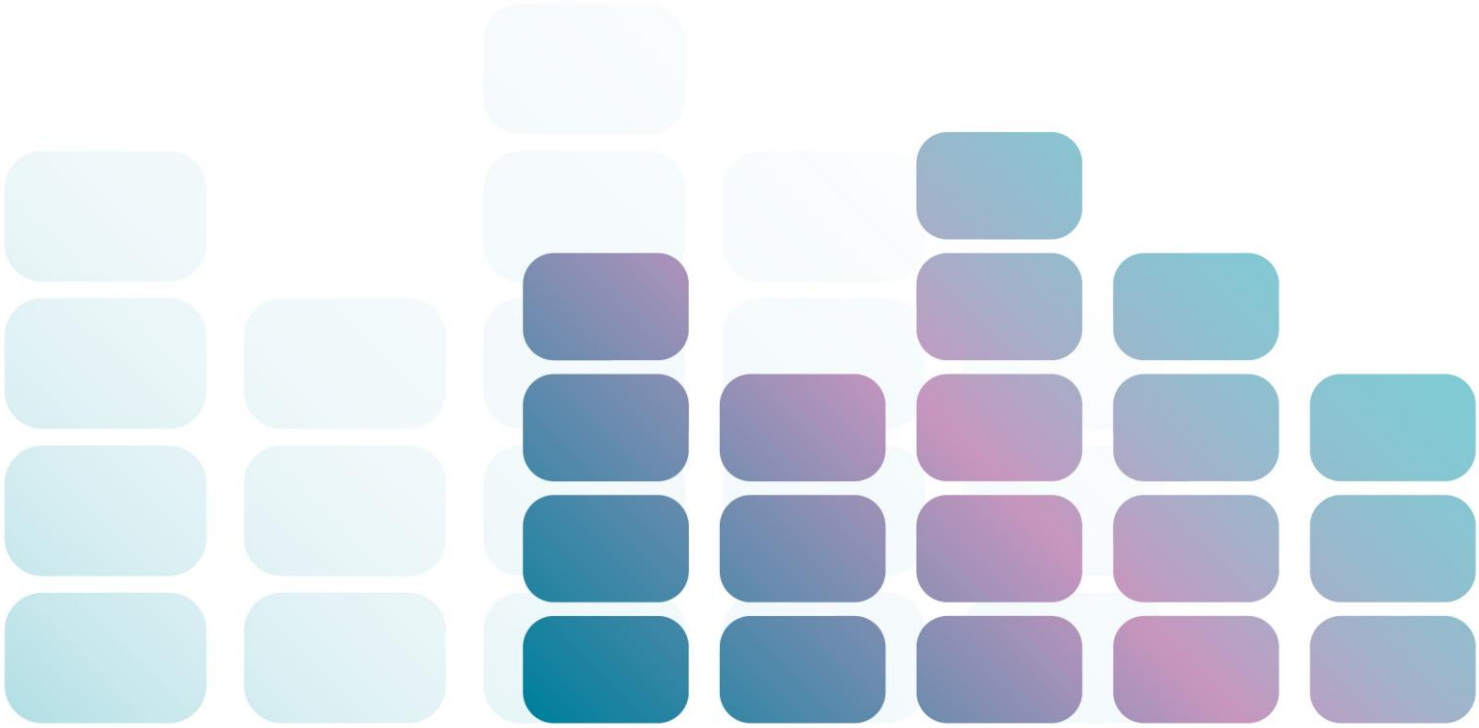
Cùram Is Slàinte nan Eilean Siar

2024/25 Annual Audit Report



AUDIT SCOTLAND

Prepared for Cùram Is Slàinte nan Eilean Siar and the Controller of Audit
September 2026

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Summary of audit opinions and conclusions

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 on Comhairle nan Eilean Siar, sufficient and appropriate audit evidence was not available to support the 2023/24 comparative data, and the audit opinion was qualified as a result.

Wider scope and Best Value audit

2 The November 2023 cyber-attack on Comhairle nan Eilean Siar continued to have a significant impact on the IJB's financial management arrangements in 2024/25 with financial reporting being disrupted.

3 The IJB reported a surplus of £0.6 million against the revenue budget.

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

5 Governance within the IJB has improved since our previous report on the 2023/24 financial year. The appointment of a Chief Officer in November 2025 means this post is no longer vacant and the IJB's updated integration scheme has now been approved. However, issues still remained in 2024/25, with the Audit and Risk Committee meeting infrequently, risking that governance and performance issues go unnoticed and unaddressed.

