

Audit Summary Report

January 2008



# Data Quality

**Southampton City Council**

**Audit 2006/07**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

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- any third party.

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## Background

- 1 Public bodies are accountable for the public money they spend: they must manage competing claims on resources to meet the needs of the communities they serve, and plan for the future. The financial and performance information they use to account for their activities, both internally and externally, to their users, partners, commissioners, government departments and regulators, must be appropriate for these purposes, providing the level of accuracy, reliability and consistency required.
- 2 Considerable weight is attached to published performance indicators as the basis for reducing the burden of regulation and awarding freedoms and flexibilities. This has made reliable performance information, and the quality of the underlying data, significantly more important. Regulators and government departments need to be assured that reported information reflects actual performance. This will provide confidence that they are focusing on the key areas for improvement.
- 3 Auditors' work on data quality and performance information supports the Commission's reliance on performance indicators in its service assessments for comprehensive performance assessment (CPA). This delivers the commitment to reduce significantly the level of service inspection required.
- 4 Introducing the comprehensive area assessment (CAA) framework from 2009 will make reliable performance information more important. The CAA will place greater emphasis on assessments that are proportional to risk. Councils will also be required to use information to reshape services, and to account to the public for performance.
- 5 The responsibility for securing the quality of the data underpinning performance information can only rest with the bodies that collect and use the data. Producing data which is fit for purpose should not be an end in itself, but an integral part of a body's operational, performance management, and governance arrangements. Organisations that put data quality at the heart of their performance management systems are most likely to be actively managing data in their day-to-day business, and turning that data into reliable information.
- 6 This is the second year in which we have undertaken work on data quality in local government. Our work is complemented by the Audit Commission's paper, *'Improving information to support decision making: standards for better quality data.'* This paper sets out standards, for adoption on a voluntary basis, to support improvement in data quality.
- 7 The expected impact of our work on data quality is that it will drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments are based.

## Scope and objectives

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

**Table 1**

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 council's arrangements to secure value for money (the VFM conclusion).</p>
Stage 2	<p><b>Analytical review</b></p> <p>An analytical review of 2006/07 BVPI and non-BVPI data and a selection of a sample for testing based on a risk assessment basis.</p>
Stage 3	<p><b>Data quality spot checks</b></p> <p>In-depth review of a sample of 2006/07 PIs all of which come from a list of specified BVPIs and/or non-BVPIs used in CPA, to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice.</p>

- 9 We have carried out all three stages of the review. At stage 3, we included follow-up of the Cost per Library Visit (IPF) indicator as we had found errors in its calculation last year.

## Conclusions

### Stage 1 – Management arrangements

- 10 The council is performing well with regard to its overall management arrangements for ensuring data quality and provides effective leadership. Staff are accountable and trained to meet the Council's data quality standards and performance systems operate effectively. Performance data is of a high quality and used to improve outcomes for service users.
- 11 Since last year the Council has introduced a data quality policy and strategy and new arrangements with partners for reporting on the Local Area Agreement (LAA). It is too early to assess the effectiveness of these changes.

### Stage 2 – Analytical review

- 12 Our analytical review work at stage 2 identified that the PI values reviewed fell within expected permissible and plausible ranges. Consequently, no specific variance analysis work was required and we based our selection of indicators on our knowledge and experience of the Council.

### Stage 3 – Data quality spot checks

- 13 Our spot checks on four PIs found them to be fairly stated and we were able to rely upon the associated management processes. However, our follow-up work on the Cost per Library Visit (IPF) indicator found that data was incorrect, and did not comply with the published definition. The internal management arrangements and quality review procedures had failed to identify these errors.
- 14 An action plan to address the issues arising from this review is attached as an Appendix.

## Management arrangements (Stage 1)

- 15 Overall, the council is performing well with regard to its corporate arrangements for data quality.

### Governance and leadership

- 16 The Council provides effective leadership for securing data quality and there is clear accountability. Objectives are set in the draft data quality strategy, due for approval and implementation in 2007/08. Accountability for data quality is clear and understood across the council. There is an established framework for monitoring and reviewing data quality with exception reporting to senior officers. Where appropriate, any risks to securing data quality are recorded in the statement on internal control. Data quality training for councillors is planned for 2007/08.

### Recommendations

- R1 Demonstrate effective implementation of the new data quality strategy and policy by*
- *improving councillors' understanding of the importance of securing data quality;*
  - *eliminating any remaining weaknesses in use of spreadsheets;*
  - *progressing disaster recovery arrangements through the strategic services partnership; and*
  - *effective performance reporting of progress against the local area agreement including quality assuring partner data.*

### Policies

- 17 The Council has a comprehensive data quality policy, due for approval and implementation in 2007/08. The draft policy includes data quality requirements concerning data provided by external partners. It is supported by established operational guidance, which is consistently applied by staff, with effective quality assurance provided by a network of data quality champions and a corporate performance officer. Although, in our spot checks at stage 3 we found one indicator that was misstated despite having been through the quality review process.

