DATA LABEL: Public

Audit Committee

West Lothian Civic Centre
Howden South Road
LIVINGSTON
EH54 6FF

9 January 2026

A hybrid meeting of the **Audit Committee** of West Lothian Council will be held within the **Council Chambers, West Lothian Civic Centre, Livingston, EH54 6FF** on **Friday 16 January 2026** at **9:30am**.

For Chief Executive

BUSINESS

Public Session

1. Apologies for Absence

2. Declarations of Interest - Members must declare any interests they have in the items of business for consideration at the meeting, identifying the relevant agenda items and the nature of their interests.

3. Order of Business, including notice of urgent business, declarations of interest in any urgent business and consideration of reports for information.

   The Chair will invite members to identify any such reports they wish to have fully considered, which failing they will be taken as read and their recommendations approved.

4. Confirm Draft Minutes of Meeting of Audit Committee held on Friday 17 October 2025 (herewith)

Public Items for Decision

5. Audit Committee Self-Assessment - Report by Audit, Risk and Counter Fraud Manager (herewith)

Public Items for Information

6. Internal Audit Interim Report (April 2025 to December 2025) - Report by

Audit, Risk and Counter Fraud Manager (herewith)

7. Counter Fraud Interim Report (April 2025 to December 2025) - Report by Audit, Risk and Counter Fraud Manager (herewith)

8. Risk Actions Arising from Audit and Inspection Reports - Report by Audit, Risk and Counter Fraud Manager (herewith)

9. Internal Audit of Payroll - Key Controls - Report by Audit, Risk and Counter Fraud Manager (herewith)

10. Internal Audit of Burgh Halls Cafe Income Collection - Follow Up - Report by Audit, Risk and Counter Fraud Manager (herewith)

11. Workplan (herewith)

NOTE **For further information please contact Anastasia Dragona on tel. no. 01506 281601 or email anastasia.dragona@westlothian.gov.uk**

CODE OF CONDUCT AND DECLARATIONS OF INTEREST (2021)

This form is a reminder and an aid. It is not a substitute for understanding the Code of Conduct and guidance.

Interests must be declared at the meeting, in public.

Look at every item of business and consider if there is a connection.

If you see a connection, decide if it amounts to an interest by applying the objective test.

The objective test is whether or not a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence your discussion or decision-making.

If the connection does not amount to an interest then you have nothing to declare and no reason to withdraw.

If the connection amounts to an interest, declare it as soon as possible and leave the meeting when the agenda item comes up.

When you declare an interest, identify the agenda item and give enough information so that the public understands what it is and why you are declaring it.

Even if the connection does not amount to an interest you can make a statement about it for the purposes of transparency.

More detailed information is on the next page.

December 2024

Look at each item on the agenda, consider if there is a "connection", take advice if necessary from appropriate officers in plenty of time. A connection is any link between the item of business and:-

- you
- a person you are associated with (e.g., employer, business partner, domestic partner, family member)
- a body or organisation you are associated with (e.g., outside body, community group, charity)

Anything in your Register of Interests is a connection unless one of the following exceptions applies.

A connection does not exist where:-

- you are a council tax payer, a rate payer, or a council house tenant, including at budget-setting meetings
- services delivered to the public are being considered, including at budget-setting meetings
- councillors' remuneration, expenses, support services or pensions are being considered
- you are on an outside body through a council appointment or nomination unless it is for regulatory business or you have a personal conflict due to your connections, actions or legal obligations
- you hold a view in advance on a policy issue, have discussed that view, have expressed that view in public, or have asked for support for it

If you see a connection then you have to decide if it is an "interest" by applying the objective test. The objective test is whether or not a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence your discussion or decision-making.

If the connection amounts to an interest then:-

- declare the interest in enough detail that members of the public will understand what it is
- leave the meeting room (physical or online) when that item is being considered
- do not contact colleagues participating in the item of business

Even if decide your connection is not an interest you can voluntarily make a statement about it for the record and for the purposes of transparency.

The relevant documents are:-

- Councillors' Code of Conduct, part 5
- Standards Commission Guidance, paragraphs 129-166
- Advice note for councillors on how to declare interests

If you require assistance, contact:-

- **Lesley Montague, Interim Monitoring Officer and Governance Manager, 01506 281613, lesley.montague@westlothian.gov.uk**
- **Carol Johnston, Chief Solicitor and Depute Monitoring Officer, 01506 281626, carol.johnston@westlothian.gov.uk**
- **Committee Services Team, 01506 281604, 01506 281621 committee.services@westlothian.gov.uk**

December 2024

MINUTE of MEETING of the AUDIT COMMITTEE held within COUNCIL CHAMBERS, WEST LOTHIAN CIVIC CENTRE, LIVINGSTON, EH54 6FF, on 17 OCTOBER 2025.

Present – Councillors Angela Doran-Timson (Chair), Lynda Kenna, Danny Logue (substituting for Councillor Lawrence Fitzpatrick), Susan Manion and Pauline Orr

Apologies – Councillor Lawrence Fitzpatrick and Moira Glencorse (Lay Member)

1. DECLARATIONS OF INTEREST

Agenda Item 11 - *Internal Audit of Burgh Halls Cafe Income Collection*

Councillor Pauline Orr stated a connection as she attended meetings at the venue and knew staff members. She would participate in the item of business.

2. MINUTES

The committee confirmed the Minute of its meeting held on Friday 27 June 2025 as a correct record. The Chair thereafter signed the Minute.

3. REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT ON THE 2024/25 AUDIT

The committee considered a report (copies of which had been circulated) by the Head of Finance and Property Services advising of the outcome of the 2024/25 Audit and providing a summary of the key points arising from the Auditor's Annual Report.

It was recommended that the committee consider:

1. Audit Scotland's 2024/25 Annual Audit Report; and

2. the audited Annual Accounts for 2024/25.

The report referred to an error in the indexation calculation for school assets during the 2024/25 financial year, and the committee inquired about its cause and potential future prevention measures. Officers explained that interim checks to monitor material movement were conducted during the year, in addition to the asset valuations that were performed every five years. Auditors had queried the methods and assumptions underlying these checks, and it was concluded that the interim valuation process had provided justification for maintaining the asset values, and the interim valuation checks would continue with no change to the process.

The committee discussed the changes in hosting arrangements for the Professional Electronic Commerce Online System (PECOS) application,

and the recommendation for the Council to seek regular confirmation from the third-party provider, Elcom, regarding the integrity and security of the data held. It was confirmed that the IT manager had engaged with Elcom and received assurances about the application's integrity, security protocols, and external certification.

Decision

To note the contents of the report.

4. INTERNAL AUDIT SUMMARY REPORT

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing of internal audit reports issued but which had not been submitted to the committee.

It was recommended that the committee note the outcome of the internal audit work.

The committee discussed the internal audit report found to be Satisfactory, and asked what specific issues contributed to this result. Officers clarified that ratings depended on the quantity and severity of findings, in this case, three Medium and two Low. Officers provided examples from the review of works contracts to illustrate the outcome.

Officers were then asked about the follow-up arrangements for medium and low audit findings. Members were informed that low-ranked findings were not all followed up, while the service aimed to follow up on the medium-ranked findings to assess progress of implementation. If agreed actions remained outstanding after follow-up, the conclusions could be reassessed, depending on the findings.

Decision

To note the contents of the report.

5. INTERNAL AUDIT OF COUNCIL TAX REFUNDS

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing of the outcome of an internal audit of the processes for administering council tax refunds.

It was recommended that the committee note that the controls in place were considered effective.

The committee asked several questions about the audit findings and the processes for the administration of council tax refunds. In response, officers explained that bank account reports were now saved in Objective, the council’s records management system, which provided an audit trail; there was effective segregation of duties among staff over multiple stages of the process, which strengthened internal controls and mitigated risks

such as the embezzlement experienced by another local authority; staff procedures for recording notes on refunds had been updated and would be monitored to ensure their clarity; and although the current system could not automatically check refunds over £1,000, an upgrade was in progress to enable this feature.

Decision

To note the contents of the report.

6. INTERNAL AUDIT OF CARE AT HOME CONTRACT MONITORING

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing of the outcome of an internal audit of controls in place over care at home contract monitoring.

It was recommended that the committee note that the controls in place were considered satisfactory.

