

**READING BOROUGH COUNCIL  
REPORT BY EXECUTIVE DIRECTOR OF RESOURCES**

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	19 September 2019		
<b>TITLE:</b>	<b>INTERNAL AUDIT QUARTERLY PROGRESS REPORT</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR EMBERSON</b>	<b>PORTFOLIO:</b>	<b>CORPORATE AND CONSUMER SERVICES</b>
<b>SERVICE:</b>	<b>AUDIT &amp; INVESTIGATIONS</b>	<b>WARDS:</b>	<b>N/A</b>
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**1. PURPOSE OF THE REPORT**

1.1 This report provides the Audit & Governance Committee with an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in July 2019.

1.2 The report:

- Provides assurance, commensurate with the control environment evidenced by audits conducted in the last quarter.
- Advises on significant issues where controls need to improve to effectively manage risks.
- Tracks progress on the response to audit reports and the implementation of agreed audit recommendations.
- Where limited opinions have been given, the full internal audit report is appended to this report.

1.3 The following documents are appended:

Appendix 1 - Freedom of Information Internal Audit Report

Appendix 2 - Cash payment processes (Cedar Court)

**2. RECOMMENDATION**

2.1 The Audit & Governance Committee is requested to consider the report.

### 3. ASSURANCE FRAMEWORK

3.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation
No Assurance	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.
Limited	Significant weakness (es) identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
Reasonable	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified.

3.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make.

3.3 It is management's responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing **limited** or '**no**' assurance to ensure that agreed recommendations have been implemented in a timely manner.

## 4.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

		Recs			Assurance
4.1	Freedom of Information	3	3	1	Limited

- 4.1.1 The purpose of the audit was to provide assurance that the Council's processes for administering and responding to Freedom of Information (FOI) requests were effective and fit for purpose.
- 4.1.2 A framework is in place to identify and log requests received, however in the 2018 calendar year only 73.8% of FOI requests were met within the 20 day timeline, compared to the Information Commissioners Office (ICO) expectation that at least 90% of requests are dealt with on time. The number of requests received during the period was just short of one and a half thousand, which is an increase of 9% on the previous calendar year.
- 4.1.3 Although procedural guidance is available for staff to follow, it has not been proactively publicised and training has not been made available for a number of years. As a consequence officers may be unaware of their responsibilities and do not either properly understand or fully appreciate the legal obligations on the Council in respect of FOI's. We also found anecdotal evidence that staff assigned to respond to FOI requests do not always view FOI requests as a priority and are minded to avoid dealing with them within required timescales.
- 4.1.4 Officers who administer FOI requests both in Legal and the Customer Relations Teams work diligently to allocate responses to the appropriate officer and do their utmost to facilitate responses from a multitude of services. However, this has led to different approaches and an element of double handling.
- 4.1.5 Three email addresses and an on-line web reporting facility on the Council's website offer the public alternative routes for making requests. Whilst the on-line web reporting facility is a positive measure, a technical error with the online form between March and May 2019 meant that twelve FOI's were initially missed during this period.
- 4.1.6 Reporting on FOI statistics has been absent; with no performance related statistics being reported to Directorate Management Team's (DMT), the Corporate Management Team (CMT) and/or public committees for scrutiny. We were informed that monthly reports on outstanding FOI's were produced for CMT, prior to July 2017, but ceased at the request of CMT. This has since been reinstated in July 2019.
- 4.1.7 There are no consistent escalation processes, to ensure information is responded to promptly and no formal reports or reporting mechanism to drive performance and ensure responsibilities are discharged.

4.1.8 We found no clear mechanism to ensure that the Publication Scheme is kept under review to enable as much information as possible to be accessed from the Council’s website. This is compounded by the website’s current layout obscuring information that could/should be easily accessible.

4.1.9 We concluded that there is a need for better tracking and reminders to staff of approaching deadlines, closer monitoring of performance and proactive publication of information known to attract frequent requests.

		Recs			Assurance
4.2	Eligibility, Risk & Review Group	0	2	2	Reasonable

4.2.1 The Eligibility and Risk Group oversees the level and complexity of cases being worked on within the service to ensure that there is consistency of approach for all people who require services and that eligibility is tested within the Care Act (2014) framework.

4.2.2 We were of the opinion that the Eligibility, Risk and Review Group (ERRG) provides a robust challenge process in the consideration of cases presented to it, which was evidenced when observing one of its meetings. The Group members challenged requests and reviewed available information at length and from a variety of perspectives.

4.2.3 Mosaic<sup>1</sup> is used by the ERRG to scrutinise evidence and to seek further case information where necessary. However record keeping could be improved, as testing of Mosaic records identified some gaps in evidence necessary to confirm the recording of decisions made by the Group. Whilst the Group generally takes a robust and considered approach to the decisions it makes (in keeping with its terms of reference) it has not always maintained a strong audit trail to reflect this. For example, whilst reviewing the “Group Decision” field within Mosaic considerable variation was found in the detail recorded. A substantial number of cases within our sample tested, recorded only that a decision had been agreed and did not fully reflect the robust nature of discussion that occurs at the Group.

4.2.4 The constitution of the Group was found to contain an appropriate mix of skills and expertise to support the decision making process. The members of the Group were observed to work well in their review of cases and consideration of the evidence available to them.

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<sup>1</sup> Adult social care information management system

		Recs			Assurance
4.3	Crematorium and Cemeteries	0	1	3	Substantial

- 4.3.1 The aim of the audit was to provide assurance that remains are disposed of legally and safely, income is being received and recorded, expenditure is adequately controlled and service demand is monitored.
- 4.3.2 The RBC Bereavement Service is a member of the Institute of Cemetery and Crematorium Management (ICCM) and follows its policies and best practice guidance. Policies and procedures document the main administrative duties and processes relating to the interment and cremation stages that comply with the Code of Cremation practice, Health and Safety legislation and best practise as set out by the ICCM. The service's own internal policies and procedures were last updated in 2017, but should have been reviewed more recently according to the review target date established.
- 4.3.3 The Institute sets the standards of service for the industry, which is achieved by the development and implementation of the Charter for the Bereaved. In order to become a member of the Charter, the Service must show that it is able to satisfy basic Charter rights connected with funerals. The Charter also contains objectives and targets that help Authorities set priorities for future development and improvement. In its latest assessment the Service achieved the 'Gold' standard.
- 4.3.4 There are robust controls in place from the start of an application to the disposal of the ashes or burial stage which is all recorded on Epilog<sup>2</sup>, with quality checks being carried to ensure the accurate recording of information and payment of fees. Financial procedures are well documented in the Banking Procedure Policy for cash and cheques. All card payments are taken through Civica<sup>3</sup> and reconciled on a weekly basis with all income received.
- 4.3.5 Safety procedures are well documented and all memorials are checked every five years in line with the ICCM guidance.
- 4.3.6 In the event of peak or unusual demand, there are contingency arrangements in place with local funeral directors and neighbouring Councils. Additionally three staff members from the grounds and admin team are also trained as Cremation Technicians in case of staff absences or in the event of peak demand.

<sup>2</sup> Computerised administration systems for the cremations and burials industry

<sup>3</sup> Cash receipting system

		Recs			Assurance
4.4	Cash payment processes (Cedar Court)	2	0	1	No Assurance

- 4.4.1 Cedar Court is a new extra care housing facility sited on the Basingstoke Road for purpose of providing high quality accommodation and wider facilities for older people living in the local area. The 40-unit scheme comprises 27 one-bedroom flats and 13 two-bedroom flats, all for social rent. The scheme is jointly funded by the Homes and Communities Agency (HCA) and Reading Borough Council.
- 4.4.2 Following a request from the Assistant Director of Housing & Communities, a visit was made to Cedar Court to carry out an audit of the booking and payment controls for the guest room and amenity shop facilities due to concerns over the lack of accounting records.
- 4.4.3 Administrative and monitoring controls for operating and accounting for the guest room, petty cash and shop activities at Cedar Court were non-existent. We found no controls in place to securely account and confirm guest room occupancies to ensure lettings are fully identified and paid for. VAT was also found not to have been treated correctly.
- 4.4.4 Although no evidence was found to confirm any misappropriation, we are unable to account for approximately £7,000 of funds, due to the absence of supporting records (e.g. Invoices and receipts etc.)
- 4.4.5 Following the review, the Assistant Director has immediately stopped all petty cash expenditure and the use of the guest rooms and amenity shop, and the Accountant for the service will make the necessary accountancy adjustments and VAT disclosure.

