

CONFIDENTIAL

INTERNAL AUDIT

**FINAL REPORT
ON
DATA QUALITY**

CHIEF EXECUTIVE'S DIRECTORATE

AUDITOR: Fraz Malik
DATE: October 2012

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EXECUTIVE SUMMARY

Outline of Audit

Introduction

This audit was undertaken as part of the 2012/13 agreed audit plan.

The Council, with its partners, is committed to improving the quality of life for those who live and work in Tower Hamlets. This is achieved through effective performance management which is used to measure whether progress is accurate, reliable and timely.

In October 2010, the Government announced that from 2011/12 the National Indicator set would be replaced by the Single Data List (SDL), a list of all the data streams that local government must submit to central government. The Council is no longer required to agree targets for performance measures or against data streams. In addition, the Council has also identified 37 Strategic measures to measure performance against the Council's key priorities which are monitored corporately. Over and above the 37 Strategic measures each of the Directorates monitors against a range of additional measures.

Our audit has focused on the following Strategic measures and SDL items:

- Strategic 105 – number of working days / shifts lost;
- Strategic 151a – employment rates;
- Strategic 212 (former NI 195a) – improved street and environmental cleanliness: Litter
- Strategic 214 (former NI 195c) – improved street and environmental cleanliness: Graffiti;
- SDL item 079-00 former NI 196) – fly tipping;
- Strategic 201 –homeless preventions; and
- Strategic 412 (former NI 135) – carers receiving needs assessments.

Data quality is supported by the Council's data quality policy which was last subject to update in April 2012. It states that the Performance Review Group (PRG) is required to "agree and review progress against the Data Quality Action Plan." An outcome of their quarterly meetings identified that 293 line managers did not complete at least one sickness absence return. This is used to calculate the SI 105 which reports sickness absence to senior management on a monthly basis. Where returns are not provided on a timely basis it impacts on the accuracy of the reported figure. Although a formal plan has been put in place to tackle this issue and improvement in returns have been noted, PRG need to be mindful of this issue in the future to ensure it does not relapse. (No recommendation has been made).

Audit Objectives

To provide assurance to management over the following:-

- Adequate arrangements are in place for the collection of data relating to single line data and strategic indicators.
- To evaluate the potential consequences which could arise from any weaknesses in internal control procedures including value for money and equalities implications.

Scope of Audit

- **Policy and Procedures** – Establish whether there are clear policies, procedures and guidance in place in respect of the collection of single data list and strategic indicators. Confirm that the guidance is up to date and available to staff.
- **Single Line Data and Strategic Indicators** – Establish whether the single data list and strategic indicators, for which the Council is required to collect data, have been

identified.

- **Roles and responsibility** – Establish whether a lead officer has been assigned from each Directorate and has overall responsibility for the collection of data. Confirm that officers have been nominated for the ongoing collection of the data.
- **Collection of Data** – Confirm that data is collected, checked and input into the Council’s reporting software package. Confirm that the data is subject to independent checking and supported by appropriate evidence.
- **Management Information** – Confirm that outcomes are reported to the Corporate Team with a summary presented to a Performance Review Group on a regular basis.

Corporate objectives and risks	One Tower Hamlets- Working efficiently and effectively as One Council
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Areas of Good Practice Identified during the Audit	
1.	There is an appropriate data quality policy which has been recently updated in April 2012.
2.	There is a structure chart in place, which identifies the Service Head, SPP Service Manager & Performance Lead for each Directorate.
3.	Where appropriate working papers were supplied we were able to substantiate the accuracy of the reported outturn figures.
4.	The Corporate Strategy & Performance Team (CSPT) have carried out annual completeness checks on the integrity of reported information and deficiencies identified were reported to relevant Directorates.
5.	The Performance Review Group (PRG) actively identifies areas of weak performance such as a low rate of returns for sickness absence and have put in place plans to tackle this, including through the commissioning of peer improvement reviews.

Audit Opinion

Our opinion is provided to enable all our stakeholders to assess the control environment within the area subject to audit. In addition, it enables the Chief Internal Auditor to construct an annual opinion on the control environment. The opinion is based on the results of the audit work carried out, the scope of which is defined by the Audit Objective and Scope of Audit stated above.

In view of the findings and recommendations made in this report, we have assigned **Substantial Assurance** to this audit.