The committee inquired about the actions taken and any sanctions applied for non-compliance among care providers. Members were informed that a dedicated project officer had been appointed, who liaised regularly with all contracted providers within the framework, and that electronic call monitoring updates, used as a quality assurance tool, had enhanced contract monitoring. When necessary, improvement plans were established, and compliance was regularly reported to the Contract Advisory Group and Council committees.

During the questions and discussion that followed, officers advised that all agreed actions in the Action Plan had been completed; lessons learned from monthly call monitoring were shared across providers; and investments in infrastructure, supported by an oversight assurance group, enabled early warning of potential challenges and addressed the longstanding risk related to delivery and the market's capacity to provide the required care, which had reduced the assessed risk from medium to low.

Members noted that the results of the follow-up audit would be reported to the committee at a future date, and requested that it include an update on the outcome of seeking direct client feedback, as referred to in section 1.12 of the audit report.

Decision

To note the contents of the report.

7. WORKPLAN

A workplan had been circulated for information.

Decision

To note the workplan.

8. PRIVATE SESSION

The committee resolved under Section 50(A) (4) of the Local Government (Scotland) Act 1973, that the public be excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 14 of Schedule 7A of the Act.

9. INTERNAL AUDIT OF BURGH HALLS CAFE INCOME COLLECTION

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing of the outcome of an internal audit of controls over income collection arrangements at Linlithgow Burgh Halls café.

It was recommended that the committee note that controls in place were considered to be unsound.

Members discussed the outcome of the audit and the procedural changes that had been implemented, noting that the results of a follow-up audit would be reported to the committee at a future date.

Decision

To note the contents of the report

DATA LABEL: PUBLIC

West Lothian Council

AUDIT COMMITTEE

AUDIT COMMITTEE SELF-ASSESSMENT

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To invite the Audit Committee to review and renew the arrangements for carrying out a self-assessment of its administrative arrangements and activity.

B. RECOMMENDATIONS

It is recommended that the Audit Committee:

1. considers the statements set out in the appendix to this report;
2. agrees that, subject to any changes it considers appropriate, the statements be circulated to Audit Committee members, with the results to be reported back to the Committee at its next meeting on 20 March 2026.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Being open, honest and accountable.
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	None.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on performance and performance Indicators**	Improvements in scrutiny will have a positive impact on council performance.
V	**Relevance to Single Outcome Agreement**	None.
VI	**Resources - (Financial, Staffing and Property)**	None.
VII	**Consideration at PDSP**	None.
VIII	**Other consultations**	None.

D. TERMS OF REPORT

Each year, the Audit Committee undertakes a self-assessment of its effectiveness. This was recommended as best practice by the external auditors in December 2017 and this exercise has been undertaken annually since.

The proposed self-assessment for 2025/26 is attached as an appendix and is based on the version issued to Audit Committee members in previous years.

The self-assessment covers the following areas:

- Purpose and Status
- Administrative Arrangements & Support
- Members
- Effectiveness
- Matters Specific to Audit Committee Remit and Activities.

Audit Committee members will be invited to express an opinion on the statements included in the self-assessment. The Committee is therefore invited to consider whether there are any changes it would wish to make.

Once agreed, the self-assessment will be issued electronically to Committee members for completion.

The results will be anonymised and reported back to the Committee at its next meeting on 20 March 2026, so that the results can be considered and any areas for improvement identified and agreed.

E. CONCLUSION

The self-assessment exercise is intended to identify areas for improvement and assist the Committee develop its effectiveness.

F. BACKGROUND REFERENCES

Report to Audit Committee 18 December 2017: Report to Members and the Controller of Audit on the 2016/17 Audit

Appendices/Attachments: (1) Audit Committee Self-Assessment 2025/26

Contact Person: Stuart Saunders, Audit, Risk and Counter Fraud Manager, Stuart.Saunders@westlothian.gov.uk, Tel No. 01506 281574

Stuart Saunders
Audit, Risk and Counter Fraud Manager

Date of meeting: 16 January 2026

APPENDIX 1

AUDIT COMMITTEE SELF-ASSESSMENT 2025/26

	Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Comment
A	**Purpose and Status**						
1.	Committee's role and powers are set out in Standing Orders.						
2.	Committee's role and powers are clear and understood.						
3.	Committee is regarded by other members as a positive influence.						
4.	Committee's recommendations are respected and acted upon.						
5.	There is good communication with officers and other committees.						
B	**Administrative Arrangements & Support**						
1.	Committee is of an appropriate size and composition.						
2.	Committee is provided with good officer support (professional and administrative).						
3.	Meetings are sufficiently frequent and at appropriate times of the year.						

	Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Comment
4.	Committee maintains a work plan balancing forward planning with flexibility for reactive work.						
5.	Meeting papers are distributed appropriately (timeliness and format) to enable proper preparation.						
6.	Reports and minutes provide relevant, appropriate and sufficient information.						
7.	Start times and time allowed for meetings provide sufficient time for business to be done.						
8.	Public access to reports and meetings is maximised and excluded only where legally justified.						
9.	Committee is able to secure the attendance and assistance of appropriate senior officers.						
10.	Hybrid meeting arrangements are working satisfactorily.						
C	**Members**						
1.	Committee members understand their role.						
2.	Committee has an appropriate mix of knowledge, expertise, experience and skills.						
3.	Committee members receive sufficient and appropriate training and briefings.						

	Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Comment
4.	Committee members undertake personal development relevant to their role and responsibilities.						
5.	Chair promotes and encourages effective and efficient meetings including input from officers and members.						
6.	Members prepare, attend meetings and actively contribute.						
D	**Effectiveness**						
1.	Committee functions in a positive and constructive manner, including interaction amongst members and with officers.						
2.	Scrutiny is encouraged and accepted as a means to improve.						
3.	Committee provides constructive challenge to officers.						
4.	Committee receives good responses from officers to questions.						
5.	Committee members feel comfortable asking candid questions and pursuing full answers.						
6.	Decisions and recommendations are captured to enable them to be recorded accurately.						
7.	Committee has good working relations with key officers and members.						

	Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Comment
E	**Matters Specific to Audit Committee Remit and Activities**						
1.	Interaction with the Governance and Risk Committee is defined and understood, with no gaps or duplication.						
2.	Committee's role in relation to the council's annual accounts is defined and understood.						
3.	Committee provides effective review and challenge of the council's control arrangements.						
4.	Committee satisfies itself as to the independence of internal audit.						
5.	Committee satisfies itself that the internal audit function is professional and objective.						
6.	Internal audit reports are easy to understand and provide all required information.						
7.	Committee satisfies itself as to the effectiveness of the counter fraud function.						
8.	Counter fraud reports are easy to understand and provide all required information.						

DATA LABEL: PUBLIC

West Lothian Council

AUDIT COMMITTEE

INTERNAL AUDIT INTERIM REPORT (APRIL 2025 TO DECEMBER 2025)

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To inform the Audit Committee of progress in relation to the internal audit plan for 2025/26.

B. RECOMMENDATION

It is recommended that the Audit Committee notes progress on the 2025/26 internal audit plan as set out in section D.1 of this report.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Open, honest and accountable.
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The internal audit work provides assurance that risks are properly controlled. Relevant to outcome four of the Corporate Governance Strategy: risk management and internal control processes which ensure risks to council objectives are effectively identified, assessed and managed.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on performance and performance Indicators**	Completion of the internal audit plan is a measure of internal audit performance.
V	**Relevance to Single Outcome Agreement**	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI	**Resources - (Financial, Staffing and Property)**	None.
VII	**Consideration at PDSP**	None.
VIII	**Other consultations**	Director of Finance and Property Services, Governance Manager, Senior Auditor.

D. TERMS OF REPORT

D.1 Risk Based Audit

This involves reaching an opinion as to the effectiveness of control over key risks to the council. Progress in relation to the 2025/26 internal audit plan is as follows:

Completed Internal Audit Reports

- Council Wide: 2024/25 Climate Change Declaration
- Corporate Services: Procurement: Work Contracts
- Corporate Services: Payroll: Key Controls
- Finance and Property Services: Council Tax Refunds
- Planning, Economic Development and Regeneration Services: Planning Application Governance
- Social Policy/Finance and Property Services: Ukraine Host Payments

Completed audit reports which have not been reported to the Audit Committee either in full or in summary are summarised in Appendix 1.

