Review the appropriateness of the key data and assumptions used in the 2024/25 valuation process, and challenge these where required. Review the desktop exercise undertaken by management over assets not subject to valuation in 2024/25 and assess if these are reasonable and changes to estimates have been correctly accounted for.	Audit work performed found: • Controls regarding the valuation process were generally appropriately designed and implemented, however we do recommend that there is greater formalisation of these to improve evidence of management oversight and ensure key factors, such as the school roll appropriately considered. • No issues were noted regarding the capability, competency and objectivity of the valuer. • The key data and assumptions used in the 2024/25 valuation process provided materially supportable asset values. **Conclusion:** The valuation of property plant and equipment was judged to be materially accurate. Processes associated with the valuation would benefit from increased formalisation.

Source: Audit Scotland

Other findings from the audit of the Comhairle's annual accounts

37. Our audit of the annual accounts noted a number of other issues and improvements that are collated here:

- Although materially sufficient, we noted that the bad debt provision should be reviewed against recent debt collection rates to ensure it is as accurate as possible.
- The non-current asset revaluation processes could be improved to more explicitly consider school roll during 5 yearly full revaluations.
- For the 2025/26 financial year, the Code of Practice on Local Authority Accounting requires bodies to apply indexation directly in most circumstances, in between 5 yearly valuations. To prepare for this management should review the indices applied to asset valuations with the assistance of an appropriate specialist to ensure these are as accurate as possible.
- We were unable to obtain appropriate audit evidence to confirm the accuracy £1.3 million of non-cash movements included within the Cash Flow Statement. We understand that this is related to the short-term debtors balance for which supporting information was not available which have been reported as an unadjusted error in Appendix 3.

38. Recommendations regarding these other findings are set out in Appendix 1.

Prior year recommendations

39. The Comhairle has made some progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the Comhairle and are outlined in Appendix 1.

Wider scope audit

Conclusion

The Comhairle has generally appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

Financial management improved during 2024/25, with services delivered within budget and progress made to restore financial reporting and core systems following the cyber-attack. Some weaknesses in the control environment remain, although further improvement is expected in 2025/26 as normal processes continue to be re-established.

Arrangements are in place to support financial sustainability in the short term, with budget gaps managed through savings and the use of reserves. However, this approach is not sustainable over the medium term and more detailed financial planning is required to address the scale of the challenge.

Governance arrangements are operating as intended overall, with clear links between strategy and service delivery and regular performance reporting. There are some areas requiring improvement, including updating financial regulations and strengthening governance reporting. A recent change in Chief Executive introduces a period of transition that will require ongoing oversight.

Further progress has been made to strengthen IT governance, cyber security and resilience following the cyber-attack. While these developments are positive, a number of actions remain in progress, including enhancements to risk management, completion of staff training, and further testing of incident response and recovery arrangements. These actions need to be completed and embedded to support a more resilient control environment.

The Comhairle has established arrangements for monitoring performance and meeting public performance reporting requirements, with clear roles for both Audit and Scrutiny and service committees. However, performance oversight is spread across multiple forums, which can limit the clarity and integration of strategic, council-wide reporting. There is an opportunity to strengthen corporate-level oversight and alignment across committees to provide a more joined-up view of performance and improvement.

Audit approach to wider scope

Wider scope

40. 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.

41. Audit work has been undertaken across each of these areas, with conclusions on the effectiveness and appropriateness of the Comhairle's arrangements set out in this chapter. Targeted audit work has also been carried out in response to the wider scope risks identified in the Annual Audit Plan, specifically in relation to cyber-attack recovery and financial sustainability. These are reported in the relevant sections of this chapter.

Conclusions on wider scope audit

Financial Management

42. We concluded the Comhairle's financial management processes were developing following the cyber-attack. Our audit work found that the organisation has undertaken significant work to rebuild systems to support effective financial management. This assessment is supported by evidence that the Comhairle:

- has clear policies and procedures, including financial regulations and a scheme of delegation
- has appropriate arrangements for preventing and detecting fraud and other irregularities
- is supported by suitably qualified and experienced finance staff with the capacity and capability to fulfil the function effectively
- has arrangements for scrutiny, with appropriate challenge provided by the Finance, Resources and Performance Committee

43. Further detail on how these arrangements operated in practice during the year, and the extent to which they supported delivery of financial outcomes, is set out below.

The Comhairle demonstrated effective financial control operating within budget in 2024/25

44. The Comhairle approved a revenue budget of £126.9 million for 2024/25 in February 2024. During the financial year, this budget was revised upwards to £131.8 million. The revised budget was to be financed primarily through £130.3 million of funding, with a planned contribution of £1.6 million from general reserves.

45. The Council's 2024/25 annual accounts report a surplus of £1.9 million, representing an underspend of £3.5 million against the revised budget. This position mainly reflects additional grant income received during the year, lower spending in corporate budgets and loan charges, and higher income from council tax and investments.

46. Exhibit 6 shows that over the past three years the Comhairle has worked to manage the gaps in the budgets through savings and use of reserves.

Exhibit 6
Key financial information

Budget setting	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Budget gap	1.9	5.2	9.2
Planned to be met via:			
• Savings and flexibilities	1.4	1.7	2.0
• Additional income	-	-	5.2
• Use of reserves	0.5	3.5	2.0
Actual			
Savings delivered	1.2	1.7	2.0
Use of / (contribution to) reserves	1.7	3.7	(1.9)
Total usable reserves carried forward	42.5	40.9	44.7
General Fund:	30.0	26.2	28.1
• Earmarked	26.0	22.7	24.6
• Uncommitted	3.5	3.5	3.5

Source: The Comhairle's 2024/25 unaudited annual accounts and 2024/25 Budget

47. During the year, the Comhairle achieved in-year savings of £2.0 million. While some initial savings proposals proved unachievable and were revised, alternative actions were taken to ensure the overall savings target was delivered.

48. The Comhairle has a good record of delivering savings, but the scope for further savings is narrowing, making future financial plans increasingly challenging.

