

Audit Summary Report

March 2007



# **Data Quality Review**

**Chorley Borough Council**

**Audit 2006-2007**

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## Introduction

- 1 The Audit Commission has developed a new approach to the audit of performance indicators for 2005/06 in local government. It is a broader piece of work than the previous Best Value Performance Indicator (BVPI) review and focuses on the Authority's arrangements to ensure data quality.
- 2 The approach has been developed so that it will both:
  - enable auditors to deliver their conclusion on the Authority's arrangements to secure value for money (specifically the arrangements for 'monitoring and reviewing performance, including arrangements to ensure data quality'); and
  - support the Commission's CPA function.
- 3 This report also sets out the findings from our review of arrangements to ensure the Best Value Performance Plan (BVPP) has been prepared and published in accordance with statutory requirements.

## Background

- 4 Public services need reliable, accurate and timely information with which to manage services, inform users and account for performance. Service providers make many, often complex, decisions about their priorities and the use of resources. Service users and members of the public more widely, need accessible information to make informed decisions. Regulators and government departments need information to satisfy their responsibilities for making judgements about performance and governance.
- 5 A significant amount of time and money is spent on the activities and systems involved in collecting and analysing the data which underlies performance information, yet there remains a prevailing lack of confidence in much of this data. As increasing reliance is placed on this information in performance management and assessment regimes, the need for reliable data has become more critical.
- 6 Good quality data is the essential ingredient for reliable performance and financial information to support decision making. The data used to report on performance must be fit for purpose, and represent an organisation's activity in an accurate and timely manner. At the same time there must be a balance between the use and importance of the information, and the cost of collecting the required data to the necessary level of accuracy.
- 7 Public bodies can improve the quality of their data by identifying the performance information that is important to them and their stakeholders, and securing the quality of the data to support these information needs. This is more likely if the performance information is routinely used for the day to day planning and management of services, and the people who collect the data understand its importance.

## Audit approach

### Data quality

- 8 The Audit Commission has developed a three-stage approach to the review of data quality comprising:

Stage 1	<p><b>Management arrangements</b></p> <p>A review to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. The findings contribute to the auditor's conclusion under the Code of Audit Practice on the audited body's arrangements to secure value for money (the VFM Conclusion).</p>
Stage 2	<p><b>Completeness check</b></p> <p>Arithmetical checks of specified BVPIs and non-BVPIs.</p>
Stage 3	<p><b>Data quality spot checks</b></p> <p>In-depth review of a sample of specified BVPIs and non-BVPIs, based on an assessment of risk. The sample has been drawn from two key service areas: housing and environment.</p>

### Best Value Performance Plan

- 9 We are required to review whether the BVPP has been prepared and published in accordance with statutory guidance, as part of our duty to review arrangements to ensure compliance with the general duty of best value.

## Main conclusions

### Data quality

- 10 Corporate data quality monitoring procedures for BVPIs have improved significantly and represent best practice in many areas. Data quality arrangements have also improved from a low base. However, existing procedures need to be translated into a data quality strategy and objectives, including non-BVPI key performance indicators. Internal and external reviews of data quality also indicate that arrangements for data quality at service level need to be strengthened, although we acknowledge improvements have already been made through data quality training for relevant staff.
- 11 Appendix 1 outlines the action plan containing our recommendations, together with the Authority's response.

## **Best Value Performance Plan**

- 12 The BVPP complied with statutory guidance, and consequently we have no recommendations to make on procedures in relation to the plan in our statutory report, which is attached at Appendix 3.

## **Management arrangements**

- 13 The objective of this stage is to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. Its focus is on the corporate data quality arrangements for the performance information prepared and used by the Authority.
- 14 We have assessed the management arrangements in relation to data quality against five key lines of enquiry (KLOE):
- governance and leadership;
  - policies and procedures;
  - systems and processes;
  - people and skills; and
  - data use.
- 15 Appendix 2 outlines data quality improvement areas.

### **Governance and leadership**

- 16 Whilst the Authority does not have a data quality strategy or formal objectives for data quality management, data quality procedures are designed to meet the main objectives of such arrangements.
- 17 The Authority has taken action to address the results of internal and external data quality reviews. However, further work is needed to improve the effectiveness of the arrangements now in place.

### **Policies and procedures**

- 18 Whilst there are a number of procedures and guidance notes in place in relation to data quality for BVPIs, the Authority has not yet developed a data quality policy or extended procedures to other key performance indicators (KPIs).

### **Systems and processes**

- 19 The Authority has introduced additional controls for 2005/06 to secure the quality of data. However, internal and external reviews indicate that further work is needed to improve the effectiveness of these controls.