Internal Audit Reports in Draft

- None

Internal Audits - Work in Progress

- Finance and Property Services: Financial Planning
- Council Wide: Operational Building Security
- Housing, Customer and Building Services: House Repairs
- Social Policy: Personal Safety

Internal Audits – Work to Start

- Corporate Services: Cyber Security
- Finance and Property Services: Anti-Poverty Strategy
- Housing, Customer and Building Services: Stores (Materials)
- Social Policy: Business Continuity
- Social Policy: External Children's Placements

D.2 Changes to the Internal Audit Plan

The Audit Committee is not asked to approve any changes to the 2025/26 annual audit plan. However, Committee is advised that the scope of the Cyber Security audit work has been expanded to include a review of the findings and lessons learned in the Audit Scotland report: '*Cyber-attack affecting operations and services: The 2023/24 audit of Comhairle nan Eilean Siar',* which was issued in November 2025*.*

D.3 Follow Up Audit Work

The internal audit team follows up on the agreed actions arising from high and medium importance findings in final audit reports, and agreed actions arising from counter fraud reports. There has been a significant amount of work undertaken on follow up audits during 2025/26 to date, including the follow up audits of the Linlithgow Burgh Halls Café Income and Care at Home Contract Monitoring. The results of which have both been requested to be reported back to the Audit Committee.

D.4 Reactive Work

The internal audit team continues to provide advice to services on internal control matters. One material item of reactive work has been completed to date which is the audit of the Linlithgow Burgh Halls Café Income, which was reported to the Audit Committee on 17 October 2025.

D.5 External Bodies

As set out in the internal audit plan, the internal audit team undertakes work for the West Lothian Integration Joint Board, West Lothian Leisure, and the Improvement Service. This work is reported separately to the audit committees of these organisations.

E. CONCLUSION

Progress of the internal audit plan continues to monitored on an ongoing basis with the target to complete 100% of the plan.

F. BACKGROUND REFERENCES

Report to the Audit Committee 21 March 2025: Internal Audit Plan 2025/26

Appendices/Attachments: (1) Summaries of Internal Audit Reports

Contact Person: Stuart Saunders, Audit, Risk and Counter Fraud Manager, Stuart.Saunders@westlothian.gov.uk, Tel No. 01506 281574

Stuart Saunders
Audit, Risk and Counter Fraud Manager

Date of meeting: 16 January 2026

APPENDIX 1

SUMMARIES OF INTERNAL AUDIT REPORTS

Audit	**Planning Applications: Governance Arrangements**
Service	Planning, Economic Development and Regeneration Services
Date Issued	6 November 2025
Remit	To review the processes in place over the administration of planning applications.
Conclusion	Effective
Findings	1 Medium 2 Low
High Findings	None

Audit	**Climate Change Declaration**
Service	Council Wide
Date Issued	27 November 2025
Remit	To review the council's draft Climate Change Declaration for 2024/25.
Conclusion	Accurate return
Findings	3 Medium 1 Low
High Findings	None.

Audit	**Ukraine Host Payments**
Service	Social Policy / Finance and Property Services
Date Issued	22 December 2025
Remit	To review the processes in place over the management of the Ukraine host payment process.
Conclusion	Satisfactory
Findings	3 Medium 2 Low
High Findings	None

DATA LABEL: PUBLIC

West Lothian Council

AUDIT COMMITTEE

COUNTER FRAUD INTERIM REPORT (APRIL 2025 TO DECEMBER 2025)

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To inform the Audit Committee of the performance and activities of the Counter Fraud Team for the period from 1 April 2025 to 31 December 2025.

B. RECOMMENDATION

It is recommended that the Audit Committee notes the performance and activities undertaken by the Counter Fraud Team during the first nine months of financial year 2025/26.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Being honest, open and accountable
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	Fraud investigations are undertaken in accordance with the council's Anti-Fraud and Corruption Policy.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on performance and performance Indicators**	Effective counter fraud arrangements are an essential component of effective performance management.
V	**Relevance to Single Outcome Agreement**	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI	**Resources - (Financial, Staffing and Property)**	None.
VII	**Consideration at PDSP**	None.
VIII	**Other consultations**	None.

D. TERMS OF REPORT

D.1 Background

The Counter Fraud Plan 2025/26 was approved by the Audit Committee on 21 March 2025. The main planned activities of the Counter Fraud Team involve:

- maintaining the council's whistleblowing hotline;
- conducting investigations into allegations of fraud and irregularity;
- administering the biennial National Fraud Initiative (NFI) data matching exercise;
- raising fraud awareness and providing fraud prevention advice to officers.

D.2 Counter Fraud Team Investigations (April 2025 to December 2025)

The Counter Fraud Team maintain the whistleblowing hotline (01506 282002), whistleblowing mailbox (whistleblowing@westlothian.gov.uk) and the online whistleblowing e-form. The Counter Fraud Team consider all whistleblowing referrals received in accordance with the council's Whistleblowing Policy.

The Counter Fraud Team receive fraud referrals and money laundering referrals directly from management when potential concerns are identified during the course of their duties. Referrals classed as 'anti-fraud' are dealt with in line with the Anti-Fraud and Corruption Policy and referrals classed as 'anti-money laundering' are dealt with in line with the Anti-Money Laundering Policy.

Between 1 April 2025 and 31 December 2025, a total of 68 new referrals were received: 11 whistleblowing referrals, 57 anti-fraud referrals and 0 anti-money laundering referrals. A total of 66 referrals were accepted by the Counter Fraud Team and investigations were undertaken along with 14 investigations carried forward from 2024/25. A summary breakdown of the volume of fraud referrals is provided in the table below:

Referrals to Counter Fraud Team	Accepted	Not Accepted	Total
Whistleblowing Referrals	9	2	**11**
Anti-Fraud Referrals	57	0	**57**
Anti-Money Laundering	0	0	**0**
Total Referrals 2025/26 (Apr to Dec)	**66**	**2**	**68**

Investigations Carried Forward from 2024/25	14
Total Active Investigations 2025/26 (Apr to Dec)	**80**

During the period from 1 April 2025 to 31 December 2025, the Counter Fraud Team closed 61 out of the 80 active investigations. Two cases were closed without having conducted an investigation and 19 investigations that were completed identified no evidence of fraud or irregularity. A fraud or irregularity was established in 40 investigations and 19 investigations were still in progress as at 31 December 2025.

A summary of the types of fraud referrals and outcomes from the fraud investigations carried out during the first nine months of financial year 2025/26 is provided in Appendix 1.

Referrals Not Accepted by Counter Fraud (April 2025 to December 2025)

Two whistleblowing referrals were not accepted by the Counter Fraud Team. The concerns raised, child welfare concerns and code of conduct concerns, were not within the scope of the Anti-Fraud and Corruption Policy and therefore required no involvement from the Counter Fraud Team. All non-fraud policy related concerns are passed to the relevant Depute Chief Executive and Monitoring Officer to progress in line with the applicable council policy.

D.3 National Fraud Initiative (NFI)

The Counter Fraud Team administer the National Fraud Initiative (NFI) biennial data matching exercise which matches datasets shared between participating bodies to prevent and detect fraud. Examples of the datasets that are matched include HMRC records, council tax records, non-domestic rates records, blue badge records, housing tenant records, payroll records, creditors records and taxi driver licence records.

The current 2024/25 NFI exercise is in progress. The required datasets for this exercise were submitted to the NFI before the 25 October 2025 deadline. All data matches have now been released and high-risk matches, which are given priority, will be reviewed by the relevant council services by the NFI deadline of 31 March 2026. Details of the NFI outcomes will be reported to the Audit Committee upon completion.

D.4 Fraud Prevention and Awareness

The Counter Fraud Team are committed to the prevention, as well as detection, of fraud, theft and wrongdoing against West Lothian Council. During the nine months from April 2025 to December 2025, the Counter Fraud Team have continued to provide advice and guidance to services to ensure that effective internal controls are in place that help prevent fraud. In addition, fraud awareness measures were carried out such as disseminating fraud news and alerts shared by Police Scotland, the National Anti-Fraud Network (NAFN) and other local authorities.

E. CONCLUSION

This report highlights the performance and activities of the Counter Fraud Team during the first nine months of financial year 2025/26. The work of the Counter Fraud Team is carried out in accordance with the council's Anti-Fraud and Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy, and in accordance with the council's zero tolerance approach to fraud.