Capital expenditure was less than originally budgeted in 2024/25

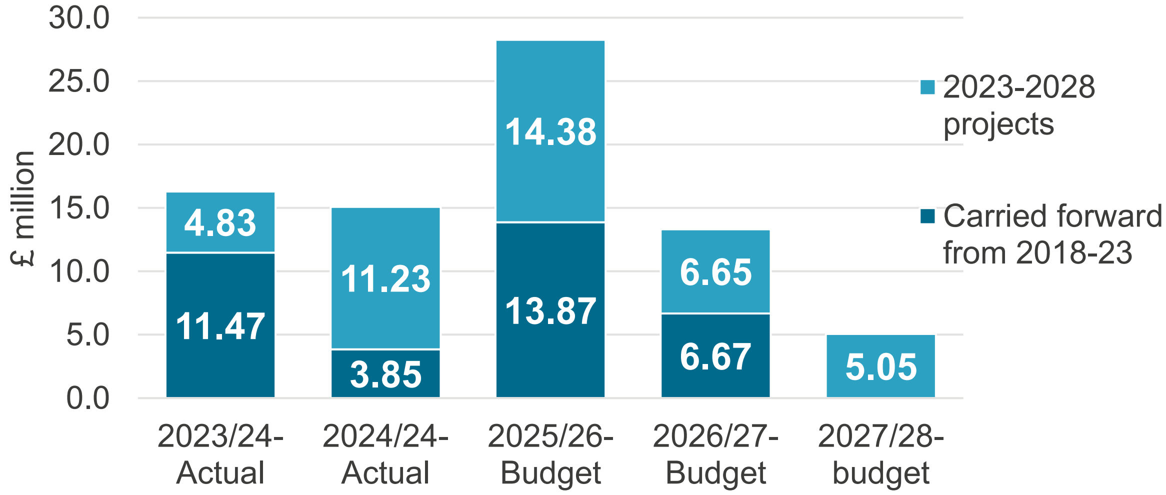
49. The capital programme has developed significantly since its initial approval in February 2023 at £25 million. The revised 2024/25 capital budget reflected both the addition of £21.4 million in external funding and the carry forward of £28.2 million of approved projects from the 2018-23 capital programme, alongside £3.4 million of prudential borrowing.

50. As a result, the planned programme for 2023-28 increased to £78 million in 2024/25.

51. During 2024/25, capital expenditure totalled £15.1 million, of which £3.9 million related to projects carried forward from the 2018- 23 programme.

52. Exhibit 7 highlights the profile of actual and planned expenditure across the period to 2027/28. There remains a significant level of slippage within the capital programme, with a large proportion of expenditure continuing to be carried forward from previous years.

Exhibit 7
Capital expenditure over 2023-28 (actual and budgeted)



Source: Capital Outturn report 2024/25

53. As illustrated in the graph, actual expenditure in both 2023/24 (£16.3 million) and 2024/25 (£15.1 million) includes a notable element of spend on projects carried forward from the 2018- 23 programme. The profile of planned expenditure shows that this trend continues, with a substantial share of future capital expenditure relating to projects that began under the previous programme and remain incomplete.

54. The graph also highlights significant pressure on programme delivery in 2025/26, with forecast expenditure of £28.3 million, including £13.9 million of carried forward projects. However, Quarter 3 monitoring for 2025/26 indicates that slippage is expected, with projected spend reducing to £22.9 million, of which £6.7 million relates to carried forward projects.

55. At the same time, additional funding of £28.7 million has been secured during the year, increasing the total capital programme to £106.3 million. This defers further pressure into 2026/27, where the planned capital budget rises to £48.8 million, including £12.5 million of projects carried forward from previous years.

56. This demonstrates that delays are continuing to roll forward within the programme, increasing the scale and complexity of delivery in future years, heightening the risk of further slippage.

57. Audit Scotland will undertake further work in 2025/26 as part of its Best Value audit programme, focusing on Asset Management. This will include consideration of the Comhairle’s arrangements for planning and delivering its capital programme.

Budget monitoring has improved in year with increased assurance over data reliability and improved timeliness in 2025/26

58. The cyber-attack had a significant impact on the Comhairle’s financial systems and its ability to monitor budgets. Although budget setting arrangements remained appropriate, the loss of the financial ledger meant that timely and reliable financial information was not available during 2023/24.

59. During 2024/25 budget monitoring information was produced, but reports to members were late, with key updates presented several months after the period end. By early 2025, the Comhairle had re-established its ability to assess financial performance, and the year-end position was reported through the 2024/25 accounts.

60. Performance improved further during 2025/26, with budget monitoring reports returning to a more regular cycle and both revenue and capital monitoring in place from quarter 3. While arrangements are now largely in place, a full return to timely reporting is expected from quarter 2 of 2026/27.

61. There remained some uncertainty over the reliability of financial information due to the loss and reconstruction of records following the cyber-attack. This contributed to the disclaimed audit opinion for 2023/24 and has required additional audit work in 2024/25. We recognise the significant progress made during 2024/25 and 2025/26 in restoring financial systems and records. The 2024/25 audit opinion provides increased assurance as arrangements continue to improve, with a move towards an unmodified opinion expected in due course

While progress has been made in restoring systems, internal controls were not designed and implemented appropriately during 2024/25

62. Our review of internal controls is normally based on key financial systems identified in our audit planning. However, our approach in 2024/25 was adapted due to the impact of the cyber-attack in November 2023.

63. The attack resulted in the loss of critical records and the unavailability of key systems, including the general ledger, council tax, non-domestic rates (NDR), and housing benefit systems. These systems were restored at different points during 2024/25, with some not fully operational for significant parts of the year as outlined in Exhibit 8.

Exhibit 8
Timeline of systems restoration

Mar 2024	General Ledger system acquired
Apr–Jun 2024	General ledger tested prior to implementation
May 2024	Council Tax and Non-Domestic Rates systems implemented
Jun 2024	Billing processes were established for Council Tax and NDR
Jul 2024	General Ledger became operational
Oct 2024	Creditors became operational
Nov 2024	Debtors became operational
Apr 2025	Purchasing functionality became operational

Source: Audit Scotland

64. We audited the compensating processes in place during 2023/24 and 2024/25 and concluded that these were not designed appropriately to mitigate the risk of material misstatement. Accordingly, we performed increased substantive testing in the current year. Our work in the current year also focused on understanding the control environment as systems were reintroduced and identifying the risks arising from limited or ineffective controls.

65. We identified significant deficiencies across four key themes as set out in Exhibit 9.

Exhibit 9

Key findings from review of key controls

Theme	Audit finding	Risk
Segregation of Duties	We identified instances where the same officer was able to create, post, and authorise transactions (including debtor setup, invoicing, and journal entries). We also identified limited independent review over certain processes, including year-end reconciliations.	This increases the risk of fraud or error or inappropriate transactions not being detected in a timely manner.
Timeliness of Reconciliations	Key reconciliations (e.g. debtors, creditors, cash, payroll, council tax and NDR) were completed significantly after period end, in some cases several months later, with delayed or absent evidence of review	This reduces the effectiveness of controls in identifying and correcting errors promptly and weakens financial oversight during the year.
Access Controls	We found there was inappropriate or excessive user access identified, including non-finance staff having elevated access to payroll systems. In addition, there was delays in completing or absence of periodic access reviews.	This creates a risk of unauthorised changes to financial data and increases exposure to fraud or misuse of systems.

System Disruption and Data Loss	Loss of key financial data following the cyber-attack, including fixed asset information and historic records. Some systems were not operational in year (notably purchasing) of the year, and full audit trails were not always available.	This limits the completeness and reliability of financial information and reduces the ability to evidence proper control operation

Source: Audit Scotland

66. Given the extent of control weaknesses and the disruption to systems, we did not place reliance on controls and instead adopted a substantive audit approach, reflecting the increased risk of fraud and error.