6 The IJB monitors local performance, however an annual performance reports for 2023/24 and 2024/25 were published significantly later than the legislative deadline.

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 Cùram Is Slàinte nan Eilean Siar's annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to Cùram Is Slàinte nan Eilean Siar, hereafter referred to as 'the IJB' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Claire Gardiner, of Audit Scotland, has been appointed as external auditor of the IJB for the period from 2023/24 until 2026/27. As reported in the Annual Audit Plan, Claire Gardiner as engagement lead and the audit team are independent of the IJB in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the IJB, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the IJB and staff (including those at partner bodies) 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, responsibilities, and fee

Scope of the audit

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

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

Responsibilities and reporting

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

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the IJB's arrangements in place for the wider scope areas and Best Value.

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

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

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

The IJB's responsibilities

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

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the IJB 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.

Audit Fee

11. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £37,000. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

The 2023 cyber-attack on Comhairle nan Eilean Siar continues to impact the audit timetable

12. The target date for issuing audit outputs and completion of the audit is set by the Accounts Commission. In setting the target date, consideration is given to the statutory date for approving the annual accounts, which is 30 September 2025 for local government bodies.

13. Due to the partnership relationship between the two bodies, it was necessary to await the completion of the 2024/25 Comhairle nan Eilean Siar audit prior to commencing the audit of Cùram Is Slàinte nan Eilean Siar. The Comhairle audit was significantly delayed due to complications arising from the cyber-attack and was finalised in June 2026.

14. Although a modified audit opinion was issued on the Comhairle's 2024/25 financial statements, this was less severe than the disclaimer of opinion reported in 2023/24. Given the direct impact of the Comhairle audit outcome on the audit of Cùram Is Slàinte nan Eilean Siar, this represents a positive step towards the restoration of more routine financial reporting and audit arrangements in future years

National performance audit reporting

15. 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 Audit & Risk Committee. Details of national and performance audit reports published over the last year can be seen in Appendix 2.

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 on Comhairle nan Eilean Siar, sufficient and appropriate audit evidence was not available to support the 2023/24 comparative data, and the audit opinion was qualified as a result.

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



16. Despite the ongoing impact of the cyber-attack at one of the IJB's key partners, Comhairle nan Eilean Siar, sufficient and appropriate audit evidence was obtained to conclude that, in the appointed auditor's opinion, the 2024/25 financial statements are free from material misstatement.

17. However, the Independent Auditor's Report includes a qualification relating to the 2023/24 comparative information presented in the financial statements. This reflects the disclaimer of opinion issued on the IJB's 2023/24 annual accounts, which arose from the significant disruption to financial reporting and audit evidence caused by the cyber-attack.

18. The cyber-attack has 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 additional assurances had to be obtained from the Comhairle auditor in the context of the cyber-attack recovery and prior year disclaimer of opinion.

Audit timetable

19. The unaudited annual accounts and all working papers were received on 19 June 2025 in accordance with the agreed audit timetable.

Materiality

20. 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.

21. 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.

22. Materiality levels for the audit of the Cùram Is Slàinte nan Eilean Siar were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. No changes were required to the materiality levels, which are outlined in Exhibit 1

Exhibit 1

2024/25 Materiality levels for the IJB

Materiality	
Materiality – set at 2% of gross expenditure	£1.9 million
Performance materiality – set at 60% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£1.1 million
Reporting threshold – set at 5% of materiality.	£0.095 million

Source: Audit Scotland

Significant findings and key audit matters

23. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the IJB is Audit & Risk Committee.

24. 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.

25. 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.

26. 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 because we were unable to obtain sufficient appropriate audit evidence in relation to funding received from Comhairle nan Eilean Siar and services commissioned from the Comhairle, 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.

