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Item: 6.2.1

Audit & Risk Committee

5 November 2025

Cùram is Slàinte nan Eilean Siar (Western Isles Integration Joint Board) Audit of 2023/24 annual accounts

Independent auditor's report

1. My audit work on the 2023/24 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, I anticipate being able to issue a disclaimer of audit opinions in the independent auditor's report on 5 November 2025 (the proposed report is attached at Appendix A).

Annual Audit Report

2. Under International Standards on Auditing in the UK, I report specific matters arising from the audit of the annual accounts to those charged with governance of Cùram is Slàinte nan Eilean Siar in sufficient time to enable appropriate action. For Cùram is Slàinte nan Eilean Siar, those charged with governance is the Audit & Risk Committee. I present for the committee's consideration my draft Annual Audit Report on the 2023/24 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the audit of the annual accounts has been completed.

Fraud, subsequent events, and compliance with laws and regulations

5. In presenting this report to the Audit & Risk Committee I seek confirmation from those charged with governance of any instances of any actual, suspected, or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting Cùram is Slàinte nan Eilean Siar that should be brought to my attention.

Representations from Section 95 Officer

6. As part of the completion of our audit, I am seeking written representations from the Chief Finance Officer, who is the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

7. A draft letter of representation is attached at Appendix B. This should be signed and returned to me by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Cùram is Slàinte nan Eilean Siar and the Accounts Commission

Reporting on the audit of the financial statements

Disclaimer of opinion on financial statements

I was appointed by the Accounts Commission to audit the financial statements in the annual accounts of Cùram is Slàinte nan Eilean Siar for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Financial information for the preparation of the Cùram is Slàinte nan Eilean Siar financial statements for the financial year ended 31 March 2024 is initially recorded and held by partner bodies, including Comhairle nan Eilean Siar.

The cyber-attack suffered by Comhairle nan Eilean Siar, as described in the "Cyber-Attack" section of the Management Commentary, resulted in a loss of access to data, including key accounting records relevant to Cùram is Slàinte nan Eilean Siar.

As a result of these matters, I have been unable to obtain sufficient audit evidence to determine whether the transactions and balances within the Cùram is Slàinte nan Eilean Siar financial statements are misstated. I have concluded that the possible effects on the financial statements of undetected misstatements could be both material and pervasive.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and Audit & Risk Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The Audit & Risk Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to conduct an audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland, and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

I was appointed by the Accounts Commission on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Cùram is Slàinte nan Eilean Siar.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Cùram is Slàinte nan Eilean Siar;

- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

- inquiring of the Chief Finance Officer concerning the policies and procedures of Cùram is Slàinte nan Eilean Siar regarding compliance with the applicable legal and regulatory framework;

- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Disclaimer of opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

As a result of the matters described in the *Basis for disclaimer of opinion* section of my report, I do not express any opinion on whether:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Basis for disclaimer of opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

The cyber-attack suffered by Comhairle nan Eilean Siar resulted in a loss of access to data relevant to Cùram is Slàinte nan Eilean Siar, including key accounting records to support the Management Commentary and Annual Governance Statement disclosures.

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

As set out in the *Basis for disclaimer of opinion* section of this report, due to the cyber-attack at Comhairle nan Eilean Siar, adequate accounting records for Cùram is Slàinte nan Eilean Siar have not been kept for the year ended 31 March 2024. As result, I have not received all the information and explanations required for my audit, which has resulted in a disclaimer of opinion.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Claire Gardiner, CPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh

EH3 9DN

Appendix B: Letter of Representation (ISA 580) - to be reproduced on client's letterhead

Claire Gardiner, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Claire Gardiner

Cùram is Slàinte nan Eilean Siar
Annual Accounts 2023/24

1. This representation letter is provided in connection with your audit of the annual accounts of Cùram is Slàinte nan Eilean Siar for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the Remuneration Report, Management Commentary, and Annual Governance Statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Audit & Risk Committee and Chief Officer, the following representations given to you in connection with your audit of Cùram is Slàinte nan Eilean Siar’s annual accounts for the year ended 31 March 2024.

General

3. Cùram is Slàinte nan Eilean Siar and I have fulfilled our statutory responsibilities for the preparation of the 2023/24 annual accounts. However, due to a significant cyber-attack on Comhairle nan Eilean Siar, a substantial portion of the accounting records and supporting documentation was lost and could not be recovered. As a result, not all records and information relevant to the preparation of the annual accounts have been made available for audit. While all known transactions have been recorded to the best of our ability, the financial statements may not fully reflect the financial position and performance of Cùram is Slàinte nan Eilean Siar for the year ended 31 March 2024.

4. I confirm that all information and documentation available to Cùram is Slàinte nan Eilean Siar following the cyber-attack, and which I am aware is relevant to the preparation of the annual accounts and your audit, has been made available to you. I have disclosed all known matters that could affect the financial statements or your audit conclusions.

5. I confirm that, to the best of my knowledge and based on the information available following the cyber-attack, the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you. However, due to the loss of records, I acknowledge that it has not been possible to verify the completeness of all transactions and balances.

Financial Reporting Framework

6. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (2023/24 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and The Local Authority Accounts (Scotland) Regulations 2014.

7. In accordance with the 2014 Regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Cùram is Slàinte nan Eilean Siar at 31 March 2024 and the transactions for 2023/24. However, due to the loss of key financial records following the cyber-attack on Comhairle nan Eilean Siar, I acknowledge that it has not been possible to fully substantiate all balances and disclosures, and therefore the financial statements may not meet the full requirements of a true and fair view.

Accounting Policies and Estimates

8. All material accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2023/24 accounting code, where applicable. Where the accounting code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Cùram is Slàinte nan Eilean Siar circumstances and have been consistently applied.

9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

10. I have assessed Cùram is Slàinte nan Eilean Siar’s ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Cùram is Slàinte nan Eilean Siar’s ability to continue to adopt the going concern basis of accounting.

Liabilities

11. All liabilities at 31 March 2024 of which I am aware have been reported in the financial statements.

Contingent Liabilities

12. There are no significant contingent liabilities arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed in accordance with the 2023/24 accounting code and IAS 37.

Litigation and Claims

13. All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2023/24 accounting code.

Fraud

14. I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

15. I have provided you with all information in relation to

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

16. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

17. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2023/24 accounting code. I have made available to you the identity of all the Cùram is Slàinte nan Eilean Siar's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

18. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

19. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

20. I confirm that the loss of financial records and supporting documentation resulting from the cyber-attack at Comhairle nan Eilean Siar has been appropriately disclosed in the Management Commentary. This disclosure reflects the impact of the incident on the preparation of the 2023/24 annual accounts and the limitations it has placed on the ability to provide complete and accurate financial information.

21. I recognise that the Management Commentary is also subject to a disclaimer of opinion due to the inability to substantiate certain disclosures.

Corporate Governance

22. I confirm that the Cùram is Slàinte nan Eilean Siar has undertaken a review of the system of internal control during 2023/24 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

23. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2024, which require to be reflected. I acknowledge that, due to the loss of records and the resulting inability to fully

substantiate certain governance disclosures, the Annual Governance Statement is subject to a disclaimer of opinion.

Events Subsequent to the Date of the Balance Sheet

24. All events subsequent to 31 March 2024 for which the 2023/24 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Finance Officer