The key findings contributing to the assurance assigned are:

- For Strategic Indicator 195 (improved street and environmental cleanliness) use of the intermediate grading system, which includes grades such as (B-), was discontinued, following a management process review. Whilst the outturn figure has improved recently, there is no evidence that this methodological change has impacted upon the outturn. This approach was clearly documented within the corporate working papers provided by the Service. Currently there is no clear requirement for changes in performance methodology to be communicated to the Performance Review Group. The Council may wish to consider the introduction of arrangements that would ensure this, prior to definition changes.
- Strategic Indicator 201 relates to the number of households who consider themselves homeless and is reported to management on a quarterly basis. Despite a reported outturn figure of 8.19 for 2011/12 (against a target of 10), insufficient working papers were provided to substantiate its accuracy.
- The Council's data quality policy is freely available to access via the Council's intranet. Despite the data quality policy having been updated in April 2012, it was confirmed by the CSPT that it has not been formally communicated to all the Council's employees. Staff have also not been required to confirm whether they understand how the policy impacts upon their job role.
- CSPT maintain a spreadsheet of their key Strategic Indicators which details information such as the due date for reporting to management enabling effective monitoring of the process. In contrast, no such spreadsheet is in operation for the single data list, to better manage the process of reporting to central government on a timely basis.

Definition of the four levels of assurance is as follows:-

Full Assurance - *There is a sound system of control designed to achieve the systems objectives and from our testing the controls are being consistently applied.*

Substantial Assurance - *While there is basically a sound system there are weaknesses which put some of the control objectives at risk and from our testing there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.*

Limited Assurance - Weaknesses in the system of controls are such as to put the systems objectives at risk and from our testing the level of non-compliance puts the systems objectives at risk.

No Assurance - Control is generally weak leaving the system open to significant error or abuse and from our testing there were significant non-compliance with basic controls leaves the system open to error or abuse.

Management Action Plan

Medium Priority Recommendations

Control weaknesses, which management should consider and address in the short term.

REC 1

Risk

If management are not kept informed of the potential impact when changing the methodology used to calculate Strategic Indicators, there is an increased risk that they are unaware of how the Council is actually performing.

Finding

Inspection of the working papers used to derive (SI 195) identified concerns with the methodology employed for measuring performance. This indicator evaluates street and environmental cleanliness based on four aspects, those being: Detritus; Fly tipping; Graffiti; and Litter.

Surveyors are asked to assess these criteria for cleanliness by awarding grades A to D (in accordance with guidance from Tidy Britain) for random transects placed around the Borough. The review found that use of the optional intermediate grading system, which includes grades such as (B-), was discontinued following a management process review. Whilst the outturn figure has improved recently, there is no evidence that this methodological change has impacted upon the outturn. This approach was clearly documented within the corporate working papers provided by the Service. Currently there is no clear requirement for changes in performance methodology to be communicated to the Performance Review Group. The Council may wish to consider the introduction of arrangements that would ensure this, prior to definition changes.

Recommendation

Where Directorates make a fundamental change to the approach for calculating their Strategic Indicators these should be agreed by the Performance Review Group (PRG).

Agreed action

Create definition changes protocol and include within next refresh of DQ Policy. Distribute via email and upload on intranet page as soon as agreed. SPP SMs to cascade.

Officer Responsible for Action

Lucy Sutton – Definition changes protocol
SPP SMs – Cascade protocol to all relevant staff

Timescale

31st October 2012

Medium Priority Recommendations

Control weaknesses, which management should consider and address in the short term.

REC 2

Risk

Where appropriate working papers are not provided there is an increased risk that reported outturn figures are not accurate.

Finding

Strategic Indicator 201 relates to the number of households who consider themselves homeless and is reported to management on a quarterly basis. Despite a reported outturn figure of 8.19 for 2011/12 (against a target of 10), insufficient working papers were provided to substantiate its accuracy. This is contrary to the guidance issued as part of the data quality policy which states “working papers serve as a proof that the officers responsible for collating and reporting data have understood the definition of the relevant data stream or indicator and have made the right calculations in getting the outturn. This ensures accuracy and consistency in data collection and calculations.”

Recommendation

The Directorate Performance Lead for Development & Renewal should ensure that appropriate working papers are attached to validate the accuracy of reported outturn figures on a timely basis.

The Corporate Strategy & Performance Team (CSPT) should escalate to the Performance Review Group (PRG) those Directorates that persistently fail to provide the requisite quality of working papers for their Strategic Indicators.

Agreed action

Taken from DQ action plan:		
Identify latest position re outstanding information	S&P	End July
Remind Perf Leads of outstanding information	S&P	End July
Complete outstanding working paper fields in Excelsis for strategic measures	SPP SM	Aug
Provide outstanding evidence for measures to be spot-checked	SPP SM	End Aug
Provide outstanding working paper information and evidence for SDL items to be spot-checked	SPP SM	End Aug
Complete review and report to PRG on findings	S&P	Nov PRG

Officer Responsible for Action - See above

Timescale - See above

Medium Priority Recommendations

Control weaknesses, which management should consider and address in the short term.