Significant findings and key audit matters	Outcome
There were control environment deficiencies at a key partner in 2024/25 The IJB relies on the control environments operated by its partner bodies, Comhairle nan Eilean Siar and NHS Western Isles, to support the completeness and accuracy of the financial information included in its annual accounts. The 2024/25 financial year commenced approximately five months after the cyber-attack that significantly disrupted the Comhairle's financial systems and control environment. During the initial recovery period, a number of key systems remained unavailable and transactions were processed using manual and interim controls until systems were progressively restored. Following restoration, some controls did not initially operate as intended. As a result, weaknesses in the Comhairle's control environment continued to affect the financial information and audit assurances available to support the IJB's 2024/25 financial statements.	Weaknesses in the Comhairle's control environment following the cyber-attack resulted in an increased risk of material misstatement across a number of income and expenditure streams. Accordingly, the Comhairle auditor increased the extent of audit testing in these areas to obtain sufficient appropriate audit evidence. The Comhairle auditor confirmed that they had sufficient evidence to concluded that IJB transactions recorded by the Comhairle are materially accurate. Although control environment weaknesses remained during 2024/25, recovery work continued throughout the year and further improvements are expected during 2025/26 as systems and controls become fully embedded. This should support a reduction in audit risk in future years.

Source: Audit Scotland

Qualitative aspects of accounting practices

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

Accounting policies

28. The appropriateness of accounting policies adopted by the IJB was assessed as part of the audit. These were considered to be appropriate to the circumstances of the IJB, 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

29. Accounting estimates are used in the IJB's financial statements. Audit work considered the process management of the IJB 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

30. 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.

31. In accordance with normal audit practice, presentational and disclosure amendments were discussed and agreed with management. These changes were processed satisfactorily and, as a result, the Management Commentary meets the relevant statutory requirements. We also concluded that there were no material inconsistencies between the Management Commentary and the audited financial statements, and nothing had come to our attention to indicate that it was materially misstated or misleading.

32. While compliant, the Management Commentary does not fully achieve its intended purpose of helping readers understand the IJB's performance, financial position and the key issues affecting health and social care services in the Western Isles. The commentary provides limited analysis of the IJB's activities, achievements, challenges and financial performance during the year and, as a result, does not fully realise its role as the primary narrative accompanying the financial statements.

33. Given the significant delays in finalising the 2024/25 annual accounts, we recognise that management may not wish to invest substantial additional time in further enhancing the 2024/25 Management Commentary at this stage. However, we strongly encourage the IJB to review its approach for future years to ensure that the Management Commentary provides a clear, balanced and understandable explanation of performance, financial position and key issues, helping readers to better understand both the financial statements and the wider context in which the IJB operates.

Recommendation 1

There is an opportunity to improve the content of the management commentary within the annual accounts and more clearly set out the IJB’s successes and challenges for health and social care within the Western Isles.

Audit adjustments

34. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.095 million.

Significant risks of material misstatement identified in the Annual Audit Plan

35. 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 3

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.	• Agreed balances and transactions to Comhairle nan Eilean Siar and NHS Western Isles financial reports/ledger and correspondence. • Constituent body auditor assurances were obtained over the completeness, accuracy and allocation of income and expenditure to Western Isles Integration Joint Board activities included in the annual accounts. • Reviewed year-end transactions and journals. • Evaluated any significant unusual transactions outside the normal course of business.	Audit work performed: • We obtained assurances from the external auditors of NHS Western Isles and Comhairle nan Eilean Siar. • 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:** Whilst no issues were identified from our work, we note that the IJB does not currently obtain formal assurances from partner bodies over the income, expenditure and year-end balances reported in its annual accounts. We have observed that such arrangements operate at a number of other integration joint boards and represent good practice. The IJB should consider working with its partner bodies to establish formal annual assurance arrangements in this area. **Recommendation 2**

Risk of material misstatement	Planned audit response	Outcome of audit work
Continued impact of the 2023 cyber-attack on Comhairle nan Eilean Siar The IJB accounts were subject to a disclaimed audit opinion in 2023/24. This was due to a cyber-attack in November 2023 on Comhairle nan Eilean Siar which resulted in the loss of key financial systems, including those used to prepare financial data for the IJB. This creates an increased risk of material misstatement in the following areas, specifically where data is obtained from Comhairle nan Eilean Siar: • 2023/24 comparative figures which may remain unauditable. • Opening balances held at 1 April 2024. Transactions recorded at the end of 2023/24 and of the start of 2024/25, specifically whether they were recorded in the correct period.	• Reviewed work undertaken by the Comhairle nan Eilean Siar external auditor in 2024/25 in relation to these risks. • Considered the impact of a lack of assurance over 2023/24 comparative figures on the 2024/25 audit opinion.	We obtained assurances from the external auditors of Comhairle nan Eilean Siar and concluded: • 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. **Conclusion:** Additional audit procedures provided sufficient assurance over the opening balances and 2024/25 financial information. However, sufficient appropriate audit evidence could not be obtained in relation to the 2023/24 comparative information and, as a result, the audit opinion remains qualified in respect of those comparative figures only.