#### 4.5 Journal Testing

4.5.1 As part of our ongoing review of Journals, we've undertaken some sample testing of both manual and spreadsheet journals processed in Q1 of the 2019/2020 financial year. Manual journals occur once or infrequently, such as journals to correct errors, to reclassify account balances and/or to accrue balances for unusual transactions. This method requires the most time and is open to errors from human intervention. Spreadsheets are used for entering batch and/or multiple journals. The sample sizes of both manual and spreadsheet journals are shown in the following tables, but it should be noted that journals can consist of a considerable number lines.

<b>Manual Journals in Q1</b>	<b>Total No.</b>	<b>No tested</b>	<b>% Tested</b>
No. Journals	4	2	50%
Journal Lines	64	27	42%
Sum of Journals	£894,485	£882,780	99%

<b>Spreadsheet Journals in Q1</b>	<b>Total No.</b>	<b>No tested</b>	<b>% Tested</b>
No. Journals	120	10	8%
Journal Lines	10678	1103	10%
Sum of Journals	£40,810,110	£687,902	1.68%

4.5.2 All journals examined were appropriately authorised, with an appropriate separation of duties between creation and authorisation. There was one instance where documentation to support a manual journal could not be found, hence we have requested that the evidence to support this particular journal is appropriately filled.

## 5.0 AUDIT REVIEWS 2019/2020

5.1.1 The table below details those audit reviews in progress and the reviews planned for the next quarter. Any amendments to the plan to reflect new and emerging issues or changes in timing have been highlighted.

Audit reviews carried over from 2018/2019

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Section 106 Agreements (follow up)	●				Mar-19	Apr-19	May-19	0	0	0	Reasonable
Business Rates	●				Feb-19	Apr-19	May-19	0	0	5	Substantial
Payroll	●				Feb-19	Jun-19	Jun-19	1	1	2	Reasonable
Corporate Buildings H&S Statutory Compliance Regimes	●				Feb-19	May-19	Jul-19	0	6	6	Reasonable

Audit reviews scheduled for 2019/2020

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Car Parks (off street)	●				Postponed due to pending service review						
VAT*	●				Jun-19	Aug-18		0	6	0	Limited
Eligibility, Risk and Review Group	●				Jun-19	Aug-18	Aug-18	0	2	2	Reasonable
Parks*	●				Jun-19	Aug-19		0	2	2	Reasonable
General Ledger (journal testing Debtors/Creditors)*	●				Apr-19	Jun-19	Jun-19	0	0	0	n/a
Food Hygiene Inspections	●				May-19	Sep-19					
Cemeteries & Crematorium	●				May-19	Jun-19		0	1	3	Substantial
Pre-employment verification (DBS)	●				Jun-19						
Freedom of Information*	●				Jun-19	Jul-19	Aug-19	2	3	4	Limited
Client Contributions (Adult Care)	●				May-19	Aug-19		1	1	4	Limited
Cedar Court*	●				Jul-19	Aug-19	Aug-19	2	0	1	No Assurance

\*added following in year request



Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Rent Accounting		●									
BFFC Fusion Cost Centre Analysis		●			Sep-19						
Cash collection - web payments		●			Sep-19						
Secure communications		●			Sep-19						
Purchasing cards		●			Sep-19						
Travel and Subsistence (inc mileage)		●									
Learning & Development and Mental Health Placements		●			Sep-19						
Local Transport Plan Capital Settlement (Grant Certification)		●			Sep-19						
Bus Subsidy Grant		●			Sep-19						
General Ledger (Journal Testing)		●			Aug-19	Sep-19	Sep-19	0	0	0	Substantial
Contract Management		●			Sep-19						
Residents Parking (follow up)			●								
Bank & Cash Rec inc control account reconciliations			●								
Accounts Payable			●								
Reading Buses			●								
Payment Controls in Children's Social Work			●								
Investment Properties			●								
Continuing Health Care (CHC)- Follow up review			●								
Additional Payments (Follow Up)			●								
Delayed Transfer of Care - Follow up review				●							
CT Support				●							
Data Storage (follow up)				●							
Sundry Debtors				●							
Business Rates				●							
Client Contributions Adult Care & Deferred Income				●							
Commissioning & Contract Management (Adults)				●							
General Ledger (Journal Testing)				●							
Commercialisation				●							

## **6.0 INVESTIGATIONS (APRIL - AUG 19)**

### **6.1 Housing Benefit and Council Tax Support Investigations**

6.1.1 The team have been developing a joint working process for benefit related investigations with central Government investigators at the Department for Work and Pensions (DWP). The process went live in May 2019. To date five joint investigations are in progress, all related to potential Council Tax fraud. No outcomes in the area have been recorded to date.

### **6.2 Single Person Discount**

6.2.1 Following a second data matching exercise, matching over 22,000 address records against tracing and occupier databases, investigations officers are working with Council Tax to review the matches. To date approximately £50,000 has been identified for CTAX recovery.

### **6.3 Housing Tenancy Investigations**

6.3.1 Since 1st April 2019 there has been 29 cases of alleged tenancy fraud investigated, 16 cases are still ongoing. Three properties have been returned to stock to date. The notional saving is £279,000 adopting the notional savings multiplier used by the Cabinet Office in their National Fraud Initiative report.

### **6.4 Right To Buy (RTB)**

6.4.1 Since 1 April 2019 the team have been asked to check 23 RTB applications and as a result of investigations, five applications did not proceed any further. The property transaction in all instances would have been the maximum of £80,900 (x5). We have added to this the income from rent on all 5 properties, which if sold would have been a loss to RBC the joint income was £28,197.00

### **6.5 Social Care Fraud & Investigations**

6.5.1 The team are working with BfFC on a complex referral which was received in May 2019. The investigation is ongoing.

### **6.6 Disabled Persons Parking Badges (Blue Badges)**

6.6.1 Since the 1<sup>st</sup> April 2019 the team have received 21 referrals, which have been investigated fully, all with regards to the potential misuse of a Blue Badge. Of these, 4 cases are subject to Court hearings, all listed for September 2019, with a further 4 cases currently with RBC criminal lawyers pending charges re the misuse of a Blue Badges.

## **7. CONTRIBUTION TO STRATEGIC AIMS**

- 7.1 Audit Services aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

## **8. COMMUNITY ENGAGEMENT AND INFORMATION**

- 8.1 N/A

## **9. LEGAL IMPLICATIONS**

- 9.1.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 9.1.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 9.1.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 N/A

## **11. BACKGROUND PAPERS**

- 11.1 N/A

Classification: UNCLASSIFIED

## Internal Audit Report

### Freedom of Information

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To: Peter Sloman - Chief Executive  
Jackie Yates - Executive Director of Resources  
Chris Brooks - Assistant Director Legal & Democratic Services



Limited  
Assurance

From: Paul Harrington, Chief Auditor

Date: 21 August 2019

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#### 1 BACKGROUND

1.1 The Freedom of Information Act 2000 provides public access to information held by public authorities. It does this in two ways:

- by requiring public authorities to publish certain information about their activities; and
- enabling members of the public to request information from public authorities.

1.2 Recorded information includes printed documents, computer files, letters, emails, photographs, and sound or video recordings. The Act does not give people access to their own personal data (information about themselves). If a member of the public wants to see information that the Council holds about them, they should make a data protection subject access request. Anyone has a right to request information from a public authority and the Council has two separate duties when responding to requests:

- to tell the applicant whether the Council holds information falling within the scope of their request; and
- to provide that information, unless specific exemptions apply (see below).

