

**CONFIDENTIAL**

**INTERNAL AUDIT**

**FINAL FOLLOW UP REPORT  
ON  
DATA QUALITY**

**CHIEF EXECUTIVE'S**

AUDITOR: HASINA BEGUM  
DATE: JULY 2013

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# EXECUTIVE SUMMARY

## Outline of Audit

### Introduction

This report details the findings and recommendations of a Follow Up audit on Data Quality. The original report on this subject was finalised in October 2012.

### Audit Objectives

To evaluate the potential consequences which could arise from any weaknesses in internal control procedures including equalities issues.

### Scope of Audit

The following areas were followed up during this audit:

- To ensure the definition change for calculating strategic indicators has been agreed by PRG and shared with Senior Management.
- To ensure that relevant spot checks have been carried out and any outstanding working papers have been notified to PRG
- Staff are informed of the update of Data Quality policy,
- To ensure that risk assessment of SDL items are completed and outcomes are reported to PRG.
- Relevant training is provided to support Directorates to ensure all returns are completed accurately and on a timely basis.

## Audit Opinion

Our opinion is provided to enable all our stakeholders<sup>1</sup> 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 Review stated above.

Our testing showed that out of four priority 2 recommendations made, all had been progressed. However, there were areas which needed to be tested further once the recommendations had been fully embedded. The robustness of evidence to support performance measures like the one on Homelessness needed to be closely monitored and scrutinised to ensure the integrity of data quality submitted by LBTH is preserved and that the reputation risk is managed properly.

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

**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.*

**Nil 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.*

## Areas of Good Practice Identified during the Follow UP Audit

1. There was a flow chart review process, which directed the approval of definition change both in year and at year end.
2. The Performance Review Group (PRG) actively monitored areas of weak performance and plans were in place to tackle areas of concern.
3. Risk assessment had been carried out and weaknesses identified in 2012/13 sample checks were included in this risk assessment. As a result, the Homelessness measure will be reviewed again in 2013/14. Lack of evidence to support the Homelessness measure was a key concern by the Corporate Strategy and Performance team during its sample check exercise in 2012/13, which needed to be addressed by the Directorate officer responsible for this measure. The PRG was fully updated with this issue.

# Management Action Plan

## Medium Priority Recommendations

Fundamental control weaknesses, which must be addressed immediately by Management.

01

### Previous 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

31<sup>st</sup> October 2012

## Follow up Finding

Our testing showed that the definition change of protocol on data quality had been updated on the Intranet. Audit was advised that the definition change of protocol was rolled up into a holistic performance indicator review process. The “flow chart review process” now includes directions on how to approve definition change both in year and at year end, including producing a business case to justify the change.

## Follow up Recommendation

No further Recommendation

## Medium Priority Recommendations

Fundamental control weaknesses, which must be addressed immediately by Management.

02

### 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<br>SM | Aug      |
| Provide outstanding evidence for measures to be spot-checked                                | SPP<br>SM | End Aug  |
| Provide outstanding working paper information and evidence for SDL items to be spot-checked | SPP<br>SM | End Aug  |
| Complete review and report to PRG on findings                                               | S&P       | Nov PRG  |

### Officer Responsible for Action

See above

### Timescale

See above

### Follow up Finding

Our review showed that a number of sample checks had been carried out by the Corporate Strategy and Performance Team (CS&PT). Late evidence was going to be submitted by Directorates to support these checks. However, in few cases, the evidence was still not complete and this was reported to the PRG in September 2012 by CS&PT.

The outcome of the sample checks for the Homelessness measure was not satisfactory. This, together with the lack of evidence, formed part of the 2013/14 risk assessment process. The Homelessness measure, will therefore, be reviewed again in 2013/14 by CS&PT and results will be reported to the PRG.

In addition, as the PRG has agreed that non-compliance will be one of the criteria used in risk assessment for the 2013/14 review, services that have not provided relevant evidence should be subject to close scrutiny by PRG.

**Follow up Recommendation**

It should be ensured that services not providing good quality evidence to support the sample checks should be closely scrutinised and monitored by the PRG. Findings and concerns from the sample reviews should be reported to the respective Corporate Director for immediate action.

**Agreed Action**

While we note the recommendation, we consider the current arrangements are adequate and proportionate.

Deficiencies are first reported to the Directorate Performance Lead, so that 'quick wins' can be made immediately.

Deficiencies are then reported to PRG – the Councils accountable body for data quality – which includes both the Head of Paid Service / Corporate Director for Resources, who is appointed as their representative by CMT.

Progress to address these deficiencies via data quality action plan is reported to PRG.

SPP Board, which consists of the SPP Service Heads from each directorate, also reviews progress against the action plan, and offers opportunities for sharing good practice. As these are both senior and relevant we consider that these, together with PRG, are better placed than Corporate Directors to drive improvements in data quality.

**Officer Responsible for Action**

Lucy Sutton

Kevin Kewin

**Timescale**

In place and on-going

## Medium Priority Recommendations

Fundamental control weaknesses, which must be addressed immediately by Management.

03

### 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

### Follow up Finding

Our review showed that Tower Hamlets News article for November 2012 was not completed. However, we understand that the information was cascaded via appropriate channels.

In addition, the understanding of Data Quality policy and requirements by relevant staff was factored into the risk assessment process of Single Data Line items.

### Follow up Recommendation

No further recommendation



## Medium Priority Recommendations

Fundamental control weaknesses, which must be addressed immediately by Management.

04

### 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 if each SDL item (or part if very large)                                | SPP<br>SM | Sep - Oct                    |
| Report on Major Risks to PRG                                                                      | SPP<br>SM | 17/10/2012 for<br>23/10/2012 |
| Identify training needs for SDL preparing, collating & reporting officers and commission from S&P | SPP<br>SM | Commission by<br>end Dec     |
| Deliver training for SDL officers                                                                 | S&P       | As required                  |
| Plus other ad hoc work as required to ensure returns are timely and accurate                      | S&P       | As required                  |

### 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

See above

## Follow up Finding

Our testing showed that risk assessments of Single Data Line items had been completed. Findings of these risk assessments were reported to the PRG. The risk assessment was used to inform the selection of SDL items for the 2013/14 review and spot checks by the Corporate Strategy and Performance Team.

We understand that suitable training was offered to all the appropriate officers.

We understand that PRG has agreed that the Corporate Strategy and Performance Team retain the corporate oversight in relation to this area.

## Follow up Recommendation

No further recommendation

**Priorities assigned to recommendations are based on the following criteria:**

**High** – Fundamental weaknesses and issues where action is considered imperative to ensure that the Council is not exposed to high risks; also covers breaches of legislation and policies and procedures.

**Medium** – Significant weaknesses and issues where action is considered necessary to avoid exposure to significant risk.

**Low** – Issues that merits attention/where action is considered desirable.

**Report Distribution List**

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

| <b>Name of officer</b> | <b>Title</b>                                    |
|------------------------|-------------------------------------------------|
| Kevin Kewin            | Service Manager, Strategy, Policy & Performance |
| Lucy Sutton            | Senior Strategy, Policy & Performance Officer   |

The final Follow UP report will also be copied to:

| <b>Name of officer</b> | <b>Title</b>                          |
|------------------------|---------------------------------------|
| 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 are stated in the Audit Objectives and Scope of Review.