Source: Audit Scotland

Prior year recommendations

36. The IJB 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 IJB and are outlined in Appendix 1

Wider scope and Best Value audit

Audit approach to wider scope and Best Value

Wider scope

37. 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.

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

Best Value

39. Integration authorities have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards the strategic objectives and holding partners to account. Best Value in public services: guidance for Accountable Officers is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

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

41. Consideration of the arrangements the IJB has in place to secure Best Value has been carried out alongside the wider scope audit.

Financial Management and Sustainability

Conclusion

The November 2023 cyber-attack on Comhairle nan Eilean Siar continued to have a significant impact on the IJB's financial management arrangements in 2024/25 with financial reporting being disrupted.

The IJB reported a surplus of £0.6 million against the revenue budget.

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

42. Our audit plan identified a significant risk in relation to financial sustainability. Western Isles Integration Joint Board approved a three-year financial plan to 2027/28 which forecasts a cumulative funding gap of around £7 million. Increasing cost pressures, inflation and uncertainty over future funding levels continue to present significant challenges to financial planning and the IJB's ability to deliver services within available resources over the medium term.

43. The work presented in this section outlines our assessment of the arrangements in place to manage this risk and our conclusions on the IJB's financial management and financial sustainability arrangements.

44. We concluded that the IJB has appropriate arrangements in place for financial management and medium-term financial planning. However, these arrangements continue to recover from the impact of the November 2023 cyber-attack at Comhairle nan Eilean Siar. The IJB remains reliant on the financial systems, information and control environment of its partner bodies, particularly Comhairle nan Eilean Siar, and consequently the pace of recovery is dependent on improvements within partner arrangements. This assessment is supported by evidence that:

- The IJB operates through arrangements with NHS Western Isles and Comhairle nan Eilean Siar, with financial transactions processed through partner systems. Recovery of the Comhairle's financial systems and controls continued during 2024/25 following the cyber attack. Assurance obtained from the external auditors of both partner bodies confirmed that sufficient audit evidence was available to support the IJB's financial information, although control weaknesses at the Comhairle remained.

- Appropriate arrangements are in place to promote standards of conduct and manage the risk of fraud and error. The IJB relies on the governance, counter-fraud and whistleblowing arrangements of NHS Western Isles and Comhairle nan Eilean Siar, with no issues identified that would undermine the IJB's governance arrangements

The IJB reported an improved financial position in 2024/25, but significant financial challenges remain

45. The IJB approved its 2024/25 revenue budget in June 2024. The revenue budget was set at £83.3 million.

46. The IJB's revenue budget for 2024/25 identified a funding gap of £6.3 million for the year which was planned to be addressed largely through planned savings supplemented with the use of reserves.

47. Exhibit 4 shows that over the past four years the IJB has worked to manage the gaps in the budgets through savings and flexibilities, and use of reserves.

48. The IJB concluded 2024/25 with a better than anticipated position, largely due to staff vacancies and the receipt of more funding than had been originally estimated. This resulted in a surplus of £0.6 million for the year.

49. Despite this, the financial position of the IJB remains challenging. The majority of savings made were non-recurring and so add to the financial challenge in 2025/26, and beyond. The level of uncommitted reserves also reduced, meaning the IJB has less capacity to respond to unexpected financial pressures.

Exhibit 4
Key financial information

Budget setting	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Budget gap	3.9	3.8	6.0	6.3
Planned to be met via:				
• Savings and flexibilities	3.9	1.6	4.4	5.7
• Use of reserves	-	2.2	1.6	0.6
Reserves				
Use of / (contribution to) reserves	(8.7)	5.2	2.8	(0.6)
Total usable reserves carried forward	16.7	11.5	8.7	9.3
General Fund:				
• Uncommitted	3.7	2.6	2.1	1.5
• Earmarked	13.0	8.9	6.6	7.8

Source: The Western Isles Integration Joint Board 2024/25 unaudited annual accounts and Board papers

Disruption of financial reporting continued in 2024/25, but quarterly reporting resumed in 2025/26

50. Our 2023/24 Annual Audit Report highlighted that budget monitoring arrangements had been significantly impacted by the 2023 cyber-attack the Comhairle, meaning that there had been limited formal financial reporting between November 2023 and October 2025.