1.3 Authorities must respond to requests promptly, and by the twentieth working day following the date of receipt of the request. The Council can refuse an entire request under the following circumstances:

- It would cost too much or take too much staff time to deal with the request.
- The request is vexatious.
- The request repeats a previous request from the same person.

1.4 The Freedom of Information Act contains a number of exemptions that allows a Council to withhold information from a requester. However, most exemptions are not absolute and require the Council to apply a public interest test. This means the Council must consider the public interest arguments before deciding whether to disclose the information.

1.5 The Council must also have a Publication Scheme<sup>1</sup>, which commits it to publish certain classes of information. It should also specify how the information is made available, what is chargeable and what we need to tell members of the public about the scheme.

## 2. OBJECTIVES & SCOPE OF THE AUDIT

2.1 The purpose of the audit was to provide assurance that controls in place to manage key risks relating to Freedom of Information are effective and the Council's processes, including escalation and oversight are fit for purpose.

2.2 The audit did not include a review of requests made for environmental information under the Environmental Information Regulations 2004.

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<sup>1</sup> <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/publication-scheme/>

### 3. CONCLUSIONS

- 3.1 We have concluded that Reading Borough Council (RBC) complies with the basic principles of the Freedom of Information Act (FOIA), although processes followed do not necessarily facilitate timely responses. A framework is in place to identify and log requests received, however in the 2018 calendar year only 73.8%<sup>2</sup> of FOI requests were met within the 20 day timeline, compared to the Information Commissioners Office (ICO) expectation that at least 90% of requests are dealt with on time. The number of requests received during the period was just short of one and a half thousand, which is an increase of 9% on the previous calendar year.
- 3.2 It could be argued that turnaround time performance is due to conflicting priorities / workloads and/or lack of resources and to a certain extent we would agree. However we are of the opinion that it is also in-part, down to a lack of awareness of or compliance with the corporate process and staff not either properly understanding or fully appreciating the legal obligations on the Council in respect of FOI's. There is also anecdotal evidence that staff assigned to respond to FOI requests do not always view FOI requests as a priority and are minded to avoid dealing with.
- 3.3 Guidance has not been publicised for staff to follow and training has not been made available and as a consequence officers maybe unaware of their responsibilities in the process.
- 3.4 Three email addresses and an on-line web reporting facility on the Council's website offer the public alternative routes for making requests. Whilst the on-line web reporting facility is a positive measure, a technical error with the online form between Mar and May 2019 meant that twelve FOI's were missed during this period.
- 3.5 Officers who administer FOI requests both in Legal and the Customer Relations Teams work diligently to allocate responses to the appropriate officer and do their utmost to facilitate responses from a multitude of services. However, this has led to different approaches and an element of double handling.
- 3.6 Spreadsheets are used to log and monitor FOI requests, but are constrained in their capability and only offer a limited reporting facility. Reporting on FOI statistics has been absent; with no performance related statistics being reported to Directorate Management Team's (DMT), the Corporate Management Team (CMT) and/or public committees for scrutiny. We were informed that monthly reports on outstanding FOI's were produced for CMT, prior to July 2017, but ceased at the request of CMT. This has since been reinstated in July 2019.
- 3.7 There are no consistent escalation processes, to ensure information is responded to promptly and no formal reports or reporting mechanism to drive performance and ensure responsibilities are discharged.
- 3.8 Reliance is placed on Assistant Directors to ensure that the response to FOI requests are accurate and complete, however, no allowance for quality assurance checking is built into the timeframe.

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<sup>2</sup> The Information Commissioner (IC), who enforces the FOI Act, expects authorities to answer at least 90% of requests on time

- 3.9 Whilst every effort is made to engage with the relevant Assistant Director and service contact on complaints which have been referred to the ICO, we believe escalation should incorporate notifying the Executive Director and/or Chief Executive, given the importance. ICO appeals should also be seen as an opportunity to learn and improve and to avoid future complaints.
- 3.10 We found no clear mechanism to ensure that the Publication Scheme is kept under review to enable as much information as possible to be accessed from the Council's website. This is compounded by the websites current layout obscuring information that could/should be easily accessible.
- 3.11 Finally we conclude that there is a need for better tracking and reminders to staff of approaching deadlines, closer monitoring of performance and proactive publication of information known to attract frequent requests. Many authorities have made use of commercial case management systems which track requests, provide alerts as deadlines approach, generate performance reports and publish released material to a disclosure log at the push of a button. This we believe would be a beneficial investment, which could provide value for money in the longer term and should be explored further.
- 3.12 A total of 13 recommendations have been made in respect of this review, of which 3 are considered high priority. The recommendations and corresponding management action plan are attached at Appendix 1.

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>POLICIES AND PROCEDURES:</b>					
<i>RISK: Poor awareness of due process to be followed and lack of consistency when responding to FOI requests.</i>					
1	The existing guidance should be communicated effectively, but before doing so the guidance should be reviewed, updated and approved.	Priority 1	<p>Revised guidance will be published on the Council's intranet and when available a link will be forwarded to all regular contacts reminding them of the need to comply with the Council's procedures.</p> <p>In future when we forward an FOI request, we will include a link to the guidance on the intranet.</p> <p>All staff will be reminded of the importance of responding to FOI requests and their role in the process, including the Council's legal responsibility. This will be undertaken through team talk, message of the day email, Chief Executive's weekly update and via the Council's new intranet.</p>	AD Legal & Democratic Services	1 Sept 2019
2	<p>Procedures should sufficiently document all steps and processes to be followed and include service standards and performance targets based on statutory requirements. Sufficient time should be built into the process to quality assure the adequacy/completeness of responses.</p> <p>Procedures should also detail the escalation process, both for no response to information by services and for internal reviews and ICO appeals.</p>	Priority 1	<p>The procedure is to be revised to include service standards, performance targets and escalation processes sufficient time built in to allow for QA.</p> <p>A chaser email to be sent to the Assistant Director 10 working days before the deadline for a response, reminding them of the need to sign off the response with a second chaser sent 5 working days before the response is due, with the Executive Director copied in. We have introduced a process with immediate effect so that the Executive Director is sent a list of outstanding FOI's every week. CMT also now receives a list of outstanding FOIs each month.</p> <p>A record of Internal Reviews and ICO appeals and decisions will be sent to the Corporate Management Team on a monthly basis.</p>	AD Legal & Democratic Services	1 Sep 2019



Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<i>RISK: Poor awareness of due process to be followed and lack of consistency when responding to FOI requests.</i>					
<b>STAFF TRAINING:</b>					
3	All staff should have access to procedures and be trained to comply with them. New and existing staff should be required to complete training and periodic refresher courses on all aspects of Freedom of Information, approved procedures etc.	Priority 1	We will work with Learning & Development and explore different training options, such as online modules.  Training will be provided to those staff that regularly deal with FOI requests and then be extended to other officers who are involved in providing the relevant information.	AD Legal & Democratic Services and AD of HR & Org Dev.	We will commence this work in Sep 2019 and it will be a rolling programme going forward
<b>ESCALATION PROCESS:</b>					
<i>RISK: Lack of senior management awareness of complaint and/or appeals to ICO</i>					
4	A defined escalation process should be adopted and followed. This should incorporate when escalation occurs and to whom, complaints which have been referred for an internal review and appeals made to the Information Commissioner's Office.	Priority 2	See response to recommendation 2 above	AD Legal & Democratic Services	1 Sep 2019

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>INFORMATION REQUEST TRACKING SYSTEM:</b>					
<i>RISK: Weak recording and monitoring processes increase probability of things going wrong.</i>					
5	Ideally there should be one central administrative team for FOI requests with one agreed process followed. This should include one email address and one logging and tracking process.	Priority 2	<p>This function will remain with the Legal Section, with the support of the Customer Relations Team, however one standard process will be followed going forward.</p> <p>The Legal spreadsheet will be amended so that it fully captures tracking information and new escalation procedures.</p> <p>FOI requests can come into the organisation in numerous ways, but we will ensure that one email address is published on the Council's website and is used to receive and respond to FOI requests.</p>	AD Legal & Democratic Services	1 Sep 2019
6	Consideration should be given to using commercial software which tracks requests and warns of approaching deadlines, monitors performance and makes previously disclosed information available on our website, so that the wider public not just the requester can use it.	Priority 2	<p>An options appraisal is currently being developed to review systems to assist in managing the FOI process. Most systems also enable automatically publishing data.</p> <p>Implementation of a system will have revenue implications will be presented to the Digital Futures Board for approval in the next 2 months, with a likely implementation date of March 2020.</p>	Assistant Director for Corporate Improvement and Customer Services	March 2020.
7	We should ensure that online request forms, including emails, automatically send the requester an acknowledgement that includes the text of the request and its date of submission.	Priority 3	<p>We introduced this measure immediately following the audit review. All FOI requests are now being acknowledged.</p>	AD Legal & Democratic Services	1 Aug 2019