F. BACKGROUND REFERENCES

Report to the Audit Committee on 21 March 2025: Counter Fraud Plan 2025/26

Appendices/Attachments: (1) Summary of Counter Fraud Investigations 25/26 (Apr to Dec)

Contact Person: Stuart Saunders, Audit, Risk and Counter Fraud Manager, Stuart.Saunders@westlothian.gov.uk, Tel No. 01506 281574

Stuart Saunders
Audit, Risk and Counter Fraud Manager

Date of meeting: 16 January 2026

DATA LABEL: PUBLIC

APPENDIX 1

SUMMARY OF COUNTER FRAUD INVESTIGATIONS 2025-26 (APRIL 2025 TO DECEMBER 2025)

Fraud Referral Categories	**Completed** Fraud / Irregularity Established	**Completed** Fraud / Irregularity Not Established	**Closed** Not Investigated	**In Progress**	**Totals**
Payroll Fraud - Sickness Absence Frauds – examples include: • Falsified symptoms or withholding information on true fitness to work (e.g. obtain paid time off, work privately or run own business) • Falsified medical documentation (e.g. Doctor Fit Note, hospital letter)	1	3	0	2	**6**
Payroll Fraud - Other – examples include: • Recruitment fraud (e.g. false qualifications, undeclared convictions) • Falsification of payroll claims (e.g. mileage, timesheets or overtime) • Significant abuse of the flexi system	1	1	0	0	**2**
Thefts and Embezzlements – examples include: • Cash theft • Embezzlement of funds • Stolen council vehicles, plant, equipment or materials	8	3	0	8	**19**
Tenancy Fraud – Examples include: • Non-principal home (non-occupation of tenancy, abandonment or undisclosed other tenancies) • Illegal subletting • False housing, tenancy transfers or homeless applications	5	4	1	6	**16**
Blue Badge Fraud – Examples include: • Misuse of Blue Badges (e.g. when holder not present) • Use of deceased holder, stolen or expired Blue Badges • Use of forged or counterfeit Blue Badges	17	4	0	0	**21**

Fraud Referral Categories	**Completed** Fraud / Irregularity Established	**Completed** Fraud / Irregularity Not Established	**Closed** Not Investigated	**In Progress**	**Totals**
Fraudulent Claims and Applications – examples include: • Grant support fraud (e.g. crisis, school clothing and meals) • School catchment fraud • Council tax fraud (discount, arrears or liability fraud) • Falsified insurance / personal injury claims	4	1	0	1	**6**
Procurement Frauds – examples include: • Procurement process manipulation (e.g. preferred suppliers, bid rigging, corrupt timescales or specification) • Supplier malpractice (e.g. false invoicing, overcharging, duplicate invoices) • Fraudulent orders or payments to suppliers (e.g. bank mandate fraud) • Conflicts of Interest (e.g. not declaring gifts, gratuities or hospitality)	1	0	0	0	**1**
Criminality – examples include: • Money Laundering • Drug use / dealing during work / on council premises • Bribery and attempted bribery	1	1	0	1	**3**
Miscellaneous Fraud, Corruption or Irregularity – examples include: • Computer Misuse Act offences (e.g. unauthorised computer access to data and unauthorised access to commit fraud) • Corrupt working practices (e.g. fraudulent vehicle abuse) • Undeclared conflict of interests or abuse of privilege.	2	2	1	1	**6**
Totals:	**40**	**19**	**2**	**19**	**80**

DATA LABEL: PUBLIC

West Lothian Council

AUDIT COMMITTEE

RISK ACTIONS ARISING FROM AUDIT AND INSPECTION REPORTS

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To advise the Audit Committee of progress in implementing agreed actions arising from audit and inspection reports.

B. RECOMMENDATION

It is recommended that the Audit Committee notes that there is one outstanding risk action arising from audit and inspection reports that was due for completion on or before 31 March 2025.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Open, honest and accountable.
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	None.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on performance and performance Indicators**	Failure to effectively mitigate risks may have an adverse impact on performance.
V	**Relevance to Single Outcome Agreement**	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI	**Resources - (Financial, Staffing and Property)**	None.
VII	**Consideration at PDSP**	None.
VIII	**Other consultations**	None.

D. TERMS OF REPORT

In accordance with agreed protocols, the following are entered into the council's corporate risk management system Ideagen as risk actions:

- all external audit findings which are the subject of an agreed action plan;
- agreed actions arising from internal audit findings ranked as being of "high" importance;
- actions arising from findings / recommendations from other external inspectors / agencies which are considered to be significant.

Those findings which have been entered into Ideagen as risk actions in accordance with the agreed protocol, which were due to be completed by 31 March 2025, and which are recorded as being still outstanding, are attached in Appendix 1. There is one outstanding risk action in relation to an internal audit finding.

In relation to the appendix:

- the “finding” field summarises the audit or inspection finding;
- the “agreed action” field sets out the agreed action;
- the “progress bar” field identifies the service’s current estimate of percentage completion
- the “original due date” field is the original date for completion, where relevant this will be as per the original agreed action plan;
- the “revised due date” is a revised completion date set by the service;
- the “latest note” field contains the latest update by the service on progress.

E. CONCLUSION

Failure to timeously implement audit and inspection risk actions may expose the council to undue risk. Oversight of outstanding actions by the Audit Committee facilitates their completion.

F. BACKGROUND REFERENCES

None.

Appendices/Attachments: (1) Outstanding Audit and Inspection Actions (due by 31 Mar 25)

Contact Person: Stuart Saunders, Audit, Risk and Counter Fraud Manager, Stuart.Saunders@westlothian.gov.uk, Tel No. 01506 281574

Stuart Saunders
Audit, Risk and Counter Fraud Manager

Date of meeting: 16 January 2026

Appendix 1

Outstanding Audit and Inspection Actions due by 31 March 2025

Report Type: Actions Report
Report Author: Stuart Saunders
Generated on: 05 January 2026 14:27
Report Layout: ..A KR08 Actions grouped by scrutiny body - with latest not

Action Code & Title	Head of Service	Finding	Agreed Action	Progress Bar	Original Due Date	Revised Due Date	Latest Note
ED21001_Ari Key Person Dependencies - During the annual School /ELC Placement Process	Head of Education (Primary - L Purdie); Head of Education (Secondary - S McGarty)	At the start of the audit we were advised by both the Service Manager and Customer Service Manager that the role of the current Statistics and Pupil Placement Officer has been identified as a key person dependency to the team and there would be significant impact on the process should the officer leave the council.	Education Services has a systems change project with the Digital Transformation Team and IT Services which has now identified a bespoke system which will address the business continuity issues and deliver service improvement.	85%	30-Jun-2022	30-Apr-2026	All P1 and S1 applications for the 2026/27 academic session now being processed in the new system, along with Buy Extra Nursery Hours and applications for an additional year of ELC (deferral to P1). Final phase to be progressed will be the applications for ELC for the August 2026 intake. Risk of single person dependency now mitigated.

DATA LABEL: PUBLIC

West Lothian Council

AUDIT COMMITTEE

INTERNAL AUDIT OF PAYROLL – KEY CONTROLS

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To inform the Audit Committee of the outcome of an internal audit of the key controls over payroll.

B. RECOMMENDATION

It is recommended that the Audit Committee notes that the controls in place are considered to be effective.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Open, honest and accountable.
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The audit is relevant to risk 'Risk HRS005: Failure to effectively deploy accurate and timely payroll' which is currently assessed as a low risk.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on Performance and Performance Indicators**	Weaknesses in internal control may have an adverse impact on performance.
V	**Relevance to Single Outcome Agreement**	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI	**Resources (Financial, Staffing and Property)**	None.
VII	**Consideration at PDSP**	None.
VIII	**Other consultations**	Managers within Human Resources (HR) and Support Services, Corporate Services as part of the audit process.

D. TERMS OF REPORT

In accordance with the annual audit plan for 2025/26, an audit review has been undertaken of the key controls over payroll within Human Resources (HR) and Support Services.

The resultant internal audit report is attached in Appendix 1, together with an action plan containing our findings and agreed management actions.

E. CONCLUSION

Our audit of the key controls over payroll has concluded that the level of control is effective.