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

52. Normal reporting resumed from November 2025 with quarterly finance reports being presented to the Board.

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

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

54. The budget for 2025/26 and 3-year financial plan to 2027/28 was presented at the Board meeting in March 2025. The IJB's own analysis highlights a structural overspend of £4-5 million each year, i.e. the annual normal service costs exceed the normal funding. Savings plans have been implemented in response, however these have relied largely on non-recurring savings implemented by partners.

Exhibit 5
Forecast budget gap and use of reserves

	2025/26* (£m)	2026/27** (£m)	2027/28** (£m)	2028/29** (£m)
Forecast gross budget gap	5.1	4.1	4.8	5.4
Forecast reserves remaining	5.8	2.2	0.8	0.4

Source: The Western Isles Integration Joint Board budget and 3-year plan for *2025/26 and **2026/27

55. Similar to previous years, the draft 2025/26 result has been more positive than anticipated, with the IJB reporting a £1 million surplus. However, this has again been largely the result of staff vacancies and unexpected funding allocations, neither of which alter the longer-term financial sustainability risk.

56. In its 2026/27 budget the IJB forecast that the majority of reserves would be consumed by 2027/28. This trajectory puts the IJB in a precarious financial position, leaving the real possibility of the Board seeking additional funding from partners or having to reduce funding for services.

57. We continue to recommend that the IJB prioritises the development of financial strategy that focusses on recurring savings across the services for which it has delegated budgetary responsibility.

Recommendation 3

The IJB should develop a financial strategy that focusses on recurring savings across the services for which it has delegated budgetary responsibility

Vision, Leadership and Governance

Conclusion

Governance within the IJB has improved since our previous report on the 2023/24 financial year. The appointment of a Chief Officer means this post is no longer vacant and the IJB's updated integration scheme has now been approved.

However, issues still remained in 2024/25, with the Audit and Risk Committee meeting infrequently, risking that governance and performance issues go unnoticed and unaddressed.

Audit and Risk Committee did not meet frequently enough in 2024/25

58. Our 2023/24 Annual Audit Report highlighted concerns regarding the operation of the IJB's Audit and Risk Committee. As part of our audit work, which extended to October 2025, we noted that the committee had met only three times during the preceding two-year period. Meetings were frequently cancelled because insufficient members were present to achieve quorum. The period reviewed therefore included much of the 2024/25 financial year.

59. As a result, the conclusion reported in our 2023/24 Annual Audit Report remains relevant to 2024/25. The lack of regular Audit and Risk Committee meetings reduces the effectiveness of scrutiny and oversight arrangements, increasing the risk that governance, financial management and performance issues are not identified and addressed on a timely basis.

60. We note that Audit and Risk Committee meetings have occurred more frequently in 2025/26. We will continue to attend Audit and Risk Committee meetings and updated on this point in our 2025/26 report. (Appendix 1, prior year recommendation 3).

Transparency and Public Access to Information

61. We have previously reported that further progress is required by the IJB to ensure the timely publication of committee papers, minutes, and other key governance documents on its website. Following the cyber-attack at Comhairle nan Eilean Siar, the IJB launched a new website to facilitate public access to information relating to services and decision-making.

62. While this represented a positive step, we noted that some Audit and Risk Committee agendas and papers from the current year are not available on the website. (Appendix 1, prior year recommendation 4).

Leadership arrangements have stabilised following the appointment of a Chief Officer

63. Our 2023/24 Annual Audit Report highlighted that the IJB's previous Chief Officer departed in October 2025, and that it was not clear who was fulfilling the responsibilities of this vital leadership role.

64. An interim Chief Officer was appointed in November 2025 and was subsequently confirmed as the permanent postholder in May 2026. This resolves the uncertainty identified in our 2023/24 Annual Audit Report regarding leadership arrangements and mitigates the governance risks associated with an extended vacancy in this key statutory role.

The overdue review of the Scheme of Integration has been completed by the IJB

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

66. The IJB's Scheme of Integration was approved in 2015; and the full review due in 2020 was delayed by the Covid-19 pandemic. The revision process experienced continued delays. The draft Scheme was considered at a special meeting in April 2024 and subsequently presented to the June 2025 IJB Board meeting, where public feedback was invited.