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>PERFORMANCE MONITORING:</b>					
<i>RISK: Performance is unknown and the Council fails to comply with statutory legislation. and monitoring of caseload(s)</i>					
8	Performance standards (e.g. target set for 95% of responses to be completed within 20 days) on FOI response times should be detailed in the Corporate and Service Plans, with performance reported on a quarterly basis to CMT.	Priority 2	We propose a performance target of 90%. Agreed that performance should be reported monthly to the Corporate Management Team with performance targets set in service plans.	Executive Director of Resources	Jan 2010 Sep 2019
9	Monthly reports should be produced for DMT's detailing activities and statistics on the number of requests etc. Targets not met are identified and the reasons investigated and appropriate remedial action taken on a timely basis.	Priority 2	Agreed. This has now been implemented  The revised procedures will clearly reflect the responsibilities of the Assistant Director(s) and Executive Director(s) in the process.	AD Legal & Democratic Services	Sep 19
10	Annual performance reporting should include, but not be limited to: <ul style="list-style-type: none"> <li>• Number of requests each year</li> <li>• Percentage of requests responded to on time</li> <li>• Number received during the quarter</li> <li>• Timelessness of issuing a substantive response</li> <li>• The rates of disclosure of requested information</li> <li>• The numbers of exemptions applied when withholding information</li> <li>• The outcome of internal reviews and external appeals.</li> </ul>	Priority 2	Agreed. An annual report detailing performance in the areas recommended, will be taken to June Policy Committee each year	AD Legal & Democratic Services	June 2020
11	The Council's Monitoring Officer (or nominated officer) should monitor the progress of all requests to verify that they are processed in accordance with specified timescales (performance indicators).	Priority 3	Agreed, this will be achieved through preparation of monitoring and escalation reports to Assistant Directors, Executive Directors and the Corporate Management Team.	AD Legal & Democratic Services	Sep 2019

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
PUBLICATION SCHEME:					
<i>RISK: Relevant information is not available</i>					
12	The existing Publication Scheme should be reviewed to ensure it complies with the ICO's model publication scheme. The scheme should also ensure that the contents of all publications comply with statutory regulations and guidelines in relation to the information published, advice on accessing additional information etc. The Publication Scheme should be reviewed on an annual basis and include as much information as possible.	Priority 2	Publication of data will be streamlined and automated through the use of a system (as outlined at 6 above) The publication scheme will be reviewed in line with the implementation of a new FOI management system, and therefore 2019/20 data will be published using the standard model. The web page and data repository will be reviewed as part of the project, to ensure that information can be accessed through dynamic searches, rather than static documents.	Assistant Director for Corporate Improvement and Customer Services	May 2020
13	The Council should (a) explain the FOI complaints process on the website, making it clear that the right of appeal to the ICO is normally only available once internal review has been completed (unless the complaint is about a significant delay) and (b) state their target time for completing internal review.	Priority 3	Agreed, the guidance on the Council's website will be updated.	AD Legal & Democratic Services	1 Sep 2019

#### 4. Findings

##### 4.1 AUTHORITY: THE COUNCIL HAS ESTABLISHED A FREEDOM OF INFORMATION (FOI) ACCESS TO INFORMATION POLICY AND RESPONSIBILITY FOR FOI HAS BEEN FORMALLY ASSIGNED.

4.1.1 Information relating to FOI and how to make an FOI request is available on the Council's website <http://www.reading.gov.uk/FOI>. This guidance is available in a PDF document; titled '*Procedure for dealing with requests for information*' and is aimed at providing information to the public. However, it's not something that can be readily found, other than through the search facility on the website. The design of the webpage could be improved so that it's more intuitive and simpler to navigate.

4.1.2 The policy itself is easy to understand, but needs to be updated to reflect the Council's current structure (e.g. still refers to Cabinet).

4.1.3 Information for staff, is available in a user guide, titled '*Lemon Squeezy Guide to Freedom of Information*', which is very succinct and easy to understand, however no-one interviewed actually appeared aware of it. Prior to the audit, the guide was very difficult to locate, as it was hidden within the old intranet (IRIS) and wasn't being actively made available to staff who respond to FOI requests. This guide was moved to the new intranet at the time of our audit and has been converted into an online web-based guide, which is much easier to navigate. The next step should now be to publicise the fact that this guidance is available.

4.1.4 The guidance explains to members of staff what Freedom of Information is, the summary process to be followed, timelines, and provides information on the types of exemptions which can be applied and when. The guidance also includes a flowchart documenting the process. The guidance is silent on the review, authorisation and escalation process.

4.1.5 FOI training or access to training materials is non-existent and has been for some time. Both new and existing senior managers confirmed to us that no training had been received and for officers new to the Council, any induction about FOI came on receipt of the first request. Some managers, who are new to Local Government, have no previous experience of FOI requests and the legislation underpinning the process.

4.1.6 Responsibilities for FOI have been assigned. The Assistant Director of Legal & Democratic Services has been identified as the responsible officer for compliance with FOI across the authority. The Assistant Information Officer and Legal Administrator/Secretary (referred to as the Assistant Information Officer throughout the report), has been assigned responsibility for the co-ordination and administration of FOI requests. The Assistant Information Officer will also act as the conduit for FOI requests which cover multiple service areas.

4.1.7 The Assistant Information Officer is supported by both the Information Officer and Data Protection Officer. However, administering FOI's is only approximately 50% of the Assistant Information Officer's workload and in addition the Information Officer is employed part-time.

4.1.8 These officers were found to be competent and knowledgeable about the law governing the FOI process. They also have a good understanding of the Council and its services and do their utmost to ensure that requests for information are designated to the right service area, which can sometimes be a challenge

4.1.9 No service specific contacts for FOI enquiries have been identified to co-ordinate responses, although current guidelines refer to Directorate DPA Officers. However, in the case of FOI requests for Adults, Housing and BFFC, the Customer Relations Team are used to facilitate and coordinate these. This, as we understand, is because the team used to be situated within the Adult Services Directorate and therefore has a good working knowledge of these service areas and where best to direct FOI requests. Although this has its advantages, it has resulted in two slightly different processes being followed, which we explain later in the report.

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#### 4.2 OCCURRENCE: FILING AND RECORDING SYSTEMS (INCLUDING ELECTRONIC RECORDS) ENABLE INFORMATION TO BE EASILY LOCATED I.E. MAXIMISING USE OF THE COUNCIL'S PUBLICATION SCHEME AND WEBSITE.

4.2.1 As well as responding to requests for information, the Council must publish information proactively. The Freedom of Information Act requires every public authority to have a Publication Scheme<sup>3</sup>, which must set out the Council's commitment to make certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information etc. To help Councils do this the ICO has created a model publication scheme that all public authorities should use.

4.2.2 Although on the whole the Council meets the minimum requirements of the ICO's model publication with respect to what is published, RBC's model doesn't promote easy access to data on the Council's website. We undertook some quick research and found that although other local authorities operate a similar publication scheme to ours, some websites are better designed and more intuitive to use. For example Bracknell Forest Council (BFC)<sup>4</sup> operates a DataShare site and their publication scheme provides links to all published information and datasets.