67. We have concluded that systems of internal control were not effective during 2024/25, and this will be reflected in our Annual Audit Report. The draft Governance Statement did not initially reflect these issues; however, following discussion with the audit team, it has been updated in the final signed version to provide appropriate disclosure.

Recommendation 1

The Comhairle should prioritise and implement appropriate remedial actions to address the control weaknesses identified through the audit. Management should ensure that all detailed findings are formally assessed, action plans are developed, and progress is actively monitored to completion.

While finance resourcing challenges were managed during 2024/45, workforce pressures are an ongoing risk for the Comhairle

68. The Comhairle continues to face workforce capacity challenges, particularly within its finance function. This reflects wider recruitment difficulties and demographic pressures identified in our 2023/24 Best Value work, including an ageing population and challenges in attracting staff. The Comhairle has put initiatives in place to mitigate these issues, such as apprenticeships, career pathways and “grow your own” schemes.

69. Historically, maintaining sufficient capacity in key finance roles has been challenging. We previously reported in 2022 that there were difficulties in ensuring adequate capacity within the financial management function, including a prolonged period without a Director for Assets, Finances and Resources.

70. There were some significant changes in the finance team in 2024/25. The Section 95 Officer indicated their intention to retire in December 2024 and left the Comhairle in June 2025. Recruitment to the role took place during this period, with interim arrangements put in place.

71. A new Chief Financial Officer was appointed in July 2025 from within the organisation, bringing valuable prior experience and knowledge of the Comhairle. However, this created a temporary gap in the internal audit function, and the postholder undertook dual responsibilities for a period. This situation presented some risk in terms of capacity and potential self-review, although these were managed in the short term. A new Chief Internal Auditor was subsequently appointed in December 2025.

72. Overall, workforce capacity challenges are expected to continue, particularly in specialist roles such as finance. While the Comhairle has taken steps to manage resourcing pressures and fill key positions, these challenges are likely to remain an ongoing risk. We have previously made recommendations as part of our thematic review of workforce, and progress against these is set out in Appendix 1.

Participation in the National Fraud Initiative is still impacted by the cyber-attack

73. The National Fraud Initiative (NFI) is a UK-wide counter-fraud exercise carried out every two years to prevent and detect fraud. The Comhairle participates in this exercise, which compares data across services such as benefits, payroll, creditors, council tax, licences and blue badge holders. Across Scotland, outcomes recorded since the last report total £21.5 million, with cumulative outcomes of around £180 million since 2006/07.

74. As reported previously, the Comhairle's participation has been limited in recent years. Submissions for both the 2022/23 and 2024/25 exercises were restricted to payroll data only, and progress in reviewing matches has also been limited. This reflects the impact of system issues, where the Comhairle was unable to restore sufficient data in time to meet NFI deadlines and ensure submissions were complete and reliable.

75. The Comhairle is expected to fully engage with the NFI process for the data that has been submitted, including timely review of matches. It is also expected that, as systems continue to stabilise, a full dataset will be available to support complete participation in the 2026/27 exercise.

Financial Sustainability

76. Our audit plan identified a risk relating to financial sustainability under our wider scope responsibilities.

77. We concluded that the Comhairle has appropriate arrangements in place to support financial sustainability. However, further work is required to develop and deliver a savings plan to address the forecast budget gap.

As a result, a risk to the Comhairle's ongoing financial sustainability remains. Our work supporting this conclusion is set out below.

The Comhairle has set budgets in both 2025/26 and 2026/27 which address budget gaps through efficiency savings and contribution from reserves

78. The Comhairle has set balanced budgets for both 2025/26 and 2026/27 using a mix of savings, income increases and use of reserves.

79. For 2025/26, the budget approved on 25 February 2025 included a planned deficit of £2.0 million, to be funded from reserves. This was done while maintaining the Comhairle's policy minimum of £3.5 million of uncommitted reserves. Based on Quarter 3 monitoring, uncommitted reserves are expected to be £4.5 million at the end of the year. This provides some flexibility to manage future pressures and keeps reserves above the minimum level.

80. For 2026/27, the Comhairle faced an initial budget gap of £5.4 million. This was addressed through a combination of savings, additional income and use of reserves. Consultation feedback showed that people preferred increases in council tax and some use of reserves, rather than further service cuts. This was reflected in the final budget.

81. The agreed measures to close the gap include £0.4 million of savings, £0.4 million from reserves, an 8.5% increase in council tax, and £0.4 million of extra income from a levy on second and long-term empty properties. The council tax increase was reduced from an earlier proposal of 9.5%, with the difference of £0.2 million funded from reserves.

82. Although these actions have allowed the Comhairle to set balanced budgets, there is still ongoing reliance on reserves to support day-to-day spending. While reserves are expected to remain above the £3.5 million minimum at the end of 2025/26, continued use of reserves reduces financial resilience and carries budget pressures into future years. The Comhairle recognises that this is not a sustainable long-term approach.

83. The 2026/27 budget shows some progress in reducing reliance on reserves compared to previous years. Planned use of reserves is £0.4 million, rising to £0.7 million if the additional property levy is not achieved. This is a positive step, but further work will be needed to reduce reliance on reserves and ensure long-term financial sustainability.

Transformation plans are at an early stage, with limited impact on addressing the funding gap

84. The Comhairle's Medium-Term Financial Plan (MTFP) highlights a continuing and significant financial challenge over the medium term. The previous MTFP, covering 2025/26 to 2029/30, estimated a cumulative funding gap of between £13.7 million and £42.4 million over five years. This reflected a high level of uncertainty and the need to identify sustainable savings to address the gap.

85. As part of the 2026/27 budget setting process, the Comhairle updated its financial forecasts. These show that the position remains challenging. The revised estimate identifies a cumulative deficit of £15.9 million over the period 2027/28 to 2029/30. While this is a narrower gap than the worst case scenarios previously reported, it still represents a significant funding shortfall.

86. An updated MTFP was presented to the Policy and Resources Committee in March 2026, covering the period 2026/27 to 2030/31. The plan sets out a range of scenarios based on different assumptions about funding, costs and demand pressures. These include best-case, mid-case and worst-case projections to reflect uncertainty. Across these scenarios, the estimated cumulative funding gap over five years ranges from £6.3 million to £55.2 million, with a mid-case estimate of £24.3 million.

87. The mid-case scenario shows that, without action, the annual budget gap could rise to around £8.0 million by 2030/31. This continues to represent a significant recurring pressure and highlights the need for further action to address underlying financial pressures.

88. The Comhairle recognises that its options for addressing the funding gap are limited. Given its rural setting and the nature of its services, opportunities for alternative service delivery models are constrained and are likely to deliver only modest savings. This increases the likelihood that future savings will require service reductions or changes to the level of service provided.