F. BACKGROUND REFERENCES

Report to the Audit Committee 21 March 2025: Internal Audit Plan 2025/26

Appendices/Attachments: (1) Internal Audit report dated 20 November 2025: Payroll - Key Controls

Contact Person: Stuart Saunders, Audit, Risk and Counter Fraud Manager, Stuart.Saunders@westlothian.gov.uk, Tel No. 01506 281574

Stuart Saunders
Audit, Risk and Counter Fraud Manager

Date of meeting: 16 January 2026

Appendix 1

West Lothian Council

CS2501

INTERNAL AUDIT REPORT

PAYROLL – KEY CONTROLS

20 November 2025

CONTENTS

No.	Section	Page
1.	Executive Summary	1 – 3
2.	Remit	4
3.	Action Plan	5 – 7
Appendix A	Definitions of Audit Findings & Audit Opinion	8
Appendix B	Payroll Performance Indicators	9 – 11

1.0 EXECUTIVE SUMMARY

1.1 In accordance with the annual audit plan for 2025/26 we have undertaken a high-level review of the key controls over payroll and conclude that the level of control is **effective.**

1.2 Risk *HRS005: Failure to effectively deploy accurate and timely payroll* is currently assessed in the council's risk register as being a low risk.

1.3 The audit remit is set out in section two.

1.4 Human Resources (HR) and Support Services is part of Corporate Services within the Directorate of Operational, Housing Customer and Building and Corporate Services. The HR Operations team is made up of the Payroll team, Information Systems and Management team and the HR Support team. Officers in these teams deal with all aspects of employees pay and the operation of the iTrent system, which is the councils main HR system.

1.5 As recorded in the West Lothian Council Annual Accounts for 2024/25 the council employed 6,839 full time equivalent employees with payments totalling £334 million made in respect of employee expenses.

1.6 HR Support Services process over 500 changes each month covering contractual changes, temporary changes and terminations which are then passed to payroll for further review and checking. During July and August, in advance of the new school year, this increases to over 1,000 changes each month. In addition, over 600 letters and statements of particulars are prepared each month.

1.7 Around 9,300 payments are made to West Lothian Council employees each month. In October 2025 there were 9,338 payments made with a total gross value of £25.6 million. Payroll performance indicators are detailed in Appendix B, with the most recent performance as follows:

October 2025	Percentage of Incorrect Salary Payments = 0.61%
October 2025	Percentage of Incorrect Salary Payments due to HR Errors = 0.05%
2024/25	Percentage of Cases of Salary Overpayment Recovered = 96.3%

Note: The majority of over and underpayments are as a result of late or incorrect paperwork being received by HR Services.

1.8 The following key controls were found to be in place:

Procedures and Guidance

- system procedures are in place which are provided by the iTrent system supplier MHR.
- West Lothian Council guides, procedures and notes covering all aspects of the operation of the system are also in place. These are maintained separately by Payroll, HR Support and Information Systems and Management and cover specific processes and activities relating to each area of operation;

- process chains are built into iTrent to guide officers through key tasks, for example, attaching an employee to payroll, creating learning events and activities, processing new starts and dealing with adoption, maternity and paternity leave;
- workflows are built into iTrent which guide employees through key processes, for example, self-service workflows where employees can request leave, change personal details and submit expenses.

System Access and Audit Trail

- the Information Systems and Management team undertakes the system administration role for iTrent;
- there are defined security groups in place to allow users access to iTrent;
- when an employee leaves the council the system automatically removes them from all associated groups, with the exception of ESS (Employee Self Service) which employees can continue to access for 60 days after leaving;
- a quarterly review of user groups and users is undertaken to ensure users remain allocated to the correct groups. This review involves generating and comparing various reports and using officer knowledge of the council to make any required changes;
- a system 'cleanse' is undertaken periodically. This checks the accuracy of information in the system and allows for corrections to be made. It covers areas such as position titles (spelling and consistency), position and work locations, staff without reporting managers, uniqueness of post and position numbers;
- iTrent maintains a live audit trail for six months, and an archived audit trail for a further six months;
- the audit trail is accessed on a query basis, where defined criteria are entered depending on the information required.

Segregation of Duties

- there is segregation of duties in place between HR Support Services and Payroll for the processing and checking of all new starts and leavers;
- all changes input directly by Payroll (those which have a direct impact on payments to employees) are checked by a second payroll officer;
- contractual changes input by HR Support Services are subject to a one in ten check by payroll officers;
- there are separate security groups in place for HR Support Services and Payroll officers.

Payroll Processing

- there is a Form Log screen in iTrent which is used to record the receipt of forms and documentation from services, and by whom and when they are processed;
- the Form Log provides a record of the key stages of processing undertaken by HR Support Services and provides a way to view the status of documentation at any time;
- there is a monthly payroll workplan in place which lists all payroll tasks and by whom and when they are completed;
- prior to processing the monthly payroll a system generated validation report is generated. This includes details of all new starts, leavers, changes, and other potential anomalies such as 25% net pay differences (35% when pay awards are applied), duplicate national insurance numbers and bank accounts;
- all entries on the validation report are checked by payroll officers to iTrent, the Form Log and to source documentation in Objective. This process is the final check of all payroll transactions for any missing documentation, duplicate information being processed or empty fields in the system. It ensures that all changes are correct and accurate and come from genuine and valid sources.

- a detailed payroll processing and reconciliation checklist is in place which is a step by step list of all tasks required to successfully process the monthly payroll. Each step is signed and dated as it is completed.

Changes to Standing Data / Suspense Accounts

- changes to standing data in iTrent are either updated by MHR, the system supplier, as part of system upgrades, or processed by the Information Systems and Management team or the Payroll team;
- annual MHR supplier upgrades cover statutory changes such as sick pay and maternity and paternity pay rates, which require to be changed for all the system users;
- Information Systems and Management team changes relate to the update of tables in iTrent such as pay awards, pension rates and union subscriptions;
- Payroll team changes relate to HMRC changes (downloaded weekly and covering tax related information) and manual updates to hourly rates;
- all changes are subject to independent checking before they are made or uploaded, or are applied and tested in a test environment;
- payroll suspense accounts e.g. third-party payment, net pay and advances and statutory deductions are reviewed and reconciled monthly.

1.9 None of our findings have been ranked as being of 'High' importance.

1.10 The action plan in section three details our findings, grades their importance (Appendix A) and includes agreed actions. The implementation of agreed actions will help improve control.

1.11 We appreciate the assistance of those members of staff contacted during the conduct of our audit. Should you require any further assistance please contact Sharon Leitch.

Stuart Saunders
Audit, Risk and Counter Fraud Manager

2.0 REMIT

2.1 The objective of the audit was to undertake a high-level review of the key controls in place over payroll, and to cover the following:

- payroll procedures;
- system access;
- segregation between HR and payroll functions;
- new start and leaver processing;
- permanent and temporary change processing;
- exception/validating reporting;
- reconciliation of payroll runs;
- changes to standing data (e.g. pay increases, national insurance increases);
- suspense accounts.

2.2 The audit also reviewed risk *HRS005: Failure to effectively deploy accurate and timely payroll*, and the internal controls recorded to mitigate the risk.

2.3 No internal audit report can provide absolute assurance as to the effectiveness of the system of internal control. Our review concentrated on the key controls and our testing was undertaken on a sample basis. Therefore, the weaknesses we have identified are not necessarily all those which exist.

2.4 We agreed the draft report for factual accuracy with Vera Bole, HR Operations Manager on 19 November 2025.

2.5 The Head of Corporate Services is responsible for both the implementation of agreed actions and the risk arising from not acting on any agreed actions in this report.

2.6 We carry out follow-up reviews on a risk-based approach. The Audit, Risk and Counter Fraud Manager will determine the need for a follow-up review of this report.

2.7 In accordance with the council's risk management arrangements services are required to record internal audit findings graded as being of 'high' importance in the council's risk management system as risk actions and to link these to the corresponding risks.

2.8 Audit findings ranked as being of 'high' importance that are not implemented will be reported to the Audit Committee and considered for inclusion in the Annual Governance Statement.