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<sup>3</sup> <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/publication-scheme/>

<sup>4</sup> <http://data.bracknell-forest.gov.uk/View/council-information/publication-scheme.>

- 4.2.3 Information included within the scheme is not subject to the provisions of the Freedom of Information Act. Consequently, as much information as possible that is routinely available to the public should be included within it and the Publication Scheme should be reviewed on a regular basis in order to achieve that objective. However, large aspects of the Council's scheme have not been kept up-to-date. For example, senior management structure & pay revealed no up to date details of senior management pay. The Children's Social Care annual complaints report related to 2014-15 and the Adults' equivalent covered only 2015-2016. Likewise there was some out of date information for other categories published under the scheme. The financial data for spend over £500, was brought up-to-date during the audit review, but prior to this it was also not being kept up-to-date.
- 4.2.4 There are a few exceptions where we were unable to find the information as recommended by the ICO, such as:
- Location and opening times of all council properties
  - Allowances and expenses for paid to senior staff
  - Election expenses
  - Details of contracts and tenders to businesses
- 4.2.5 A constant theme arising from our interviews with officers was that more information should be published on the Council's website and the design of the website should promote easy identification of information and improved navigation.
- 4.2.6 The Council should review the Publications Scheme on an annual basis and include as much information as possible in the scheme so that it is available to the public. All Directorates and services should keep their entries on the Scheme under regular review and notify the AD Legal & Democratic Services of additions, deletions or amendments at the earliest opportunity. At the moment, in places, this clearly isn't happening. In addition, services need to know how best to coordinate and perform this task.
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- 4.3 **COMPLETENESS: REQUESTS ARE PROMPTLY TRANSFERRED TO THE APPROPRIATE SERVICE FOR ACTION AND PROCEDURES ENSURE THAT REQUESTS ARE ACTIONED, REVIEWED AND SIGNED OFF.**

- 4.3.1 The request for information must be in writing; this includes e-mail and can come in via a number of routes. There is an online reporting form (<http://www.reading.gov.uk/FOI>) as well as a dedicated email address ([FOI@reading.gov.uk](mailto:FOI@reading.gov.uk)) for FOI requests and a link to this is available on the Council's website. It was found that the 'inbox' for this email address is checked on a regular basis and on the whole, it was found that requests were being forwarded to Service contacts in a timely manner. The Assistant Information Officer aims to forward all FOI requests to the relevant officer(s) within one working day.
- 4.3.2 During the audit it came to light that there had been a technical error with the online form earlier in 2019, which meant that FOI requests had not been reported through to the Assistant Information Officer. Although FOI requests had been received securely, no notification was received that the request had been made via the online form. This was due to some changes that had been made to the online form, which meant that the corporate FOI email address could not be recognised, in turn causing the email notifications to fail for those requests made via the web page. The dedicated email address continued to operate as normal during this period. Unfortunately this fault wasn't picked up immediately as there had not been a significant reduction in FOIs being received. As a consequence twelve FOI's were missed between the 17 March and 7 May 2019.
- 4.3.3 Any requests for information which cover Housing, Brighter Future for Children (BFfC) and Adults are forwarded to the Customer Services Team in the Resources directorate ([CRT.FOI@reading.gov.uk](mailto:CRT.FOI@reading.gov.uk)) for distribution to services and coordination of responses. These requests are logged onto a separate spreadsheet before being passed to the relevant services for a response, thus a degree of duplication occurs, which could in turn cause some delay.
- 4.3.4 A further email address [FOI.enquiries@brighterfuturesforchildren.org](mailto:FOI.enquiries@brighterfuturesforchildren.org) is used for requests for receiving and forwarding information relating to Children Services (BFfC). These are again picked up by officers in Legal for logging and then forwarded to the Customer Relations team and then onto BFfC.
- 4.3.5 Requests for information can also be received directly by any officer throughout the organisation and on receipt of the request the recipient is supposed to forward a copy to Legal Services ([FOI@reading.gov.uk](mailto:FOI@reading.gov.uk)) as detailed in the guidance notes. However, as already highlighted in the report, guidance has not actively been promoted to staff. Hence, there may be some which are received and responded to directly by services, which might not therefore feature on the corporate system.
- 4.3.6 All known FOI requests are logged onto a master spreadsheet held by the Assistant Information Officer and allocated a reference number. The date the request was



received, name of requestor, organisation, date of acknowledgement, deadline and nature of request is recorded. The date, nature of response, name of officer responding and directorate is also recorded. A final column is added to record if the request for information was responded to within 20 days.

- 4.3.7 Those FOI requests for Housing, Adults & BFFC managed by the Customer Relations Team are also logged onto a spreadsheet, which holds far more information, including date forwarded to service, name of Assistant Director, date copied into Assistant Director, draft response due date (15 days), date 1st reminder sent, date 2<sup>nd</sup> reminder sent etc. There are 44 columns on this spreadsheet for each FOI request, recording each stage of the process; however this appears to be a little excessive and unwieldy to manage. The main advantage with the Customer Relations Process is they have agreed points of escalation and when to engage with the Assistant Director and/or Executive Director.
- 4.3.8 Information relating to the request is stored in individual folders on a networked drive, by both the Legal and Customer Relations Teams.
- 4.3.9 Weekly meetings are held with representatives from Legal and Communications, to identify those requests that could be sensitive and to pin-point which ones need to go to a Director and/or Lead Councillor for information (see paragraph 4.5.5).
- 4.3.10 For the FOI requests filtered and then distributed by the Legal Team, all requests are forwarded to the service, with an appeal that they seek approval from their Assistant Director before a response is given. Depending on the service the Assistant Information Officer is copied into approval emails, but in many instances no evidence is kept to confirm approval had been given, hence we were not able to retrospectively confirm this in some instances. The approach followed by the Customer Relations Team is slightly different in that they require confirmation that authorisation has been obtained.
- 4.3.11 Discussions with a selection of Assistant Directors, confirmed that whilst most would check and authorise replies, some (especially new Assistant Directors) had not. In fact one Assistant Director had not seen an FOI during the first few months they had been employed by the Council.
- 4.3.12 With both approaches reliance is placed on the Assistant Director to ensure the response is correct, adequate and complete. Neither the Legal team nor the Customer Relations Team independently checks the completed response before it is released to the person(s) who made the original request.
- 4.3.13 Replies to FOIs are sent directly to the individual making the request using a formal letter template or email in the case of the Customer Relations Team, both of which provide information explaining the process to be followed should the

person be unhappy with the Council’s response. The Assistant Information Officer is copied into all replies and then files an electronic copy in the relevant case folder.

4.4 **MEASUREMENT: PROCEDURES ENSURE INFORMATION IS REGULARLY REVIEWED FOR ACCURACY AND THAT IT IS UP TO DATE. PROCEDURES ARE IN PLACE TO RECORD PERFORMANCE**

4.4.1 With respect to summary performance information, 73.8% of FOI’s are responded to within 20 days, with 1,451 requests received in 2018. Details are provided below:

	2014	2015	2016	2017	2018
Total Number of Requests Received	1308	1286	1319	1332	1451
Total Number of Requests Responded to within 20 Days	1029	1006	1022	1008	1071
Percentage Responded to within 20 Days	78.7%	78.2%	77.5%	75.7%	73.8%

4.4.2 Although the master control spreadsheet provides basic summary information, it is limited in its ability to provide meaningful performance information, other than statistics and (as with any manual process) it is prone to human error, e.g. accidental deletion of entries, formulas etc. Although statistics are now being provided to Assistant Directors on the number and details of new FOI requests, there is no performance data being escalated to either the Directorate Management Teams (DMT’s) and/or the Corporate Management Team (CMT). We would also expect performance reporting to include, but not be limited to:

- Number of requests each year
- Percentage of requests responded to on time
- Number received during the quarter
- Timelessness of issuing a substantive response
- The rates of disclosure of requested information
- The numbers of exemptions applied when withholding information
- The outcome of internal reviews and external appeals.

4.4.3 Whilst some Local Authorities operate a similar process to RBC, using spreadsheets, a quick search on Google shows that many public organisations, including Local Authorities, use dedicated software, where all service contacts have access. Such tracking systems are then used to monitor performance against timescales through a variety of reporting tools. We have also seen some examples

where local Authorities will set response targets, such as 95% of requests will be dealt with in 20 days. Also check points being built in, for example where responses must be supplied within 15 days, leaving a 5 day period for quality assurance, review and authorisation.