89. We previously recommended that the Comhairle develop a clear medium-term savings plan linked to its Transformation Programme. Our Best Value work in 2025/26 found that, while transformation activity is underway, projects are still at an early stage of development. As a result, they are not yet sufficiently defined to be included in the MTFP or to provide firm estimates of savings. This means that, at present, there are no significant, confirmed savings from transformation built into the financial projections, and delivery of future savings remains uncertain.

90. Overall, while the Comhairle has a clear understanding of the scale of its financial challenge, it does not yet have sufficiently developed and deliverable savings plans to address the medium-term gap. This represents a significant risk to financial sustainability and will require continued focus to ensure that realistic and achievable savings options are identified and implemented. This is reflected in our recommendations in Appendix 1.

IJB financial sustainability remains at significant risk due to reliance on non-recurring measures, and diminishing reserves

91. The financial position of Integration Joint Boards (IJBs) nationally continues to deteriorate, our Audit Scotland IJB Finance Bulletin 2024/25 highlighted that, despite a 2.3% real-terms funding increase, rising demand and cost pressures are outstripping both funding and planned savings, raising significant concerns over long-term sustainability.

92. This national position is reflected locally, where the Comhairle faces a projected funding gap of around £2.8 million for 2026/27, alongside an initial IJB budget shortfall of £4.1 million before the application of reserves and non-recurring measures.

93. The current financial strategy relies heavily on short-term solutions, including holding unplanned staff vacancies, actively managing the use of agency staff to maintain service delivery, limited recurring savings, and the planned use of both general and earmarked reserves

94. Looking ahead, this creates a significant sustainability risk. Current projections indicate a remaining budget gap of approximately £3.7 million by 2028/29 after planned savings and vacancy controls, with a lower level of reserves available to mitigate this shortfall. The Comhairle has, to date, maintained contributions in line with Scottish Government funding uplifts and has not required the IJB to contribute to wider savings targets; however, increasing pressures may require additional funding contributions from 2027/28 onwards.

Vision, Leadership and Governance

95. The audit work performed on the arrangements the Comhairle has in place around its Vision, Leadership and Governance found that these were generally effective and appropriate, supported by a clear strategic framework, established governance structures, and appropriate levels of scrutiny. This judgement is evidenced by the Comhairle:

- having a clearly articulated Corporate Strategy (2024–2027), supported by service business plans, which sets out its strategic direction and priorities. The Strategy is subject to periodic review and reflects both national priorities and local needs, with a clear "golden thread" linking the Local Outcome Improvement Plan through to service delivery;

- defining four strategic priorities, each supported by a suite of outcomes and aligned business plan actions. These are underpinned by a range of KPIs drawn from national statistics and management information, enabling monitoring of performance and progress against intended life outcomes;

- maintaining a structured and comprehensive governance framework, including the full Council and a range of committees, which provide oversight of strategy, performance and decision-making. The Scheme of Administration clearly sets out roles and responsibilities, and our review of the high-level control environment did not identify any fundamental weaknesses in the framework;

- demonstrating appropriate levels of scrutiny and challenge, particularly through the Audit and Scrutiny Committee. Based on our attendance and review of committee papers, we are satisfied that reporting is sufficiently clear, relevant and timely to support effective oversight and decision-making. Papers considered by the Policy and Resources Committee and Audit and Scrutiny Committee were generally of an appropriate quality to enable members to take informed decisions;
- operating within an established governance and reporting environment, supported by regular financial and performance reporting and ongoing monitoring by members and senior officers.

96. We identified no significant risks in the overall governance framework. However, a small number of areas for improvement were noted, including financial regulations being overdue for review and risks associated with changes in key finance roles and internal audit leadership.

97. In addition, while the Comhairle prepares an Annual Governance Statement, our audit work identified that disclosure of control issues could be strengthened to more fully reflect areas of governance risk and improvement.

98. These matters have been reported separately within the Financial Management section.

IT governance continues to strengthen following the cyber-attack, but key actions remain outstanding

99. Our Annual Audit Plan identified an ongoing risk in relation to recovery from the cyber-attack and the progress in implementing audit recommendations. Our conclusions are set out below.

100. The Comhairle has made demonstrable progress in strengthening its IT governance, cyber security, and resilience arrangements since the cyber-attack. Internal audit work concluded that a reasonable level of assurance can now be placed on the control environment, with key controls operating effectively. Improvements include enhanced backup arrangements (including immutable solutions and recovery testing), development of cyber incident response and disaster recovery plans, and ongoing work to embed risk ownership within registers.

101. External scrutiny has also recognised this progress. However, both internal audit and the Accounts Commission highlight that further work is required to fully embed these improvements and address remaining risks.

102. Several important gaps persist:

- Risk management: The Comhairle has updated its risk register to include specific cyber security risks, including loss of data, loss of access to systems, loss of network provider, network breach, and data exfiltration via phishing. Further enhancements are planned to incorporate detailed actions, timescales, named responsible officers, and committee oversight. A report will also be prepared to support members in considering resilience measures and defining risk appetite for these risks.

- Air-gapped back-up solution: A procurement exercise is underway to implement a fully air-gapped back-up solution.

- Training and development: Mandatory cyber security training completion has reached 85% of staff with network access. Actions are in place to follow up with staff who have not completed or require refresher training, with oversight through the Corporate Management Team.

- Disaster recovery and incident response testing: The Disaster Recovery Plan and Cyber Incident Response Plan have been presented to the Audit and Scrutiny Committee. Disaster recovery testing has been successfully carried out across a range of scenarios. Cyber Incident Response Plan tabletop testing remains to be completed.

103. The Comhairle has accepted all audit recommendations and put in place action plans, with progress monitored through the Audit and Scrutiny Committee. Key actions are scheduled for completion during 2026, including enhancements to risk registers, implementation of an air-gapped backup solution, completion of staff training, and further resilience testing.

The senior management structure was appropriate in 2024/25, although a recent leadership change introduces a period of transition

104. The senior management structure is appropriate to the scale and complexity of the organisation, with the Chief Executive supported by Chief Officers and Heads of Service across key operational and corporate functions. During the year, the Comhairle experienced a significant leadership transition with the appointment of a new Chief Executive in April 2026, following a long period of stability under the previous postholder.

105. This change introduces an element of inherent risk, as new leadership may bring different priorities, ways of working and management approaches, and it may be appropriate for aspects of the organisational structure, governance arrangements or strategic focus to evolve to align with the new Chief Executive’s leadership style. As this appointment is recent, we have not yet observed the full impact of this transition or the emerging leadership approach.

106. We will continue to engage with the Comhairle over the course of the 2025/26 audit, including monitoring any changes arising from this transition and considering any resulting impacts on the Corporate Strategy, governance arrangements and overall strategic direction.