## **Systems and processes**

- 18 In 2006/07 the Council had an effective corporate performance information system (PICS) which cascaded corporate objectives and targets to service level and produced a range of quality performance reports. However, the Council lacked a consistent approach to validating data from third parties at that time. It is developing this in 2007/08 through the use of service level agreements with its local area agreement (LAA) partners and the introduction of a new performance information system ('CORVU') which offers enhancements such as enabling direct performance reporting by the Council's LAA partners. Both council staff and partners were involved in selecting this new system.
- 19 The security of the council's performance information systems is regularly tested and business continuity plans are in place with business critical systems identified. However disaster recovery arrangements were in the early stages of development in 2006/07 and the Council is addressing this through the strategic services partnership IT development programme. In 2006/07 the Council had effective system controls in place for PICS and its feeder systems to enable the production of quality performance data but lacked assurance in some cases in the use of spreadsheets.

## **People and skills**

- 20 The Council has strong arrangements in place for ensuring key staff understand their responsibilities for achieving data quality and receive appropriate training. There are regular briefings for the networks of performance officers and data quality champions (the Policy Coordinators) on data quality and performance reporting requirements. Appropriate training is provided and this was added to in 2006/07 with the training of a core group of 'super users' on the new performance system who are cascading their knowledge across the Council during implementation of CORVU in 2007/08.

## **Data use and reporting**

- 21 The Council has strong performance management arrangements which include the use of exception reporting and a corporate scorecard. Performance reports lead to management action as demonstrated by improved outcomes for service users in underperforming services such as benefits and highways. Data reported to external agencies is supported by a clear audit trail and subject to rigorous checking. The Council improved its arrangements in 2006/07 by introducing risk-based checking of performance indicators.



## Analytical review (Stage 2)

- 22 We carried out an analytical review of all BVPIs and non-BVPIs to inform our sample selection for more detailed review at Stage 3. We found that all variances identified fell within the acceptable ranges set by the Audit Commission, and there were none that required further detailed analysis.
- 23 Our sample selection therefore was based on our cumulative audit knowledge of the control environments governing production and collation of individual indicators. In addition, we chose to look again at the Cost per Library Visit (IPF) indicator, which had been incorrectly calculated last year.

## Data quality spot checks (Stage 3)

- 24 Four PIs were reviewed using a series of detailed spot checks and audit tests specified by the Audit Commission. One further PI was reviewed to follow-up issues raised last year. Our findings are shown below.

**Table 2**

<b>Performance indicator</b>	<b>Assessment</b>	<b>Comment</b>
Average Re-let Time (BV212)	BVPI considered to be fairly stated	Management arrangements for this PI were found to be satisfactory. The system is adequately designed to ensure outputs are materially accurate. The definition has been adhered to. Errors found during substantive testing did not affect materially the figure reported.
Temporary Accommodation: Hostels (BV183b)	The council have fairly stated this PI as zero	We concluded that the Council's only hostel activity is for vulnerable persons, which falls outside this PI definition.
Cleanliness of Public Spaces (BV199)	The adopted survey procedure followed BVPI guidance and was therefore compliant with the PI definition	We concluded that Management arrangements are such that the PI is likely to be fairly stated. The system is adequately designed to produce a materially accurate PI result.

<b>Performance indicator</b>	<b>Assessment</b>	<b>Comment</b>
Homelessness Prevention (BV214)	Correctly identified and recorded.	Management arrangements for the PI are satisfactory. There is sufficient evidence that the system is adequately designed to enable reliable outputs, and that all cases of repeat homelessness were correctly identified and recorded.
Cost per Library Visit (IPF)	The output was not considered to be reliably accurate and an amended figure was submitted through EDC.	The review identified that the subject data was not complete, as it did not represent a full year's data for a number of libraries. This did not comply with the published definition.

- 25 Our work on the Cost per Library Visit (IPF) indicator, referred to above, concluded that the PI was not fairly stated, but the internal quality review process had not identified this. The Council needs to understand the reasons for the errors and improve its processes accordingly.

#### ***Recommendation***

*R2 Enhance processes to ensure that that the Cost per Library Visit indicator is correctly calculated.*

## Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	<p>R1 Demonstrate effective implementation of the new data quality strategy and policy by</p> <ul style="list-style-type: none"> <li>improving councillors' understanding of the importance of securing data quality;</li> <li>eliminating any remaining weaknesses in use of spreadsheets;</li> <li>progressing disaster recovery arrangements through the strategic services partnership; and</li> <li>effective performance reporting of progress against the local area agreement including quality assuring partner data.</li> </ul>	3	Solicitor to the Council & Head of Corporate Policy and Performance	Yes	Awareness to also be built into the induction programme for new members.	By 31 July 2008
		3	Head of Corporate Policy and Performance	Yes		By 31 March 2008
		3	Director of Resources	Yes		By 31 March 2009
		3	Head of Corporate Policy and Performance	Yes		By 31 March 2008
11	R2 Enhance processes to ensure that that the Cost per Library Visit indicator is correctly calculated.	3	Nick Murphy	Yes		By 31 March 2008