3.0 ACTION PLAN

Ref	Findings & Risk	Agreed Action	Importance Level
3.1	**Review of Form Log** There is a Form Log screen in iTrent which is used to record the receipt of forms and documentation from services, and by whom and when it is processed. The Form Log provides a record of the key stages of processing undertaken by HR Support Services and provides a way to view the status of documentation at any time. The HR Support Services Team Leader periodically runs reports of all Form Log transactions which are reviewed to identify any missing entries or duplicate documentation received. Currently reports are run as and when time and resources allow. However, it would be of benefit if reports were run more frequently as any issues or errors arising could be identified more timeously, and additional assurance would be provided over the accuracy of the processing undertaken by HR Support Services. The Form Log includes one section that is signed off by payroll officers '*Payroll Action (initials and date)*'. This is used when the Payroll team check the corresponding documentation. There may also be benefit if the Payroll Team Leader regularly reviews this section of the Form Log. **Risk** *Errors or issues remain unidentified and are not timeously corrected resulting in the failure to make the required changes or errors in payments made to employees.*	HR Support and Payroll teams will run a report each month to spot check for missing information and/or errors.	Medium **Responsible Officer** Alison McCue / Zihni Fuat **Risk Identifier** HRS005 **Action Date** 31 January 2026

Ref	Findings & Risk	Agreed Action	Importance Level
3.2	**Review of System Access** It is acknowledged there are processes in place for the review of users and security groups, including the automatic removal of employees from groups when they leave the council. The audit has identified two areas which would benefit further review: • there are some security groups which are not actively used but are still recorded in the system (they are inactive and do not have any users allocated to them). The standard practice is to have any unused groups prefixed by 'ZZZ', which clearly indicates they are not used, however the identified groups were not prefixed by 'ZZZ'. • we were advised that lists of security groups and users are not routinely sent out to services. This is due to the lack of engagement from services and low numbers of responses received, and the process therefore adds little value. Where any anomalies or queries are identified during the quarterly checking of user groups these are amended at the discretion of the Information Systems and Management team officers. During audit testing examples of anomalies were discussed, for example, officers with people manager access but no reporting employees recorded, which were recurring. As a minimum, when anomalies are recurring services should be contacted in order for them to be corrected or brought to a resolution. **Risk** *Incorrect user groups or users access in place resulting in inappropriate or unauthorised access to employee information in iTrent.*	1.Security groups which are not actively used have been reviewed and are now prefixed by ZZZ. 2.HR Information and Systems Team will continue to monitor security user groups and will contact Line Managers following the quarterly checks for any people identified with People Manager access but no reporting employees to respond by a specified date before access is removed. In addition to the Line Manager, the individual and Service Manager will be copied in to improve engagement. In the event that other types of recurring issues are identified during the quarterly checks these will also be queried with Line Managers and Service Managers.	Medium **Responsible Officer** Alisdair McGrath **Risk Identifier** HRS005 **Action Date** 1.Complete 2. 31 January 2026

Ref	Findings & Risk	Agreed Action	Importance Level
3.3	**Performance Indicator HRS207 - Number of out of course salary payments as a percentage of the under or over payments made per month** The description for this performance indicator is *'This indicator reports t**he number of additional payments made outwith the normal payroll run as a percentage of the payments made in the normal payroll run per month**. These additional payments made are generally for information missing at the payroll deadline'.* Having reviewed the short name for this performance indicator it does not appear to correspond with the indicator description and the information that is being reported. The calculation for September 2025 is noted below, with the total number of underpayments stated as 203: • 30 (out of course payments raised before next pay day) / 9,366 (total payments) = 0.32%. If the performance indicator name was being used the calculation would be: • 30 (out of course payments raised before next pay day) / 203 (under or over payments made per month) = 14.7%. The name of the performance indicator should be reviewed and updated to accurately reflect the information being reported. **Risk** *Performance indicator name doesn't reflect the information reported resulting in misinterpretation or misrepresentation of performance.*	Payroll Team Leader will arrange to amend the PI indicator to accurately reflect the information captured in KPI and the description.	Low **Responsible Officer** Zihni Fuat **Risk Identifier** HRS005 **Action Date** 31 December 2025

DATA LABEL: OFFICIAL

APPENDIX A

DEFINITION OF AUDIT FINDINGS & AUDIT OPINION

AUDIT IMPORTANCE LEVELS

Importance levels of '**High'**, '**Medium'** or '**Low'** are allocated to each audit finding within the action plan.

These reflect the importance of audit findings to an effective system of internal control and must be considered in the context of the business processes being audited (Section 2 – Audit Remit).

AUDIT OPINION

Our overall opinion on the controls in place is based on the level of importance attached to the findings in our audit report. The overall audit opinions are as follows:

Overall Opinion	Definition
EFFECTIVE	No findings ranked as 'High' importance. There may be a few 'Low' and 'Medium' ranked findings.
SATISFACTORY	No findings ranked as 'High' importance however there are a moderate number of 'Low' and 'Medium' ranked findings.
REQUIRES IMPROVEMENT	A few findings ranked as 'High' importance. There may also be a number of findings ranked as 'Low' and 'Medium' importance.
UNSOUND	A considerable number of findings ranked as 'High' importance resulting in an unsound system of control. There may also be a number of findings ranked as 'Low' and 'Medium' importance.