107. Overall, while governance, control, and resilience arrangements have improved significantly, the Comhairle must maintain momentum to ensure that outstanding actions are delivered fully and embedded sustainably, particularly in relation to risk management, testing, and cyber security maturity.

Use of Resources to Improve Outcomes

108. The council has appropriate arrangements in place to ensure effective use of its resources to improve outcomes, based on the factors set out below:

- The Comhairle does not rely on a single recurring corporate performance report. Performance is monitored through a combination of reporting to the Policy and Resources Committee (including Transformational Projects and Performance), Audit and Scrutiny Committee and to service committees. This approach ensures that relevant members have oversight of service-specific performance, while limiting the extent of integrated, cross-cutting strategic reporting across the council. There is an overarching annual review of performance against the Corporate Strategy, and the development of the next Corporate Strategy (2027) presents an opportunity to further strengthen alignment and visibility across committees.

- The Comhairle produces both an Annual Public Performance Report (PPR) and a Corporate Strategy Annual Performance Report, providing a mechanism for annual oversight of performance and progress against strategic priorities. These reports demonstrate compliance with public performance reporting requirements and support transparency. However, it is not always clear which committee has primary responsibility for scrutinising these reports at a corporate level, which may limit the consistency of strategic oversight.

Recommendation 6

The Comhairle should ensure that there is clear responsibility for the scrutiny of annual performance reporting.

- The Comhairle should prioritise and implement appropriate remedial actions to address the control weaknesses identified through the audit. Management should ensure that all detailed findings are formally assessed, action plans are developed, and progress is actively monitored to completion

- The Audit and Scrutiny Committee has responsibility for oversight of Best Value arrangements, including monitoring the Comhairle's continuous improvement activity and its response to Best Value requirements.

- Service committees are responsible for monitoring operational performance and scrutinising Local Government Benchmarking Framework (LGBF) data at a service level, ensuring that detailed performance information is subject to member review within the relevant service areas.
- As outlined in the Best Value section of this report, the council faces challenges in meeting performance targets in some areas. However, the enhanced performance management framework once embedded will provide comprehensive overview and more regular scrutiny to drive improvement.

Best Value audit

Conclusion

The Comhairle has effective and appropriate arrangements in place for securing Best Value.

The Management Report on themes prescribed by the Accounts Commission reported the Comhairle has been innovative and demonstrated its commitment to transforming services, but should improve how it reports progress to the executive team and elected members.

The Comhairle has appropriate arrangements in place for preparing and publishing Statutory Performance Information.

Overall, reported service performance presents a mixed picture, with the Public Performance Report showing a majority of KPIs on target, while Corporate Strategy indicators highlight a more varied position in terms of performance improvement, indicating that progress is not yet consistent across all areas.

Audit approach to Best Value

110. Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit. As part of the annual audit, auditors are required to take a risk-based approach to assessing and reporting on whether the Comhairle has made proper arrangements for securing Best Value, including follow up of findings previously reported in relation to Best Value.

111. The Accounts Commission also reports nationally on thematic aspects of councils' approaches to, and performance in, meeting their Best Value duties. As part of the annual audit, thematic reviews, as directed by the Accounts Commission, are conducted on the Comhairle. The thematic review for 2024/25 is on the subject of service transformation and involves considering how the Comhairle is redesigning services to maintain outcomes and deliver services more efficiently. Conclusions and judgements on the thematic review are reported in a separate Management Report and summarised in this chapter.

Conclusions on Best Value

The Comhairle's arrangements and performance in meeting Best Value and community planning duties

112. The audit work performed on the arrangements the Comhairle has in place for securing Best Value and its community planning arrangements found these were effective and appropriate. This judgement is evidenced by:

- the Comhairle having well established and effective governance arrangements in place, with the Best Value being a key aspect of the governance arrangements
- the arrangements the Comhairle has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value
- progress against previous audit recommendations as set out in Appendix 1.

Themes prescribed by the Accounts Commission

113. As previously outlined, the Accounts Commission reports nationally on thematic aspects of council's approaches to, and performance in, meeting their Best Value duties, with the thematic review for 2024/25 on the subject of service transformation. Conclusions and judgements on the Comhairle's approach to service transformation are outlined in a separate Management Report which is available on the Audit Scotland website. A summary of the conclusions and judgments made in the report is outlined below:

- The Comhairle is in the early stages of its latest transformation projects. It is still developing the business cases for these, so estimated costs and financial and non-financial benefits have not been fully quantified. This includes the identification of savings for incorporation into its financial plans.
- The Comhairle estimates a £26.5 million cumulative budget gap between 2025/26 and 2029/30 in its mid-case scenario. It faces difficult decisions to support it to close this gap and must identify opportunities for further transformational activity to support this.
- The Comhairle's staffing capacity has been constrained in recent years due to the impact of the cyber-attack. The Comhairle has taken steps to allocate staffing resources to support its current transformation projects, but staffing capacity remains a risk.
- The Comhairle has established governance arrangements for its current transformation projects, which includes reporting to its Corporate Management Team and elected members. As projects are at an early stage, progress reporting in relation to time, costs

and estimated benefits has not been provided. However, we would expect these elements to be incorporated into reporting when they are quantified.

- The Comhairle has demonstrated it has worked well with partners to deliver transformation and there are several examples of joint funding arrangements in place.

- Budget engagement has been impacted by the cyber-attack in recent years, but the Comhairle carried out an online consultation for setting its 2025/26 budget, with further consultation activity planned to support the 2026/27 budget setting process. There are examples of services engaging with communities on service redesign plans, including engagement with vulnerable groups and the third sector.

- The Comhairle has delivered demonstrable financial and non-financial benefits through its previous transformation projects, supported by established success measures. For its latest transformation initiatives, success measures are still being developed. However, the Comhairle is actively seeking to enhance its performance reporting as part of one of these new projects, which should help track progress and outcomes more effectively going forward.

- The Comhairle carried out initial integrated impact assessments for its 2025/2026 budget proposals, some of which include service reviews. Its latest transformation projects are not yet at the stage where potential impacts can be identified.

114. The report also included 2 recommendations for improvement which are replicated in Appendix 1 of this report along with the Comhairle's planned response, responsible officers and dates for implementation. We will report on the Comhairle's progress in implementing these actions as part of our 2025/26 audit.

Statutory performance information (SPI) and service performance

115. The Accounts Commission issued a Statutory Performance Information Direction which requires the Comhairle to report its:

- performance in improving services and progress against agreed desired outcomes, and

- a self-assessment and audit, scrutiny, and inspection body assessment of how it has responded to these assessments.

116. Auditors have a statutory duty to satisfy themselves that the Comhairle has made proper arrangements for preparing and publishing statutory performance information in accordance with the Direction and report a conclusion in the Annual Audit Report.

117. Audit work assessed the arrangements the Comhairle has in place for preparing and publishing SPI, including how it has responded to assessments, and concluded the arrangements in place were effective and appropriate.