4.4.4 An alternative bespoke system using Firmstep<sup>5</sup> was explored in January 2019, with costs of £7.5k quoted in addition to an annual licence fee of £3.5k. This maybe something which is worth exploring further, providing it can achieve what is required and produce timely and relevant performance information.

4.4.5 The spreadsheets are compiled in quarterly periods per calendar year (not financial year) and although when an exemption is applied it is documented on the spreadsheet, the numbers of exemptions applied when withholding information is not routinely reported. Therefore we devised a pivot table to extract the data over the period Apr 18 - Jun 19 and identified that exemptions had been applied on 57 occasions. Details are provided below:

Exemption	Description of Exemption	No.
Info refused under S12	Exemption where cost of compliance exceeds appropriate limit	3
Info withheld under S30	Investigations and proceedings conducted by public authorities	1
Info withheld under S12	Exemption where cost of compliance exceeds appropriate limit	11
Info withheld under S12 and S40	Exemption where cost of compliance exceeds appropriate limit + Personal information	1
Info withheld under S21 and S41	Information accessible to applicant by other means + Information provided in confidence	8
Info withheld under S31(1)(a)	the prevention or detection of crime	25
Info withheld under S40(2)and S40(3)(a)(i)	Any information to which a request for information relates is also exempt information if it constitutes as personal data + would contravene any of the data protection principles	3
Info withheld under S41	Information provided in confidence	1
Info withheld under S40(2) and S40(3)	Any information to which a request for information relates is also exempt information if it constitutes as personal data + personal information	2
Info withheld under S31 and S40	Law enforcement	2
Total:		57

4.4.6 The outcome of internal reviews and external appeals are not reported, however records show that the total number of internal reviews requested during 2018 was 14. In the last year there have been 4 appeals to the ICO including the one for Arthur Hill Pool. The ICO ruled in the favour of the Council for three of the

<sup>5</sup> Software platform which , developed specifically to accelerate channel shift and improve the customer experience

appeals and one was upheld in favour of the complainant. We were informed that the ICO has never before found against RBC.

- 4.4.7 A search of the ICO website found a further 2 appeals since 2012, both of which were ruled in the Council's favour.
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**4.5 TIMELINESS: PROCEDURES ENSURE THAT REQUESTS ARE DEALT WITH WITHIN THE STATUTORY TIMESCALES.**

4.5.1 The main obligation under the Act is to respond to requests fully and promptly. Under the Act, the Council may take up to 20 working days to respond, counting the first working day after the request is received in the Council as the first day.

4.5.2 Our own internal procedures also state that all requests should be acknowledged, when in practice very few actually are. In fact only those which are managed by the Customer Relations Team are acknowledged.

4.5.3 FOI requests managed by the Assistant Information Officer quite often have numerous questions relating to multiple services and we've seen examples where the request for information gets passed 'from pillar to post' before the correct person to respond is identified. It can sometimes take days or even weeks, before anyone might take ownership and this in turn will cause an inevitable delay. This is a point where escalation action needs to happen and quickly. To meet the 20 day target any request, which isn't being owned or actioned upon should be escalated immediately to both the AD Law and Governance and relevant Assistant Director or even the Executive Director to delegate to the appropriate person.

4.5.4 We noted that whilst replying is geared to complying with the 20 working day timeframe, there is no escalation process within the legal team to Assistant Director level and/or to Executive Directors if a response has not been received in the run up to the 20 day target. Instead the Assistant Information Officer will chase the individual assigned to respond. However, the process followed by the Customer Relations Team is slightly different, in that they will send out a reminder after 5 days (i.e. fifteen days to go) and then copy in the Assistant Director at 10 days and again at 15 days (five days to go).

4.5.5 The role of Councillors needs clarifying, as it appears that their role in the process is causing some confusion with officers and it is also being reported that this is leading to delays in the turnaround time for responses. The revised procedures will make it clear that Lead Cllrs are to be made aware of FOI requests where appropriate. In addition responses which might be deemed sensitive will be copied to Lead Cllrs when they are sent to the requester.

4.5.6 On occasions staff leave it too long before they start to respond to an FOI request, which increases the likelihood of not meeting the 20 day turnaround target. It was also highlighted to us that there is sometimes a lack of engagement from services when requests are forwarded on to them and that some staff do not either

properly understand or fully appreciate the legal foundation / obligation behind FOI's and the consequences for the Council (and potentially the individual) for not replying fully or on time. This was cited by both officers in the Legal Team and Assistant Directors and is in turn supported by the volume of chasing emails.

4.5.7 For the purposes of the FOI Act, a Company that is wholly owned by the Council, such as BFFC, counts as a public authority in its own right and needs to respond to requests for information. The Customer Relations Team manages FOI requests on behalf of BFFC under a Service Level Agreement, but is dependent on BFFC for information. We were informed that quite often its staff do not respond or respond late. The percentage response rate for BFFC meeting its obligations to ensure FOI requests are managed and responded in accordance with the SLA was at 45% for the period March 2019 to May 2019. However, the records indicate that only eight requests for information had been received in this time.

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4.6 **REGULARITY: PROCESSES COMPLY WITH THE BASIC PRINCIPLES OF THE FREEDOM OF INFORMATION ACT AND ARRANGEMENTS ARE IN PLACE FOR CHARGING WHERE APPROPRIATE.**

4.6.1 There are some exemptions to the right for information - things like criminal investigations or law enforcement and personal data covered under the Data Protection Act - but even if the information does fall into one of these exceptions, the information will still have to be given out unless it can be shown that it is more in the public interest not to give the information than it is to give it. Before an exemption is currently applied the officer should check with their service manager or their Assistant Director and if they agree, they should then speak with the AD Legal and Democratic Services about the application of the public interest test. Whether this happens in reality in each instance is not known, as evidence of this is not always retained.

4.6.2 Some exemptions are "absolute", i.e. the public interest test does not apply. Others are "qualified" and it is necessary to consider whether it is more in the public interest not to disclose the information, than it is to disclose it.

4.6.3 If the decision is not to disclose the information requested, and it is in the public interest not to disclose, the Council must tell the applicant which exemption(s) it is relying on, and why it is not in the public interest to disclose the information. The Council must also inform the applicant of their right to complain, if they are not satisfied. This is, firstly by means of a request for an Internal Review and then to the Information Commissioner.

4.6.4 An internal review will be conducted by either the Information Officer or Data Protection Officer, as neither of whom would have been involved with the original request, which will allow them to make an impartial and fresh decision based on all available evidence. The Information Officer and Data Protection Officer are

RBC's experts in the application of exemptions and in particular S43 (commercial interests).

- 4.6.5 Any appeals which then go onto the ICO to rule over should be dealt with by the Council's Data Protection Officer. In some cases they may uphold our overall decision, but make some findings about delays and other aspects of our request handling. This should be seen as an opportunity to learn and improve, and perhaps avoid future complaints.
- 4.6.6 If the decision notice requires steps to be taken, such as disclosing some information, this must be done within 35 calendar days of the date of the notice, unless the intention is to appeal. If an appeal against the decision is made, the appeal must be lodged with the First Tier Tribunal (Information Rights) within 28 calendar days. The requester also has a right of appeal. Failure to comply with a decision notice is contempt of court, punishable by a fine.
- 4.6.7 The escalation process for appeals made to the ICO is not documented, but the Council's Data Protection Officer informed us that he will escalate the enquiry to the originator of the FOI response, the relevant Assistant Director and the Assistant Director of Legal & Democratic Services. What appears to be missing in the process is notification to the Executive Director that a complaint/appeal has been made to the ICO.

#### Charging

- 4.6.8 The FOIA states that public authorities do not need to comply with a request for information if the cost of doing so will exceed an appropriate limit. The Government has issued Regulations prescribing the appropriate limit, which for local authorities is £450, and also setting out the circumstances where fees and charges may be made towards the cost of providing information. The policy on the Council's website states, that where these apply, the Council will require the fee to be paid before the information is provided. However, we have found no cases where charges have been made and the unofficial position is that where requests exceed the time limit, information will not be provided.