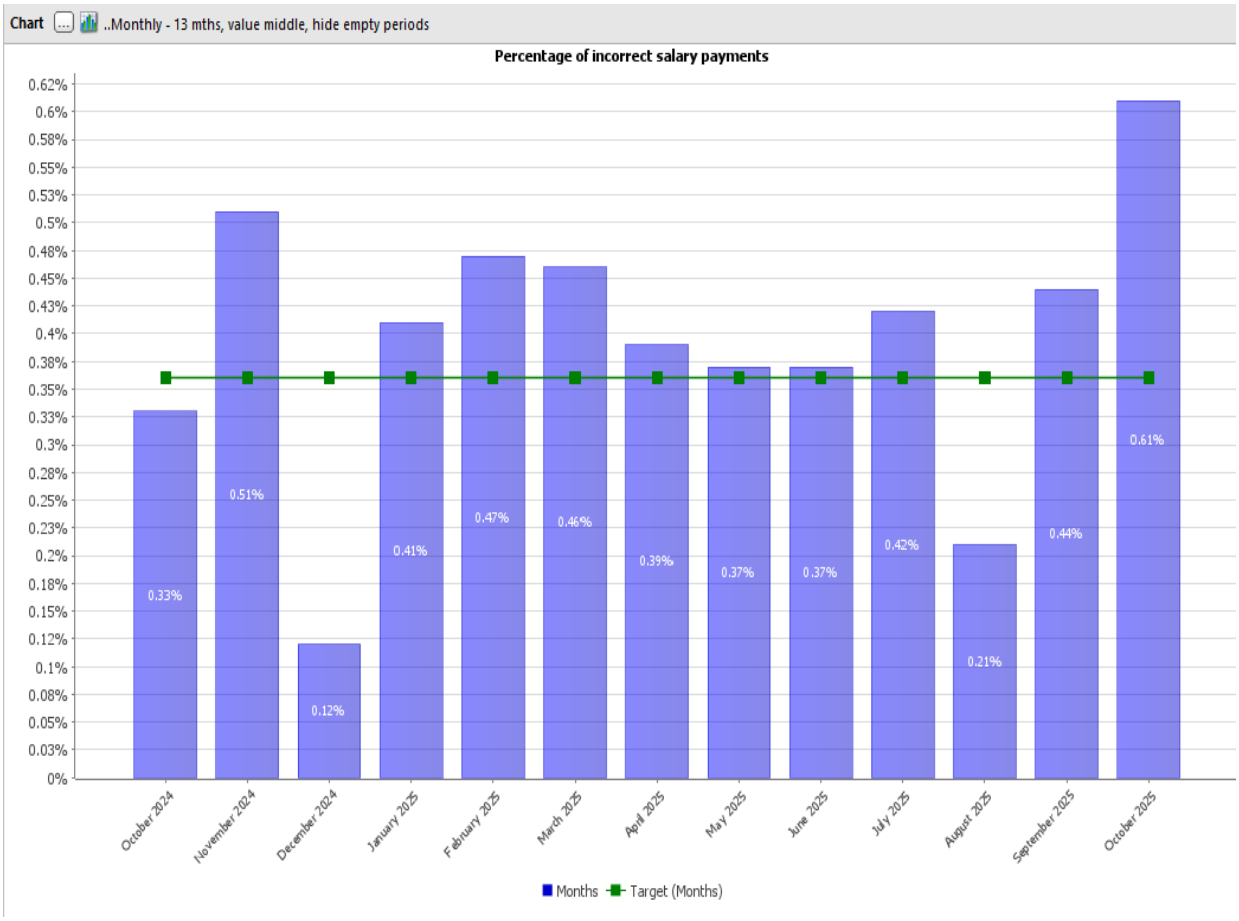
DATA LABEL: OFFICIAL

APPENDIX B

PAYROLL PERFORMANCE INDICATORS

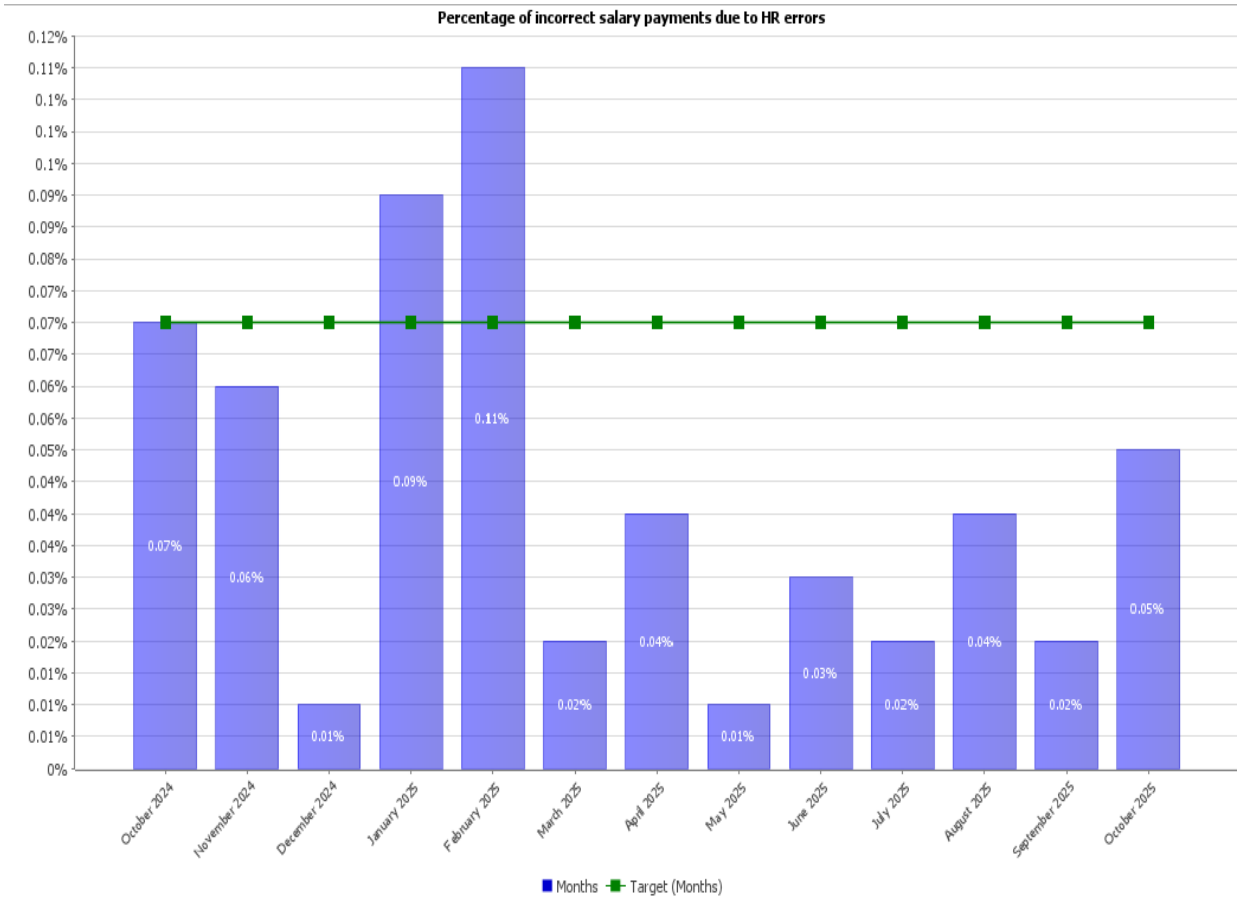
HRS206 – Percentage of Incorrect Salary Payments

Description: This indicator shows the value of incorrect salary payments as a percentage of the total salary payments made within the period. The analysis of these errors then provides a basis to take action to reducing payment errors.



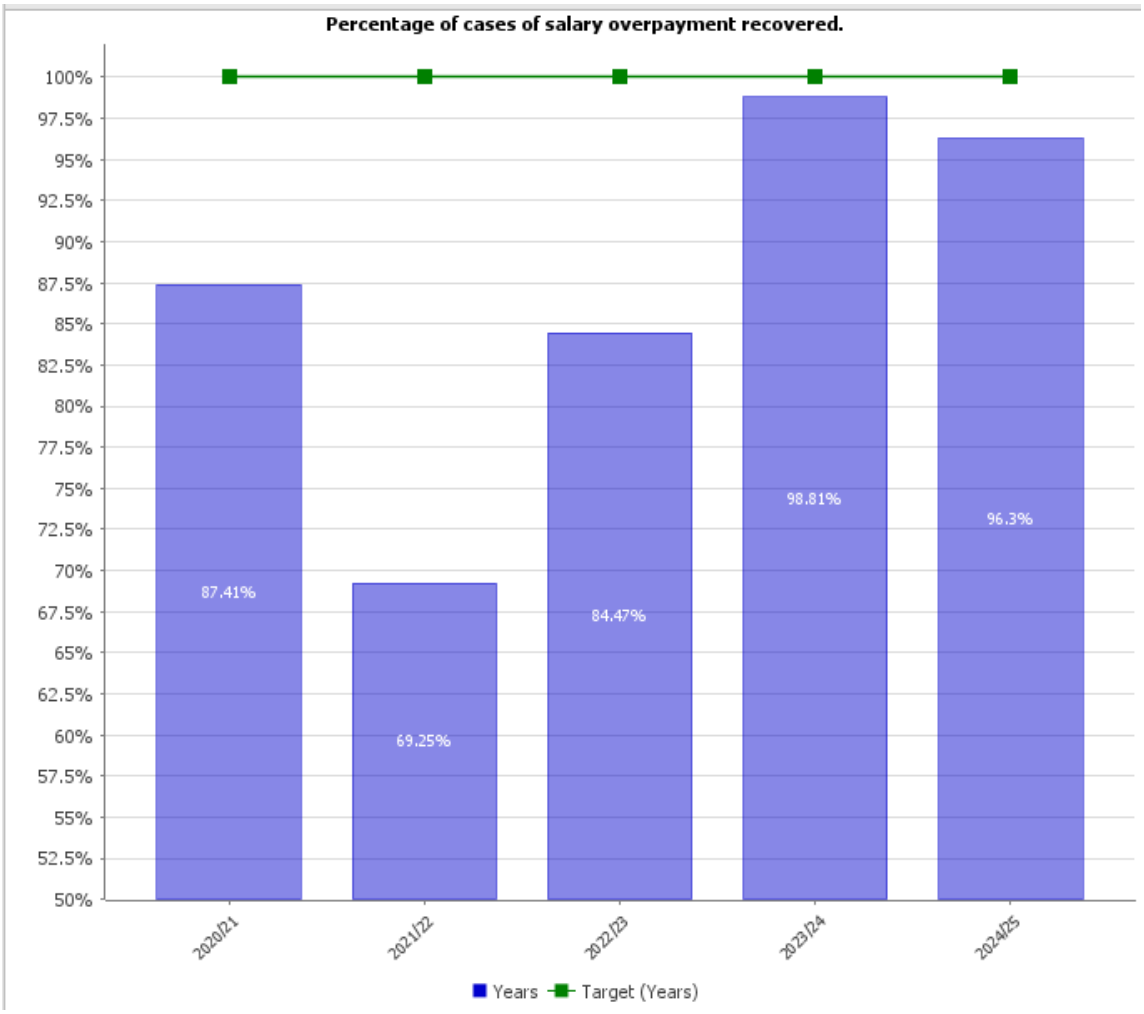
HRS205 – Percentage of Incorrect Salary Payments due to HR Errors

Description: This indicator reports the percentage of incorrect salary payments paid to employees by the HR team. The nature of HR processing errors relate to mis-keying and misinterpretation of information which results in errors of salary payments.



HRS203 – Percentage of Cases of Salary Overpayment Recovered

Description: As the council seeks to recover all payments made in error, this indicator reports the percentage of salary overpayments recovered in a financial year against the total overpayments in the same financial year.