118. The Comhairle has appropriate arrangements in place for the preparation and publication of Statutory Performance Information (SPIs), primarily through its Annual Public Performance Report and supporting Corporate Strategy reporting. These reports provide a clear and accessible overview of performance.

119. The inclusion of benchmarking information, trend data and narrative commentary supports transparency and allows stakeholders to understand performance in the context of both prior years and comparator authorities. Benchmarking data, including the Local Government Benchmarking Framework, is subject to scrutiny by service committees, ensuring that performance is reviewed in detail within relevant service areas.

120. The introduction of the Accounts Commission's SPI Direction 2024 represents a shift in expectations, placing greater emphasis on clear, coherent and accessible public performance reporting that demonstrates how councils assess their own performance, respond to scrutiny, and improve outcomes.

121. Within this context there is an opportunity for the Comhairle to review how it meets the new requirements and consult with stakeholders about their needs. While there is good activity in place, such as service monitoring, LGBF scrutiny and improvement planning, this is spread across different committees and reports and this can make it hard to see the overall picture.

122. As it develops its new Corporate Strategy, the Comhairle could bring this together more clearly by setting out its Best Value self-assessment in one place, strengthening Public Performance Reporting to include audit and inspection findings and its response, linking service and corporate performance more clearly, and making reports easier for the public to understand and engage with. This would improve transparency and help show a clearer, joined up picture of performance.

Recommendation 7

The Comhairle should review how it meets the requirements of the Accounts Commission's statutory performance information (SPI) Direction 2024 to ensure easy stakeholder understanding and maximise transparency.

123. The Comhairle should prioritise and implement appropriate remedial actions to address the control weaknesses identified through the audit. Management should

Service performance has remained stable overall, with evidence of improvement in some areas, but ongoing challenges continue to affect performance

124. The Accounts Commission also requires auditors to report a summary of the information on service performance reported by the Comhairle.

125. The information reported is a combination of the LGBF indicators and other relevant indicators the Comhairle has developed to monitor progress against key strategic priorities. From review of the service performance information reported by the Comhairle, this was found to be sufficiently detailed to provide an assessment of progress the Comhairle is making against its strategic priorities and allow effective scrutiny of performance.

126. The 2025 Public Performance Report (PPR) highlights that 73% of KPIs were on target, 3% were close to target and 24% were off track. The report includes comparisons with prior years and other councils, with overall performance assessed as mixed across service areas.

127. Corporate Strategy KPI reporting presents a similarly mixed performance picture, although measured on a different basis, with 46% of indicators showing improvement, 36% declining, 12% unchanged and 6% not reported. There is evidence of progress in several areas, including education and children's services, adult social care quality, economic development, housing and elements of environmental services, demonstrating tangible improvements in frontline delivery and outcomes.

128. At the same time, performance is not consistent across all areas. Some outcomes remain more challenging, including fuel poverty and carbon emissions, alongside wider pressures relating to financial sustainability, workforce capacity, particularly in adult social care, and the impact of a declining and ageing population. At an operational level, a number of KPIs are still off track and some planned actions have yet to be completed.

129. Overall, this reflects a position where there are clear strengths and areas of progress, but also ongoing challenges that continue to affect performance.

Progress against previous Best Value findings and recommendations

130. Best Value findings and recommendations have been made in previous years' Annual Audit Reports, Management Reports on themes prescribed by the Accounts Commission, and Controller of Audit Reports on the Comhairle's performance in meeting its Best Value duties.

131. Details of previous recommendations and progress the Comhairle is making against these can be seen in Appendix 1. Overall, the Comhairle is making good progress in implementing the previous recommendations made.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. **Improvements to key controls** Weaknesses in the design and implementation of key controls were noted across the following themes: • Segregation of duties • Timeliness of Reconciliations • Access Controls	The Comhairle should prioritise and implement appropriate remedial actions to address the control weaknesses identified through the audit. Management should ensure that all detailed findings are formally assessed, action plans are developed, and progress is actively monitored to completion.	Accepted Work is already underway to improve processes to restore and improve controls following the cyber-attack. Responsible officer – Chief Financial Officer Agreed date – June 2026
2. **Review of bad debt provision** Although we concluded it was materially sufficient, the provision applied to debt aged up to 1 year old is comparatively low.	Management should review the extent of the bad debt provision against recent debt collection rates to ensure it is as accurate as possible.	Accepted Work is underway to review the bad debt provision for inclusion in the 2025/26 Accounts Responsible officer – Chief Financial Officer Agreed date – June 2026
3. **Inclusion of school roll data within asset valuation calculations** The valuer does not include changes in school roll when assessing the depreciated replacement cost of school assets.	This is common practice within the sector and should be considered, even if it ultimately does not change the valuation in many cases.	Accepted This will be included going forward in the 2025/26 Accounts and beyond. Chief Financial Officer June 2026

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
4. **Review of indices used as part of desktop assessment of asset value** Desktop valuations have utilised standard BCIS All-In TPI rates to update asset values in between quinquennial full revaluations. More accurate indices may be available, for example including a locality factor. The 2025/26 Code of Practice on Local Authority Accounting requires bodies to apply indexation directly in most circumstances, in between 5 yearly valuations.	Management should review the indices applied to asset valuations with the assistance of an appropriate specialist to ensure these are as accurate as possible for use in 2025/26.	Accepted This work is already underway as part of the 2025/26 Annual Accounts. Responsible officer – Chief Financial Officer Agreed date – June 2026
5. **Oversight of data hosting arrangements** Much of the Comhairle's financial data is now cloud hosted, however arrangements to obtain assurance over data security at 3rd party suppliers are inconsistent across systems.	Management should put in place a consistent process to obtain assurance over the security of hosted data and ensure that assurance is updated regularly.	Accepted All new cloud systems are required to complete the Cloud Services questionnaire created referencing the NCSC Cloud Security Principles framework and work underway to engage existing cloud system providers when we are renewing contracts with them. Work to engage in retrospectively capture of all cloud suppliers to be completed in the next 12 months so we have a complete list of their responses. Responsible officer – IT Manager Agreed date – June 2027

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
6. **Scrutiny of annual performance reporting** The Comhairle produces both an Annual Public Performance Report (PPR) and a Corporate Strategy Annual Performance Report, providing a mechanism for annual oversight of performance and progress against strategic priorities. It is not always clear which committee has primary responsibility for scrutinising these reports at a corporate level, which may limit the consistency of strategic oversight.	The Comhairle should ensure that there is clear responsibility for the scrutiny of annual performance reporting.	Accepted Review underway. Concise report will be provided for reporting year 2026/27. Responsible officer – Chief Officer, HR & Performance Agreed date – June 2027
7. **Review of SPI** The introduction of the Accounts Commission's SPI Direction 2024 represents a shift in expectations, placing greater emphasis on clear, coherent and accessible public performance reporting that demonstrates how councils assess their own performance, respond to scrutiny, and improve outcomes. Within this context there is an opportunity for the Comhairle to review how it meets the new requirements and consult with stakeholders about their needs.	The Comhairle should review how it meets the requirements of the Accounts Commission's statutory performance information (SPI) Direction 2024 to ensure easy stakeholder understanding and maximise transparency.	Accepted Review underway. Concise report will be provided for reporting year 2026/27. Responsible officer – Chief Officer, HR & Performance Agreed date – June 2027