67. The updated Scheme of Integration was approved by the Board in June 2026. The Scheme has been approved by NHS Westerns Isles and will be considered by the Comhairle at the September 2026 meeting of the

Policy and Resources Committee, on the basis that it is approved the Scheme will them be formally considered by Scottish Government.

Use of Resources to Improve Outcomes and Best Value

Conclusion

The IJB monitors local performance, however an annual performance reports for 2023/24 and 2024/25 were published significantly later than the legislative deadline.

The IJB monitors local performance, however an annual performance reporting is not meeting statutory deadlines

68. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance, and best value, reporting on localities, and the inspection of services. The Ministerial Strategic Group for Health and Community Care has agreed a core suite of integration indicators against which all IJBs should report in their annual performance reports. The deadline set out in the act is 31 July.

69. We previously reported in October 2025 that the IJB had not yet published its 2023/24 annual report.

70. Annual reports for both 2023/24 and 2024/25 were approved by the Board in November 2025. This represents a step forward, however both reports were after the legislative deadline and the 2025/26 annual performance report has not yet been published date of this report, indicating that performance reporting remains behind schedule (Appendix 1, prior year recommendation 5).

71. Data reported for 2024/25 showed that the IJB performed better than or equal to the national average in only 2 of the 9 national health and social care indicators. Performance was below the national average in the remaining 7 indicators, including delayed discharge days, where the rate was almost double the national average (1,848 compared with 952 per 1,000 population). These results suggest that service performance remains challenging and that further improvement is required across a number of key areas.

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

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

73. The IJB has not carried out a Best Value self-assessment since 2019. As reported in the 2020/21 Annual Audit Report the previous auditor recommended the resumption of the self-assessments, but this remains outstanding. A revised date for delivery is set out in our Action Plan at Appendix 1.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. **Content of the Management Commentary in the Annual Accounts** The initial draft of the Management Commentary was poor quality and there is an opportunity to improve the content and more clearly set out the IJB's successes and challenges for health and social care within the Western Isles.	Management should review the content and process for compiling the Management Commentary.	The management Commentary was affected by the previous qualified accounts, late audit and the for a while having no Chief Officer (CO). The new Chief Officer has already been involved in drafting the 25/26 Management Commentary and will be building on further improving the performance part of the commentary. Chief Officer and Chief Financial Officer June 2027

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
2. **Formal assurance from partner bodies** The IJB currently relies on data downloads from partner bodies and formal assurances from the external auditor of the partner bodies regarding the completeness, accuracy and allocation of balances and transactions included in the annual accounts. A number of other integration joint boards have established formal assurance processes whereby partner bodies provide written confirmation of the income, expenditure and year-end balances attributable to the IJB. Such arrangements represent good practice and strengthen accountability and governance over financial reporting.	The IJB should liaise with NHS Western Isles and Comhairle nan Eilean Siar to establish formal annual assurance arrangements covering the completeness, accuracy and allocation of balances and transactions included within the IJB's financial statements. This would provide the Board with a direct source of assurance over financial information received from its partner bodies and strengthen existing governance arrangements.	The Chief Financial Officer will liaise with the S95 Officer of Comhairle nan Eilean Siar to establish formal annual assurance arrangements covering the completeness, accuracy and allocation of balances and transactions included within the IJB's financial statements. Chief Financial Officer March 2027

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
3. **Financial Strategy** In its 2026/27 budget the IJB forecast that the majority of reserves would be consumed by 2027/28. Management have identified a significant budget gap for a number of years. This trajectory puts the IJB in a precarious financial position, leaving the real possibility of the Board seeking additional funding from partners or having to reduce funding for services.	The IJB should develop a financial strategy that focusses on recurring savings across the services for which it has delegated budgetary responsibility	The biggest issues for the IJB is demographics and aging population with 27% of the population over 65 with the increased cost and workforce resources needed to treat and look after that cohort of the population. The cost associated with an increase in over 21% of the Western Isles over 65s since 2012 equates to over £10m excluding inflation. This cost implication is together with the decrease in workforce age population. This is together with further uncertainty around the future of Health and Social Care with the Programme for Government and the 1-year funding packages Health and Local Authorities are working with. The Strategic Plan will be finalised alongside the budget setting process for 2027/28 onwards. Chief Officer and Chief Financial Officer March 2027