Classification: UNCLASSIFIED

## Internal Audit Report

### Payment Controls - Cedar Court

To: Frances Martin - - Executive Director for Economic Growth & Neighbourhood Services  
 Zelda Wolfle - Assistant Director of Housing & Neighbourhoods

From: Robert Dunford, Senior Auditor

Date: 20 August 2019



#### 1 Purpose and Scope of Review

- 1.1 Cedar Court is a new extra care housing facility sited on the Basingstoke Road for purpose of providing high quality accommodation and wider facilities for older people living in the local area. The 40-unit scheme comprises 27 one-bedroom flats and 13 two-bedroom flats, all for social rent. The scheme is jointly funded by the Homes and Communities Agency (HCA) and Reading Borough Council.
- 1.2 Following a management request from the Assistant Director of Housing & Communities, a visit was made to Cedar Court to carry out an audit of the booking and payment controls for the guest room and amenity shop facilities due to concerns over the lack of accounting records, with the purpose of establishing whether all funds could be accounted for.
- 1.3 Cedar Court administers 10 guest rooms across 9 sheltered housing units in the borough: Bristow Court, Christchurch Court, Corwen Road, St Stephens Court, Trinity Place, Tyrrell Court, Weirside Court and Woodlands Court.

#### 2 Summary of Findings

- 2.1 Although it is understood that the issues in this report are now being addressed, the administrative and monitoring controls for operating and accounting for the guest room, petty cash and shop activities at Cedar Court are weak and do not comply with the Council's Financial Procedures. Although no evidence was found to confirm any misappropriation of funds, we are unable to provide any assurance that all funds have been fully accounted for. Moreover the review has highlighted important taxation and health safety risks that require immediate attention:-

- The financial controls that were in operation were originally established to be sensitive to those residents who are cash dependent, and systems operated on a trust basis with staff without there being sufficient separations of duties, managerial oversight or proper accountability in place within the Service.

- There are no controls in place to securely account and confirm guest room occupancies to ensure lettings are fully identified and paid for, but moreover that visitors can be fully accounted for with regards to health and safety.
- Although management are carrying out a benchmarking exercise to confirm the fee charged for the guest rooms is appropriate, we have advised the Service to also put into place letting arrangements to legally protect all parties and to ensure that letting operations are compliant with all appropriate legal requirements associated with letting a room i.e. health and safety and VAT regulations.
- Due to insufficient accounting and monitoring controls and the absence of key financial records we are unable to account for approximately £7,000 of funds. There is an unexplained difference of £2431 between opening and closing petty cash balances as well as a further deficit of more than £4800 between receipt book totals and the petty cash ledger. It was also noteworthy that controls around the safe storage of cash and access to the safe were weak.
- Instead of banking and ensuring guest room income is accounted for on Fusion for budget monitoring and VAT declaration purposes, this income was used to top up the petty cash float to avoid having to complete a monthly claim. Although not material in context of the Council's account, petty cash expenditure and lettings income have consequently been omitted from the Council's accounts. The Interim Strategic Partner has advised these accounting omissions and shortfall in the guest room fee have a cost impact upon the Housing Revenue Account.
- There is a VAT treatment liability risk because sales tax has not been correctly applied and accounted for on Fusion and therefore not yet declared to HMRC. Income had previously been considered to be exempt from VAT, however the VAT and Tax Accountant has recently confirmed the income from the guest room is a standard taxable supply because it is a commercial activity.
- Following the review, Sheltered Housing has immediately stopped all petty cash expenditure and the use of the guest rooms and amenity shop, and Accountancy will make the necessary accountancy adjustments and VAT disclosure.

2.2 A total of 3 recommendations have been raised in respect of this review, of which 2 have been considered high priority. The full detail of these recommendations and the corresponding management action plan are attached to this report as Appendix 1.



### 3. Findings

#### 3.1 Bookings and Admissions

The transparency and audit trails of records for confirming guest room bookings are poor. There are 10 guest rooms across 9 sheltered housing units which are used to help family and friends visit residents. Management recognise the following improvements are required:-

- a) Although a costing and benchmarking exercise to ascertain the reasonableness of the £15 per night charge is being carried, the Interim Business Partner has advised the breakeven charge is approximately £100 (plus VAT) and that the cost for this being subsidised by all other housing tenants within the HRA.
- b) Based upon income received, it is estimated the total occupancy rate for the guest rooms was 9% (see foot note 2).
- c) A bookings application form or similar is required to securely record and administer guest room reservations. Diaries were used previously to record reservations prior the current excel spreadsheet method. These excel spreadsheets were not secured to prevent the risk of loss or unauthorised alterations, and there are unsubstantiated concerns that items have been deleted<sup>1</sup> allegedly by an ex-member of staff. Manual records have also been destroyed allegedly due to flood damage.
- d) Terms and conditions for the use of guest rooms need to be introduced to confirm the legal positions regarding occupancy, payment, cancellations and refund of payments, loss of property, health and safety, insurance and damage etc.
- e) Booking in and key issue controls need to be strengthened. This information is essential to clarifying what bookings have taken place and that the room key has been given to the person hiring the room and then returned; visitors are not required to sign in and out and at reception as keys are delivered to the unit when payment is received and which are then brought back to Cedar Court, where staff then inform Forestcare<sup>2</sup> of the occupation. Following our findings, further investigations by the Sheltered Housing and Tenant Support Manager has found these records to be severely lacking and immediate improvements are being put into place to control and record room occupancy :-
  - i. A new format for handovers to Forestcare has been immediately revised to ensure guest room are included in future.
  - ii. Procedures were established to ensure all visitors using the guest room were recorded in the 'daily report book' but this procedure has not been monitored to ensure compliance and locating the daily report books has proved problematic.

See Recommendation 1

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<sup>1</sup> The ICT Technologies and Services Manager has advised Northgate's back-up procedures do not permit file recoveries old than 4 weeks.

<sup>2</sup> Forestcare provide a response service through lifeline and telecare system.

### 3.2 Payment for Guest Rooms

3.2.1 There are no secure accounting controls to confirm the completeness and accuracy of payments, however management are examining the options to receive payments electronically in advance of any letting. Interim arrangements to receive cheque payments have been put into place immediately until the new system can be implemented.

3.2.2 Petty cash records report the total income received for all the guest rooms between January 2017 and April 2019 was £11,983. Management recognise the following improvements are required:-

- a) The total occupancy rate for the period was approximately 8.9%<sup>3</sup>. On average of £387<sup>4</sup> was received each month out of maximum potential income of £4,408<sup>5</sup>.
- b) £9,748 was received from general guests in the period and £2,235 was received from the contractor who had used the room whilst carrying out works on the premises, which has now ceased.
- c) Sales invoices should be produced to confirm the service supplied and the correct treatment of V.A.T. The VAT and Tax Accountant confirmed the guest room is liable for standard rate of VAT.
- d) Although numerically sequenced receipts are issued to record the receipt of payment, there are no records to account or reconcile for the handling of these funds. An examination of the receipt books found staff had used the receipt book to record the handling of non-council funds. The Sheltered Housing & Tenant Support Manager has confirmed that this practice is contrary to the staff Code of Conduct and to the purpose of Sheltered Housing.
- e) A fixed point of payment, clear separations of duties between bookings and the account of receipts are required. Moreover, current controls are weak because administrative staff are not always available to receive payments at the weekend. Audit witnessed two instances where funds were received without there being reference of what payment was for:
  - 1) an amount of cash was found in an unmarked envelope
  - 2) a pre-signed cheque with blank payee details.

The Sheltered Housing and Tenant Support Manager have advised us that this is a regular occurrence despite them raising this with staff before

- f) Management have immediately introduced a no cash policy for the guest rooms and the petty cash balance will be banked. Future guest room payments will have to be made by cheque on an interim basis until electronic payment facilities (on-line payment, payment device etc.) can be established to ensure payment is always received in advance of hire. Payment cards will replace petty cash to facilitate low level expenditure.