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation	Update, agreed action and revised date
8. **Medium-term savings plan** The Comhairle recently approved its Medium-Term Financial Plan (MTFP), which identifies a significant budget gap even in the best case scenario. A further plan is need to respond to the challenging financial situation.	**Recommendation:** The Comhairle should develop medium savings plans to address the budget gap that has been identified. **Agreed Action:** Work is underway through the Budget & Strategy board with a view to develop a plan of savings for the short and eventually the medium term to address the gaps identified in the MTFP. **Responsible officer:** Chief Financial Officer **Agreed date:** March 2026	On going. As noted in the report, transformation plans are at an early stage.
9. **Availability of historic meeting papers (2023/24)** Meeting papers prior to the cyber-attack are not currently available on the Comhairle website.	**Recommendation:** The Comhairle should reinstate meeting papers prior to 2024 to ensure transparency on decision making and outcomes. **Agreed Action:** Work is ongoing to reinstate the record of committee meetings for availability on the Council website by working with IT resources. **Responsible officer:** Democratic Services Manager **Agreed date:** Ongoing	Not implemented.

Matter giving rise to recommendation	Recommendation	Update, agreed action and revised date
10.**IT arrangements (2022/23)** The Comhairle has not implemented previously agreed IT and cyber resilience improvement actions. IT staffing vacancies have continued for a long period, its PSN accreditation expired, and staff training on cyber security and information security is not up to date. Risk – resources are insufficient to address IT risks and the Comhairle remains vulnerable to further cyber-attacks	**Recommendation:** The Comhairle should develop an action plan to implement previous audit actions, incorporating those weaknesses identified as part of our 2022/23 work and lessons learned from the cyber-attack. As a priority the Comhairle should ensure: • IT resources are reviewed to ensure that sufficient capacity exists (internally or externally sourced) to deliver agreed improvements. • Regular cyber security training for staff is rolled out, with completion rates monitored and non-compliance addressed. • the Asset and Infrastructure risk register includes sufficient information detailing actions, timescales, responsible officers, and committee responsible for oversight of IT risks. **Agreed action (updated 23/24):** IT resources will be reviewed further during the upcoming restructuring. Yearly Cyber Security training has been rolled out and participation is being monitored closely. Detailed risks have been added to the departmental risk register. **Responsible officer:** IT Manager **Agreed date:** September 2025	Implemented.

Matter giving rise to recommendation	Recommendation	Update, agreed action and revised date
11.**Cyber security improvements (2022/23)** The Comhairle is in the process of reviewing its response to the cyber-attack and identifying lessons to be learned, but significant resource challenges remain, in terms of staffing and financial cost. Risk – resources are insufficient to address IT risks and the Comhairle remains vulnerable to further cyber-attacks.	**Recommendation:** The Comhairle should develop a Cyber Incident Response Plan in addition to updating its business continuity plans and disaster recovery plans to reflect lessons learned from the cyber-attack. **Agreed action:** DR and CIRP have been completed and will be presented at Committee in September 2025. **Responsible officer:** IT Manager **Agreed date:** September 2025	Implemented.
12.**National Fraud Initiative (NFI) arrangements (2022/23)** The Comhairle did not fully progress investigation of data matches from the 2022/23-2023/24 NFI exercise, due to lack of resource and a focus on other priorities. The Comhairle submitted Payroll data for the subsequent NFI exercise. Work to investigate NFI matches has not progressed due to availability of resources following the cyber-attack. Risk – Fraud may not be detected. The risk of fraud increases following a cyber-attack as there is awareness of weakened or absent controls.	**Recommendation:** The Comhairle should ensure that an appropriate level of resource is available to deliver National Fraud Initiative follow-up activities in an efficient and effective manner, in line with local priorities. **Agreed action:** Processes have since returned to normal. All NFI exercises are to be progressed as expected. **Responsible officer:** Chief Financial Officer **Agreed date:** Ongoing	Ongoing, the NFI submission in 2024/25 was restricted to payroll only.

Matter giving rise to recommendation	Recommendation	Update, agreed action and revised date
13. **Procurement training (2022/23)** Procurement training should be rolled out to services to ensure that policies and procedures are followed.	**Agreed action:** The Procurement Guide and Tender Evaluation Guide have been reviewed, updated, and finalised. While the rollout of training was delayed due to the criminal cyber incident experienced by the Comhairle on Tuesday, 7 November 2023, the Senior Procurement Officer has been engaging directly with individuals who hold procurement responsibilities. This one-to-one approach has proven effective in providing tailored explanations and outlining procurement rules, thresholds, and options relevant to each officer's area of work. **Responsible officer:** Senior Procurement Officer **Agreed date:** Ongoing	

Progress against Best Value recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
Transformation: how councils are redesigning and delivering more efficient services-2024/25		

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
The Comhairle faces difficult decisions to address its estimated £26.5 million cumulative budget gap between 2025/26 to 2029/30. In recent years, it has delivered service savings and used reserves to help balance the budget. As its current transformation projects are at an early stage, savings have not yet been quantified and incorporated into financial planning.	The Comhairle must continue to identify transformational opportunities that will support it to close its funding gap and reduce its reliance on reserves.	On going. As noted in the report, transformation plans are at an early stage
As transformation projects are at an early stage, we have not yet seen reporting of progress in relation to time, costs and estimated benefits but would expect these to be incorporated into reporting when they are quantified.	The Comhairle should ensure that it reports on progress against its transformation projects in relation to time, cost and estimated benefits once these are known.	In progress Inclusion of this data has been approved by CMT.
Workforce Innovation: How councils are responding to workforce challenges- 2023/24		
Aligning the Corporate Workforce Plan with key strategies and plans The Corporate Workforce Plan 2023-27 does not set out explicitly how workforce planning will contribute to its strategic priorities being achieved. The Comhairle should ensure its Corporate Workforce Plan aligns with its key strategies and plans and sets out explicitly how workforce planning will support it achieve its strategic priorities.	**Agreed action**: The Corporate Workforce Plan is due for review in 2026/27. **Responsible officer:** Chief Officer, HR and Performance **Agreed date:** December 2026	Not due