Follow-up of prior year recommendations

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

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
3. **Frequency of Audit and Risk Committee meetings** The committee has only met 3 times in the past 2 years. We understand that meetings have often been cancelled due to low attendance meaning they would not be quorate. Risk - Governance and performance issues going unnoticed and unaddressed, and ultimately risks the ability of the IJB to meet its strategic objectives	Recommendation The IJB should take steps to ensure that Audit and Risk Committee convenes with sufficient frequently in accordance with its approved terms of reference. Agreed action 2026 Audit meeting schedule has been prepared taking on board both Comhairle nan Eilean Siar and NHS Western Isles existing meeting calendar to ensure no clashes. The Schedule is being presented November. Training will be provided by Azets the current IJB Auditor in February 2026 on roles and responsibilities of members. Membership will be reviewed and presented to Audit Committee Feb 26 Corporate Business Manager 31 March 2026	Management Response: Audit and Risk Committee meetings are now formally diarised as updated previously and the recent Audit meetings have gone ahead and been Quorate. Significant progress has been made in relation to the progress of outstanding audit actions as per the Azets reporting.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
4. **Availability of historic meeting papers** Meeting papers prior to March 2023 are not currently available on the IJB website. Risk – A lack of transparency and public scrutiny of the IJB's decision-making processes.	Recommendation The IJB should reinstate meeting papers prior to 2023 to ensure transparency on decision making and outcomes. Agreed action The previous IJB Website was hosted by Comhairle nan Eilean Siar and was lost when the cyber-attack happened including all documentation. Once a decision is taken who will host the permanent site, officers will begin to populate the site with historic papers Corporate Business Manager 31 March 2026	Update: The previously unavailable meeting papers have been uploaded, however recent Audit and Risk Committee paper have not been uploaded. Corporate Business Manager December 2026
5. **Publication of the 2023/24 annual performance report** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report, this was not published for 2023/24. Risk – The IJB is not meeting a statutory requirement.	Recommendation The IJB should publish its 2023/24 annual performance report in line with the required deadline. Agreed action Once an Interim Chief Officer is in post, performance data (already produced) will be forwarded to them to allow the annual performance report to be written for both 23/24 and 24/25 Interim Chief Officer 31 March 2026	The 23/24 and 24/25 reports have now been published. The Chief Officer currently reports on the MSG indicators at every meeting of the IJB in relation to performance. This reporting includes supplementary narrative on associated performance indicators and related matters. The 2025/26 Performance Report will be submitted in November.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
6. **Financial sustainability** The IJB currently has a funding gap in its 3-year financial plan and existing reserves are unlikely to be able to be used to achieve a balanced position beyond 2023/24. Risk – the IJB is unable to deliver financially sustainable services.	The IJB should identify savings measures to address the budget gap over the 3-year period to 2025/26. The IJB should engage with its partners to identify financially sustainable service delivery options. Management response There will be some slippage against the Goathill complex reserves which will be available for use in 24/25 above the budgeted release of reserves. The Strategic Plan will feed into and advise the financial sustainability agenda. However, with increased pay uplifts, increasing health needs both in Health and in Social Care and with no increased funding for either partner it is becoming increasingly difficult to sustain services as they are presently. Responsible officer Chief Finance Officer and Chief Officer Agreed date 31 March 2024	Superseded by updated recommendation.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
7. **Scheme of Integration** The IJB should complete a full review of the Scheme of Integration.	Management response A revised draft was considered by the IJB in April 2024, with further review requested by the Board to ensure alignment with current needs and legislative requirements. A public consultation was launched in June 2025 to gather feedback on the revised scheme, aiming to ensure it remains fit for purpose and reflects the needs of the Western Isles population. Partially Implemented The final draft document will be taken through the IJB Governance arrangements including relevant partner bodies Interim Chief Officer 31 March 2026	The updated Scheme of Integration was approved by the Board in June 2026. The Scheme has been approved by NHS Westerns Isles and will be considered by the Comhairle at the September 2026 meeting of the Policy and Resources Committee, on the basis that it is approved the Scheme will them be formally considered by Scottish Government.
8. **Best Value self-assessment**	An annual Best Value self-assessment should be undertaken and approved by the IJB Audit Committee. Management response To be presented to first IJB Audit Committee 2026 Corporate Business Manager 31 March 2026	Corporate Business manager is still preparing the Best Value Assessment and will be presented now to the year-end Audit Committee prior to the local council elections. Corporate Business Manager 31 March 2027

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026

Cùram Is Slàinte nan Eilean Siar

2024/25 Annual Audit Report

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