<sup>3</sup> Occupancy Calculation:  $810 \text{ days}[1] / 9,110 \text{ days}[2] = 8.9\%$  : [1] Number of days booked as per receipt book / [2] 911 days available over period per room / x 10 rooms.

<sup>4</sup> Average Monthly Income Calculation:  $£11,983 / 31 \text{ months} = £386.54$

<sup>5</sup> Total Income Available Calculation:  $9,110 \text{ days} \times £15 = £136,650 / 31 \text{ months} = £4,408.06$

- g) Instead of banking and accounting for guest room income on Fusion for budget monitoring purposes, funds were being credited (and reallocated) to petty cash to assist cash flow for making low valued purchases. The purpose of this was to minimise the administration in banking and the submission of petty cash claims. However, management have raised concerns regarding the completeness of these petty cash records because information is missing. Finance are conducting a reconciliation between the remaining booking records and petty cash receipts to ascertain the integrity of the funds held in the petty cash:-
- i. Cedar Court has operated an unofficial petty cash account from income received from the guest rooms. Finance has confirmed neither a petty cash float or imprest account was established nor no expenditure claims have ever been received.
  - ii. Guest room bookings used to be recorded in the unit diaries before being recorded centrally on a spreadsheet on the services shared drive. Because this spreadsheet is missing, the Sheltered Housing & Tenant Support Manager is concerned that it had been deleted.
  - iii. Petty cash ledger records are incomplete between the period 21/12/18 and the 9/7/19. It is unknown if the transactions for the period were deleted or ever recorded. An examination of the accounting records between the period 1/1/17 to 9/7/19 highlights an accounting anomaly of £7,291:-
    - There is a reconciliation deficit variance of £2,431.81<sup>6</sup> between the opening and closing balances in the petty cash records. We note that none of the petty cash reconciliations had been certified and dated.
    - There is a further deficit between the receipt books and the income recorded in the petty cash ledger totalling £4,860.00.
  - iv. Although a safe is used to secure funds, there are poor controls around access restrictions and a lack of safe contents handover procedures.
  - v. An examination of the types of expenditure recorded in the petty cash ledger between 9/4/15 to the 9/7/19, found that monies spent were associated to the running of an establishment, however we note the petty cash funds had been used to fund low levels of entertainment, only some which was recuperated from participants.

See Recommendation 2

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<sup>6</sup> Opening balance from petty cash 4/1/17 £256.63 plus lettings income from receipt book (Jan 17 to July 19) of £11,718.00, less petty Cash expenditure (Jan 17 to July 19) (£ 9,202.20) equals a balance of £2,772.43. Less actual balance 5/8/19 £340.62 equals a variance of £2,431.81.

### 3.3 Amenity Shop

Monitoring controls are required to account for the shop operating float. An amenity shop is maintained at Cedar Court with the assistance of a volunteer resident to help its residents to purchase essential items. Although a cash till is used to record income the following should be noted:-

- a) Sales income is used to replenish stock levels; however no stock take is produced to reconcile stock and cash holdings back to the operating investment (outlay). The Sheltered Housing & Tenant Support Manager was unable to advise what the investment balance should be but has agreed to ensure this is carried out.
- b) Due to limited opening hours, out of hours sales are supervised by a volunteer.
- c) Management are reviewing the operational options for replenishing stock in the shop as this has fallen to council staff even though this is not part of their job description(s).
- d) An annual reconciliation will need to be produced to account for shop activities.

See Recommendation 3

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## Appendix A - Report Distribution

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### Staff Interviewed

Gill Rimmer - Sheltered Housing & Tenant Support Manager

### Draft Report Distribution

Zelda Wolfle - Assistant Director Housing & Communities

Gill Rimmer - Sheltered Housing & Tenant Support Manager

Nick Haverly - Interim Business Partner - Housing and Neighbourhood Services

### Final Report Distribution

Frances Martin - Executive Director for Economic Growth & Neighbourhood Services

Zelda Wolfle - Assistant Director Housing & Communities

Matt Davies - Head of Finance

Nick Haverly - Interim Business Partner - Housing and Neighbourhood Services

Gill Rimmer - Sheltered Housing & Tenant Support Manager

### Auditor Contact Details

Robert Dunford. Senior Auditor - (0118) 937 2849

Kevin Parker. Principal Auditor - (0118) 937 2694

Paul Harrington. Chief Auditor - (0118) 937 2695

For further details on our assurance opinions please [click this link](#)



2	<p>There is risk of financial loss due to possible fraud and taxation penalties due to the incorrect treatment of VAT:-</p> <ul style="list-style-type: none"> <li>* receipts are not reconciled back to admissions</li> <li>* incomplete records and audit trails</li> <li>* VAT liabilities because services have treated as exempt even though these have been confirmed as standard rate.</li> </ul>	<p>Although Cedar Court is proactively developing procedures to effectively account for all income in future, the following improvements are needed:-</p> <ul style="list-style-type: none"> <li>* the petty cash float should be banked and procurement cards will be obtained for low level expenditure</li> <li>* a sales invoice / receipt of payment system will be needed and sales invoices should record the treatment of VAT.</li> <li>* payment in respect of room hire should be made by bank transfer and payment card in future (short term interim cheque oayments arrangements have been put into place until electronic systems are available)</li> <li>* bills should be paid in advance of service and all arrears are identified</li> <li>* there should be a separation of duties between bookings and payments</li> <li>* staff should receive training on the new systems and the importance of compliance emphasised</li> <li>* occupancy, payments and compliance to procedures should be actively monitored and evidenced</li> <li>* income codes established on Fusion should be</li> </ul>	<p style="text-align: center;">1</p> <p>Liaise with other HA's or local authorities via the information sharing group within EROSH, (Emerging Role of Sheltered housing), for their procedures and use of guest rooms.</p> <p>Set out clear procedures for recording and management of any remaining guest rooms.</p> <p>Training on the SOP to be given with sheltered officer sign off.</p> <p>Set a realistic fee including VAT; inform all tenants in writing the booking procedure, payment terms and conditions.</p> <p>Income codes have been set per sheltered scheme should the use of guest rooms be reinstated.</p> <p><u>Petty Cash</u></p> <p>Recognised the operational issues and risk.</p> <p>Use of cash transactions stopped immediately.</p> <p>There will be no further cash or cheques received.</p> <p>Remaining cash amounts to £220.00, agreement has been given to use this for small purchases until used up.</p> <p>Procurement cards have been applied for.</p>	<p style="text-align: center;">G Rimmer</p>	<p style="text-align: center;">Closure of Petty Cash - Immediate</p>
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3	There is a risk that if the operational float is unable support the facility.	Accounts for the amenity shop should be reconciled back to the operational float and should include stock as well as funds.	3	<p>Recognised the risk and direct impact and immediately closed the shop. Perishable goods have been listed and disposed off. Tenants have been informed in writing of the closure and pending review of the facility. Creative Support (on site care agency) have also been informed.</p> <p>Closure of the Amenity Shop will have the greatest impact on Cedar Court tenants, Including the elderly who come on Wednesday's to attend the Age UK lunch club.</p> <p>The purpose and need of the amenity shop to be considered as a priority. Review how and where goods are ordered, have a clear understanding on selling and VAT. Set out clear procedures for recording and management of the shop. Training on the SOP to be given with sheltered officer sign off.</p> <p>A stock take will undertaken along with the 'till float and the shop "takings" which will give a base</p>	G Rimmer	<p>Shop Closure - Immediate</p> <p>Moving Forward - 31/10/19</p> <p>Stock Take -</p>
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NB: Your management response is your commitment to treat the risk identified as part of the review. The standard response time to draft recommendations is 15 working days; any failure to meet this target could be reported to the Audit & Governance Committee.

The management response to recommendations will be reported to both CMT & The Audit & Governance Committee as part of our quarterly monitoring arrangements. Audit recommendations and agreed actions will be followed up during the year, where deemed appropriate by the Audit Management Team. All outstanding recommendations will also be reported through CMT as part of the Council's monthly performance monitoring.