- 20 Responsible officers are now required to certify that they have checked the performance indicator and Service Head are required to authorise the performance indicator. Further improvements could be secured by strengthening guidance and checking compliance on what checks the responsible officer should perform and what needs to be done prior to authorisation by Service Heads.

### **People and skills**

- 21 Guidance on preparing performance indicators has been made available to staff on the Authority intranet, together with BVPI reference material. Staff with specific responsibilities for data input or data quality have also received training on the use of the Authority's performance management system, but nothing specific on data quality.
- 22 The Authority has worked with staff to address weaknesses identified by previous internal and external audit reviews of data quality and work continues to make further related improvements.

### **Data use**

- 23 Following further improvements in 2005/06, the Authority now has robust performance monitoring arrangements for both BVPIs and KPIs, which include:
- performance information is used to identify deviations from planned performance;
  - timely action is taken on performance shortfalls, which are followed-up to ensure action has been taken;
  - reports are prepared on an exception basis so that areas where action is needed are clearly identified and include predictive elements rather than merely being a record of historical events; and
  - reported data is generally submitted on a timely basis with instances of data not being submitted on a timely basis fully investigated and reported to management.
- 24 However, internal and external reviews of data quality continue to find significant problems with the accuracy of performance information, compliance with standard definitions and the adequacy of audit trails and supporting evidence.

## **Completeness checks**

- 25 The performance indicators on which we performed completeness checks are listed below.
- Environment:
    - BV 109: Planning speed
    - BV 82a: Recycling performance
    - BV 82b: Composting performance

- Housing
  - BV 184a: Proportion of non-decent homes
  - HIP BPSA - section E3: Average re-let times
  - HIP BPSA - section D (rows 27 and 28): Percentage of planned to responsive repairs
  - BV 183a: Average time in temporary accommodation: bed and breakfast
  - BV 183b: Average time in temporary accommodation: hostels
  - HIP HSSA - cell references HSA7a2e and HSA1e: Percentage of total private sector homes vacant for more than six months
  - ODPM form P1E - sections E1a and E1 row 1 (w): Repeat homelessness
  - HIP HSSA - section B3: Private sector unfit properties made fit

- 26** A reservation was placed on the 'percentage of total private sector homes vacant for more than six months (HIP HSSA)' and 'average re-let times (HIP BPSA)' performance indicators in 2004/05, which are still extant.
- 27** We understand that revised arrangements were introduced to address weaknesses in the system used to calculate the 'percentage of total private sector homes vacant for more than six months'. However, these arrangements were not introduced until 1 April 2006.
- 28** A reservation was placed on the 'average re-let times (HIP BPSA)' performance indicator in 2004/05 for the following reason. The definition states that the clock starts ticking from the day following the date that the dwelling is vacated by the previous occupant(s), which is defined as the date that it is established that the property is empty (not necessarily when the tenancy is terminated if they are not the same). Since it is a condition of tenancy that Authority tenants give four weeks notice, where a tenant has handed in the keys or said they have moved out within the notice period, the 'clock is not started' until the notice period has ended. No action has been taken to address this issue. However, it should be noted that this method of calculation is permissible for BVPI 212 which also measures re-let times.
- 29** We have been unable to remove these reservations for 2005/06.



## Data quality spot checks

- 30 From the list of performance indicators at paragraph 26, three BVPIs were selected for detailed testing. Table 1 summarises our findings.

**Table 1 Data quality spot checks**

A reservation has been placed on BV183b

BVPI	Description	Satisfactory	Comment
BV 82a	Recycling performance	Yes	Adequate management arrangements are in place to record, validate and report this BVPI.  However, we identified a lack of separation of duties with drivers recording the weight of refuse collected at weighbridge stations.
BV 184a	Proportion of non-decent homes	Yes	Adequate management arrangements are in place to record, validate and report this BVPI.  A minor error was identified in the calculation of this BVPI, although this did not affect the reported level of performance.
BV 183b	Average time in temporary accommodation - hostels	No	We have concerns over the integrity of the database from which performance is calculated and the accuracy of the information held on the database.  As a result, a reservation has been placed on this BVPI. The Council has responded to this by introducing a new IT system to capture the relevant and accurate information to avoid future reservations.

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- 31 The reservation that has been placed on BV 183b means it will not inform, if applicable, any immediate CPA. We will be unable to remove reservations on any on performance indicators unless the Authority can demonstrate that corrective action has been taken to address the issue raised.

## Best Value Performance Plan

- 32 Review of performance information included in the BVPP performance information has identified the following issues in terms of future targets:
- future targets set below 2005/06 outturn; and
  - inconsistencies between targets for linked BVPIs.
- 33 It is important to place the target setting issue in context of 57 per cent of 2005/06 BVPIs, as identified from the CPA comparators toolkit, already being within the top quartile.

## Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>Management arrangements - governance and leadership</b>						
6	R1 Formally assign responsibility for data quality at officer, senior officer and member level.	2	DP&P	Yes	Performance Agreements introduced which set out responsibility for data quality at senior officer and member level Performance checklists outlining formal responsibilities will be issued at year end to collection and responsible officers	Nov 2006  March 2007
6	R2 Develop a formal strategy for data quality, linked to business objectives.	3	DP&P	Yes	Data Quality Strategy will be developed using Best Practice in other authorities	April 2007
6	R3 Embed data quality in corporate risk management arrangements.	2	DP&P	Yes	Data quality will be incorporated in the Council's Corporate Strategic Risk Register and we will review achievement of mitigating action on a quarterly basis	March 2007
<b>Management arrangements - policies</b>						
6	R4 Develop a data quality policy covering all business areas.	3	DP&P	No	Policy to be incorporated within the Data Quality Strategy	April 2007

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Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>Management arrangements - systems and processes</b>						
6	R5 Strengthen guidance on the checks responsible officers should perform and action to be taken by Service Heads prior to BVPI authorisation.	3	DP&P	Yes	Existing guidance will be reviewed and issued to responsible officers prior to 2006/2007 sign-off Workshops have been provided to all responsible officers on the areas to be checked	March 2007 Dec 2006
6	R6 Ensure performance information systems have built-in controls to minimise the scope for human error or manipulation and processes operate according to the principle of 'right first time'.	1	DP&P	Yes	Update Performance Plus to ensure the system has built-in controls to minimise the scope for human error Training will be provided for all staff entering data into Performance Plus outlining principles of right first time and the critical importance of data accuracy when entering data	March 2007 April 2007

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>Management arrangements - people and skills</b>						
6	R7 Ensure a framework is in place for identifying and complying with all relevant legal, compliance and confidentiality standards.	2	DP&P	Yes	Recent data protection training given for all staff – applicable to BVPI collection  Cross checks will be undertaken by Internal Audit and Policy where particular indicators have identified risk factors  All BVPI's comply with definitions confirmed by written procedures for each indicator	Jan 2007  May 2007  Jan 2007
6	R8 Identify data quality skills for all relevant staff and provide appropriate data quality training where necessary.	3	DP&P	Yes	Compulsory workshops on data quality issues and training have been provided	Dec 2006
<b>Management arrangements - data use</b>						
6	R9 Feedback reported data to those who generate it to reinforce understanding of the way it is used.	1	DP&P	Yes	All officers responsible for collecting and checking data attended training and awareness of how data is used and impacts on the organisation	Dec 2006

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Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>Completeness checks</b>						
7	R10 Ensure that performance indicators are prepared in line with standard definitions.	2	DP&P	Yes	Written procedures for each BVPI are being established and checked by Internal Audit, Policy and by the responsible officer  Newsletters will continue to be made available on the intranet and the collection and responsible officers alerted	Jan 2007  Ongoing
<b>Data quality spot checks</b>						
8	R11 Review the system used to calculate the average time in hostel accommodation (BV 183b)	3	DH	Yes	System reviewed and new IT system introduced (Orchard)	April 2006

## Appendix 2 – Data quality improvement areas

<b>Governance and leadership</b>	
KLOE 1.1 - Responsibility for data quality is clearly defined.	<p>Formally assign responsibility for data quality at officer, senior officer or member level.</p> <p>Outline the Authority's commitment to data quality in key strategic documents.</p> <p>Clearly communicate a corporate commitment to data quality to reinforce the message that all staff have a responsibility for data quality.</p> <p>Clearly and formally define accountability for data quality throughout the organisation.</p> <p>Ensure accountability for data quality forms part of the corporate performance appraisal system for those defined as responsible and accountable for data quality.</p>
KLOE 1.2 - The body has clear data quality objectives.	<p>Develop a formal strategy for data quality, including objectives for data quality management, linked to business objectives. Arrangements should include procedures to monitor performance against these objectives.</p>
KLOE 1.3 - The body has effective arrangements for monitoring and review of data quality.	<p>Embed data quality in corporate risk management arrangements by regularly assessing the risks associated with unreliable and inaccurate information.</p> <p>Develop a framework for measuring data quality.</p> <p>Ensure robust scrutiny of data by those charged with governance is properly evidenced.</p>
<b>Policies</b>	
KLOE 2.1 - A policy for data quality is in place, supported by a current set of operational procedures and guidance.	<p>Develop a data quality policy, covering data collection, recording, analysis and reporting to be implemented in all business areas.</p>
KLOE 2.2 - Policies and procedures are followed by staff and applied consistently throughout the organisation.	<p>Assigned a data quality champion to departments to regularly review and report on compliance with the relevant policies and procedures.</p>