REC 3

Risk

Where staff are not aware of the requirements of the data quality policy there is an increased risk that the Council's objective for ensuring data quality is not achieved.

Finding

The Council's data quality policy is freely available to access via the Council's intranet. Despite the data quality policy having been updated in April 2012, it was confirmed by the Corporate Strategy & Performance Team that it has not been formally communicated to all the Council's employees. Staff have also not been required to confirm whether they understand how the policy impacts upon their job role.

Recommendation

The Council's employees should be informed of the update of the data quality policy and relevant officers should be required to confirm whether they understand its impact in relation to their job role.

Agreed action

Taken from DQ action plan:		
THN article on DQ	S&P	12/10/12 for Nov issue
Circulate DQ Policy & Canvas attendees for training	SPP SM	Jan/Feb
Deliver DQ training	S&P	Spring 13
THN article on DQ	S&P	Mar/Apr 2013

Officer Responsible for Action

See above

Timescale

See above

Medium Priority Recommendations

Control weaknesses, which management should consider and address in the short term.

REC 4

Risk

If returns in respect of the single data list are not managed centrally by CSPT there is an increased risk that information will not be provided to government when it falls due.

Finding

The data quality policy states that "the Corporate Strategy and Performance Team (CSPT), working closely with Internal Audit, has responsibility for overseeing the corporate policies and procedures for data quality and provides a co-ordinating and quality assurance function."

To execute this function the CSPT maintain a spreadsheet of their key Strategic measures which details when information is due for reporting etc, which enables the process to be monitored more effectively. In contrast, no such spreadsheet is in operation for the single data list (former National Indicators and other data streams), the only information still collated by central government. However, those SDL items not part of the strategic set are managed at the local level (by Directorates), in consultation with relevant central government departments, which means the Council is reliant on them to report to central government on a timely basis.

Recommendation

The Corporate Strategy & Performance Team should offer support to directorates to ensure that all returns are completed accurately and timely, based on risk.

Agreed action

The Corporate Team has oversight of the SDL items and has a record of the items by directorate, but at present only has direct involvement in those items which are strategic measures. We would prefer not to add bureaucracy and start sending out additional reminders to those who have been adequately submitting these returns for a number of years without corporate involvement. Instead, we've asked the Directorate Performance Leads to do a risk assessment of their SDL items. PRG has agreed that the Corporate Team should retain the corporate oversight but Directorates are responsible for the SDL items, including submission. As part of the oversight function, the corporate centre will offer support where the risk assessment showed that would be helpful.

Undertake Risk assessment of each SDL item (or part if very large)	SPP SM	Sep-Oct
Report on Major risks to PRG	SPP SM	17/10/12 for 23/10/12
Identify training needs for SDL preparing, collating & reporting officers and commission from S&P	SPP SM	Commission by end Dec
Deliver training for SDL officers	S&P	As required
Plus other ad hoc work as required to ensure returns are	S&P	As required

timely and accurate		
Officer Responsible for Action Lucy Sutton – Create Risk Assessment SPP SMs – Complete Risk Assessment Corporate SPP – Offer support to reduce the risks and improve data quality		
Timescale As above		

Priorities assigned to recommendations are based on the following criteria:

High – Fundamental control weaknesses, which must be addressed immediately by management.

Medium – Control weaknesses, which management should consider and address in the short term.

Low – Control weaknesses, which management should be aware of and address in the longer term.

Report Distribution List

The following officers have received a copy of the draft report for comment

Name of officer	Title
Kevin Kewin	Service Manager, Strategy, Policy & Performance
Lucy Sutton	Senior Strategy, Policy & Performance Officer

The final report will also be copied to:

Name of officer	Title
Isabella Freeman	Assistant Chief Executive - Legal
Louise Russell	Service Head, Strategies & Equalities

Statement of Responsibility

Internal Audit is responsible for this report; however, the findings and conclusions that have been reached are on the basis of the following:

- Responsibility for internal controls lies with managers and officers within the services – implementation of the recommendations in this report will improve the service’s control environment. By making these improvements, the level of risk attached to this system or service should reduce and as a result reduce the frequency of our audit visits within the five year strategic audit plan;
- the matters raised in this report are only those which came to our attention during the course of our audit work;
- the scope of the audit work carried out was defined in the terms of reference, which was agreed with the client officer prior to the start of the audit;
- our audit work is carried out with regard to the possibility of fraud or irregularities, however, it should not be considered as a substitute for management controls; and
- the findings and conclusions are based on the results of testing carried out within a limited time period and is stated in the Audit Objectives and Scope of Audit.