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
Developing strategic corporate-level workforce planning priorities The Comhairle sets out its workforce planning priorities, with associated outcomes, in its Corporate Workforce Plan 2023-27 but these would benefit from being more strategic. The Comhairle should develop corporate-level strategic workforce planning outcomes, linked clearly to its action plan, to demonstrate a clearer understanding of how the actions it is taking forward are contributing to its strategic vision for its workforce	**Agreed action**: The Corporate Workforce Plan is due for review in 2026/27. **Responsible officer:** Chief Officer, HR and Performance **Agreed date:** December 2026	Not due
Strengthening links between the Corporate Workforce Plan and service workforce plans and providing more support to services in producing these The Comhairle produces annual service-level workforce plans but it is not clear how the actions in these contribute to it achieving its corporate workforce planning priorities. The Comhairle should ensure that priorities and actions from the Corporate Workforce Plan are reflected in the next round of its service workforce plans in addition to service specific actions. It should provide more guidance and/or tools to support services develop service workforce plans	**Agreed action**: A review of the service level workforce planning templates will be included for 2025/26. **Responsible officer:** Chief Officer, HR and Performance **Agreed date:** Revised to 2026	Implemented

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
Demonstrating workforce benefits from the use of digital technology The Comhairle needs to demonstrate workforce benefits and productivity gains made through the use of digital technology. The Comhairle should demonstrate and quantify what workforce benefits and productivity gains are made through its use of digital technology.	**Agreed action**: New performance measures will be developed. **Responsible officer:** Chief Executive **Agreed date:** December 2026	Not due.
Improving communication and engagement with employees and Trades Unions Relationships between the Comhairle and Trades Unions are still developing due to changes in union representatives. The 2022 Best Value Assurance Report found there was scope for the Comhairle to improve its communication with staff. The Comhairle should put plans in place to support the development of its relationship with Trades Unions.	**Agreed action**: The Comhairle should put plans in place to support the development of its relationship with Trades Unions. **Responsible officer:** Chief Officer, HR and Performance **Agreed date:** December 2024	Implemented

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
Clear reporting of progress on actions in the Corporate Workforce Plan 2023-27 There is likely to be crossover between the actions set out in the Organisational Development Strategy 2024 30, currently being developed, and the actions from the Corporate Workforce Plan 2023-27 action plan. The Comhairle should ensure that the actions from the Corporate Workforce Plan 2023-27 and the Organisational Development Strategy 2024-30 are clearly aligned.	**Agreed action**: The Corporate Workforce Plan is due for review in 2026/27. **Responsible officer:** Chief Officer, HR and Performance **Agreed date:** December 2026	Not due.
Assessing the impact of workforce planning and initiatives At corporate level, the Comhairle presents detailed information in relation to its workforce across various reports but has not set out how it intends to assess its overall performance in workforce planning and what metrics it will use. At corporate level, the Comhairle should set out how it intends to assess its performance and what metrics it will use to measure the impact of its workforce planning and initiatives.	**Agreed action**: The HR performance reports will be collated into one annual report. **Responsible officer:** Chief Officer, HR and Performance **Agreed date:** December 2025	In progress. New Annual Performance Reports to HR Sub Committee scheduled for June 2026.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
Reporting progress against service-level workforce planning actions It is not clear how progress against actions is monitored and reported at service level or how issues arising are collated across services to identify any common issues. The Comhairle should set out its arrangements for monitoring and reporting on progress against actions in and across service-level workforce plans.	**Agreed action**: Annual Reporting on service level workforce plans will be implemented **Responsible officer:** Chief Executive **Agreed date:** December 2025	Implemented
Leadership in the development of new local strategic priorities- 2022/23		
Leadership of strategic improvement The Comhairle should ensure that clear and specific priorities are agreed for members' leadership and scrutiny. It should develop a prioritised improvement plan including potential efficiency opportunities arising from its asset, digital and workforce plans.	**Agreed action**: The corporate strategy is being developed in consultation with members. Revised asset, digital and workforce plans have been developed and subject to approval by committee later in 2023. Member training is ongoing including seminars on strategic themes including scrutiny. Financial consultant in place to develop financial plans and efficiency opportunities **Responsible officer:** Chief Executive **Agreed date:** June 2024	Implemented / superseded. Corporate strategy updated, work efficiency opportunities will be followed up through recommendation on the 24/25 Best Value Thematic report on Transformation.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
Realising community empowerment opportunities The Comhairle, in partnership with communities should set out its plans for Area Forums, local budgeting and Participatory Budgeting.	**Agreed action**: This is ongoing and largely dependent on local groups. The CET has a facilitation and communication role. **Responsible officer:** Chief Executive **Agreed date:** June 2024	On going. Community Learning and Development Officers are working with Area Forums to produce Place plans.
Alignment of strategic plans with Comhairle priorities The Comhairle should review its strategic plans for consistency and alignment with priorities. It needs to further develop service plans, operational asset plans, and service-level workforce plans within its strategic framework. It should work with OHCPP partners to review its LOIP and set agreed priorities.	**Agreed action**: This is ongoing and largely dependent on local groups. The CET has a facilitation and communication role. **Responsible officer:** Chief Executive	On going. Many of plans, including the corporate strategy have since been updated. We will conclude on this point, including the LOIP, when plans are refreshed for 2026/27.

Appendix 2

Summary of corrected misstatements

Details	Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
Corrected misstatements		**Dr**	**Cr**	**Dr**	**Cr**
		£000	**£000**	**£000**	**£000**
1. Increase to teachers' early retirement liability to reflect updated data					
	Other comprehensive expenditure	6,100			
	Pension liability				6,100
2. Error on debtors/creditors year end adjustment					
	Short term creditors			3,282	
	Short term debtors				3,282
3. Correction to calculation on IFRS 16 lease accounting					
	Other long term liabilities			2,499	
	Property, plant and equipment				2,344
	Lease interest		155		
	Accumulated deprecation			94	
	Depreciation expense		94		
4. Differences between asset records and valuer's report					

Details	Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
	Property, plant and equipment			349	
	Surplus on revaluation of fixed assets		349		
5. Correction due to update to valuation report					
	Non-current assets			319	
	Depreciation expense	1,397			
	Impairment charge/gain on revaluation		1,716		
6. Correction to processing of revaluations					
	Non-current assets			349	
	Impairment charge/gain on revaluation		239		
7. Correction of unfunded pension liability (highlighted by management)					
	Other comprehensive expenditure	1,767			
	Pension liability				1,767
8. Correction of income posted to expenditure code (highlighted by management)					
	Income		390		
	Expenditure	390			

Appendix 3

Summary of uncorrected misstatements

Details	Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
Uncorrected misstatements		**Dr**	**Cr**	**Dr**	**Cr**
		£000	**£000**	**£000**	**£000**
9. Infrastructure assets without supporting evidence (lost in cyber-attack)					
	Infrastructure assets				1,291
	Expenditure	1,291			
10. Short term debtors without supporting evidence (lost in cyber-attack)					
	Short term debtors				717
	Expenditure	717			

Appendix 4

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

Comhairle nan Eilean Siar

2024/25 Annual Audit Report

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