<b>Systems and Processes</b>	
<p>KLOE 3.1 - There are appropriate systems in place for the collection, recording, analysis and reporting of the data used to monitor performance, and staff are supported in their use of these systems.</p>	<p>Review systems in place for reporting corporate performance information to ensure it is based on data which is accurate, valid, reliable, timely, relevant and complete.</p> <p>Provide guidance on the checks responsible officers should perform and action to be taken by Service Heads prior to BVPI authorisation.</p> <p>Ensure systems and processes operate according to the principle of 'right first time' rather than employing extensive data cleansing or manipulation processes to produce the information required.</p> <p>Integrate arrangements for collecting, recording, compiling and reporting data into the wider business planning and management processes of the organisation to support staff in their day-to-day work.</p> <p>Provide support for staff using the organisation's systems and processes through user guides and help desk services.</p>
<p>KLOE 3.2 - The body has appropriate controls in place to ensure that information systems secure the quality of data used to report on performance.</p>	<p>Ensure performance information systems have built-in controls to minimise the scope for human error or manipulation, and prevent erroneous data entry, missing data and unauthorised data changes.</p> <p>Review controls annually to ensure that they are working effectively and report the results of annual reviews to top management.</p>
<p>KLOE 3.3 - Security arrangements for performance information systems are robust, and business continuity plans are in place.</p>	<p>Ensure procedure notes and manuals are in place for all performance information systems identified as being business-critical. Review and update procedure notes and manuals as appropriate.</p> <p>Regularly test performance information systems to ensure that processes are secure and report test results to top management.</p>
<p>KLOE 3.4 - An effective management framework for data sharing is in place.</p>	<p>Identify all instances of internal and external data sharing and develop formal data sharing protocols.</p> <p>Ensure a framework is in place for identifying and complying with all relevant legal, compliance and confidentiality standards.</p>



<b>People and skills</b>	
KLOE 4.1 - The body has communicated clearly the responsibilities of staff, where applicable, for achieving data quality.	<p>Undertake an assessment of the data quality skills across the workforce to identify potential gaps.</p> <p>Define and document roles and responsibilities below the strategic level in relation to data quality to incorporate into job descriptions.</p> <p>Set data quality targets and standards and assess staff against these.</p>
KLOE 4.2 - The organisation has arrangements in place to ensure that staff with data quality responsibility have the necessary skills.	<p>Provide data quality training for staff with specific responsibilities for data input or data quality.</p> <p>Ensure weaknesses identified through internal or external reviews of data quality are adequately addressed through training or briefing sessions.</p>
<b>Data use</b>	
KLOE 5.1 - The body has put in place arrangements that are focused on ensuring that data supporting performance information is also used to manage and improve the delivery of services.	<p>Feed back reported data to those who generate it to reinforce understanding of the way it is used.</p>
KLOE 5.2 - The body has effective controls in place for data reporting.	<p>Review arrangements to ensure the accuracy of performance information, compliance with standard definitions and audit trails are complete and properly supported.</p> <p>Subject information which is used for external reporting to rigorous verification, especially where errors may lead to loss of income.</p>

## **Appendix 3 – Auditor’s Statutory Report on the Best Value Performance Plan**

### **Auditor’s report to Chorley Borough Council on its Best Value Performance Plan**

#### **Authority’s Responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements. Under the Local Government Act 1999 (the Act) the council is required to prepare and publish a best value performance plan summarising the council’s assessments of its performance and position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The council is responsible for the preparation of the plan and for the information and assessments set out within it. The council is also responsible for establishing appropriate corporate performance management and financial management arrangements from which the information and assessments in its plan are derived. The form and content of the best value performance plan are prescribed in section 6 of the Act and statutory guidance issued by the Government.

#### **Auditors’ Responsibilities**

I am required by section 7 of the Local Government Act 1999 and the Audit Commission’s statutory Code of Audit Practice to carry out an audit of the council’s best value performance plan, certify that I have done so, and report:

- any matters that prevent me from concluding that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where appropriate, making any recommendations under section 7 of the Local Government Act 1999.

#### **Report and recommendations**

I certify that we have audited the council’s best value performance plan in accordance with section 7 of the Local Government Act 1999 and the Audit Commission’s statutory Code of Audit Practice.

In preparing my report I am not required to form a view on the completeness or accuracy of the information or the realism and achievability of the assessments published by the council. My work, therefore, comprised a review and assessment of the plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy me that the plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the plan complied with the requirements of the legislation and statutory guidance.

I have not identified any matters to report to the Authority.

I have no recommendations to make on procedures in relation to the plan.

[Auditors' signature]

Mike Thomas

X December 2006

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