Note: The year 2025/26 percentage of cases recovered to September 2025 is 96.97%.

DATA LABEL: PUBLIC

West Lothian Council

AUDIT COMMITTEE

INTERNAL AUDIT OF BURGH HALLS CAFE INCOME COLLECTION – FOLLOW UP

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To inform the Audit Committee of the outcome of the follow up audit of income collection arrangements at Linlithgow Burgh Halls café.

B. RECOMMENDATION

It is recommended that the Audit Committee notes the findings of the follow up audit as set out in the report's executive summary.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Open, honest and accountable.
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The audit is relevant to risk 'WLC020: Failure to prevent and detect fraud or theft' which is currently assessed as a medium risk.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on Performance and Performance Indicators**	Weaknesses in internal control may have an adverse impact on performance.
V	**Relevance to Single Outcome Agreement**	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI	**Resources (Financial, Staffing and Property)**	None.
VII	**Consideration at PDSP**	None.
VIII	**Other consultations**	Managers within Education Services as part of the audit process.

D. TERMS OF REPORT

As agreed at the Audit Committee held on 17 October 2025, we have undertaken a follow up audit to determine whether the agreed actions from our previous audit of Linlithgow Burgh Halls café income collection arrangements have been implemented.

There were nine findings raised in the previous audit report, two were graded as high importance, four as medium and three as low.

Our findings are summarised in the executive summary of the appended internal audit follow up report. No further audit findings have been raised as a result of the follow up audit work undertaken.

E. CONCLUSION

Our follow up audit of the income collection arrangements at Linlithgow Burgh Halls café has established that all nine agreed actions have been implemented.

F. BACKGROUND REFERENCES

Report to the Audit Committee 17 October 2025: Internal Audit of Burgh Halls Café Income Collection

Appendices/Attachments: (1) Internal Audit follow up report dated 5 January 2026: Linlithgow Burgh Halls Cafe - Income Collection – Follow Up

Contact Person: Stuart Saunders, Audit, Risk and Counter Fraud Manager, Stuart.Saunders@westlothian.gov.uk, Tel No. 01506 281574

Stuart Saunders
Audit, Risk and Counter Fraud Manager

Date of meeting: 16 January 2026

West Lothian Council

ES2501

INTERNAL AUDIT REPORT

EDUCATION SERVICES

LINLITHGOW BURGH HALLS CAFÉ

INCOME COLLECTION

FOLLOW UP

5 January 2026

CONTENTS

No.	Section	Page
1	Executive Summary	1 - 2
2	Remit	3
Appendix A	Example of New Till Screen	4

1.0 EXECUTIVE SUMMARY

1.1 As agreed at the Audit Committee on 17 October 2025, we have completed a follow up audit of the agreed actions included in the audit report on the income collection arrangements in place at the Linlithgow Burgh Halls café, issued on 26 June 2025.

1.2 The audit remit is set out in section two.

1.3 A total of nine findings were raised in our report, two were graded with high importance, four medium and three low; actions were agreed to address all findings.

1.4 The follow up audit has established that actions to address the findings have been implemented in all cases and details are summarised below:

Finding 3.1: Processing of Income Transactions (High)
The issues identified with transaction processing in the original audit were addressed immediately and improvements were verified during audit visits in June and July 2025. A new Electronic Point of Sale System (EPOS) was subsequently implemented on 22 July 2025.

It was confirmed that satisfactory internal controls are in place, including:

- training provided to staff on the new system;
- all menu items and corresponding prices are saved into the system;
- sales items are selected from a touch screen menu, minimising keying errors;
- errors can be more easily identified and corrected;
- transaction totals and any corrections are automatically calculated;
- selection of cash or card transactions is by touch screen and system totals are updated automatically when the transaction is completed;
- there is a full audit trail of all transactions and corrections processed;
- customers now also have visibility of their order being processed.

Finding 3.2: End of Day Reconciliation Process (High)
The issues identified with the end of day reconciliation process in the original audit were addressed immediately, and again, improvements were verified during audit visits in June and July 2025. It was confirmed that with the implementation of the new EPOS system, satisfactory internal controls are in place, including:

- an X reading being taken to reconcile the days takings;
- the Z reading is only taken and the system cleared after the reconciliation is complete;
- if there are overs or unders, these are investigated and recorded;
- all relevant documentation is retained.

Finding 3.3: Café Till Limitations (Medium)
As noted above the new EPOS system was implemented on 22 July 2025. This has completely changed the operational processes within the café. The menu has been reviewed and all menu items and their prices are programmed into the EPOS system. The process for inputting sales transactions is now more straightforward with less scope for errors, and has been well received by both staff and management. A photograph of the new till is provided in Appendix A.

We were advised that due to the limited number of allocated Personal Identification Numbers (PIN), staff may currently share access to the cash till. Best practice would be for each staff member to be assigned individual PINs. It is acknowledged there are mitigating controls in place such as staff rotas, the availability of an itemised transaction

audit trail and CCTV coverage of the till. This has been raised with management who agreed to explore options for the allocation of individual PINs for all staff.

Finding 3.4: Procedures (Medium)
The internal procedures have been reviewed and updated, where applicable, in line with the implementation of the new EPOS system. The suppliers of the system provide online procedures that cover both front end and back office tasks. The supplier also provides on-call support to assist with any service or network issues. Internal support is also available from Operational Services who operate the EPOS system at all council schools and the Civic Centre café.

Findings 3.5 & 3.6: Dual Control, Segregation of Duties & Weekly Cash Uplift (Medium)
At the time of the original audit, due to staffing limitations, it was not always possible to have full segregation of duties and dual control in place. Improvements were found during the follow up audit, and the following controls have been implemented:

- the daily cash collected is checked by a second person on the day of processing and the cash bag sealed before being placed in the safe;
- as evidence of the agreement of the cash collected, the daily cash sheet is initialled by both the person reconciling the till and the person completing the second check.

On rare occasions when it is not possible to complete the second check on the day of processing; it is completed the following morning when staff are available.

Finding 3.7: Stock Control (Low)
The implementation of the new EPOS system, providing the ability to easily analyse items sold, has changed the menu offered in the café. There is now less emphasis on preparing food on site; with only soup and scones prepared. The level of stock required for these and also that for coffee, tea etc. is now controlled with daily checks. The key for the storeroom has been located and the room is locked when not in use.

Finding 3.8: Pay 360 Income Management System (Low)
All original and new documentation, including e-mails, is now retained for all corrections made, ensuring a full audit trail is available. The management account spreadsheet is updated to ensure the figures quoted are correct. It is noted that since the implementation of the EPOS system, there have been very few banking queries raised by the Revenues Unit.

Finding 3.9: Office Access Fob (Low)
The spare office fob is now kept in a secure key box.

1.5 As the agreed actions relating to risk actions ED25005_Ari and ED25006_Ari have been implemented, both have been signed off as audited in Ideagen.

1.6 No new issues were identified during follow up testing. It is acknowledged that LBH management recognised the seriousness of the original findings and dedicated the required time and resource into implementing improved processes and procedures.

1.7 We appreciate the assistance of all the LBH staff during the conduct of our follow up audit. Should you require any further assistance please contact Kenny Wilson.

Stuart Saunders
Audit, Risk and Counter Fraud Manager

2.0 REMIT

2.1 The objective of the audit was to undertake a follow up of the agreed actions included in the audit report on the income collection arrangements in place at the Linlithgow Burgh Halls café, issued on 26 June 2025.

2.2 No internal audit report can provide absolute assurance as the effectiveness of the system of internal control. Our review concentrated on the key controls and our testing was undertaken on a sample basis.

2.3 We agreed the draft report for factual accuracy with Lesley Brown, Senior Venue Co-ordinator on 16 December 2026 and Alan Colquhoun, Senior Manager, Education Services, (Culture and Sport) on 29 December 2025.

APPENDIX A

TILL SCREENSHOT

AUDIT COMMITTEE WORKPLAN 2025/26

20 March 2026
Audit Committee Workplan 2026/27 (for decision)
Internal Audit Annual Plan 2026/27 (for decision)
Counter Fraud Annual Plan 2026/27 (for decision)
Audit Committee Self Assessment: Outcome (for decision)
Audit Scotland Audit Annual Plan 2025/26
Accounts Commission: Local Government in Scotland Financial Bulletin 2024/25
Summary of Internal Audit Reports Issued