

Data Quality Report

March 2008



# Data Quality Review

**Tonbridge and Malling Borough 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.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explain the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

# Contents

<b>Background</b>	<b>4</b>
<b>Scope and objectives</b>	<b>5</b>
<b>Conclusions</b>	<b>6</b>
<b>Management arrangements (Stage 1)</b>	<b>8</b>
<b>Analytical review (Stage 2)</b>	<b>10</b>
<b>Data quality spot checks (Stage 3)</b>	<b>11</b>
<b>Appendix 1 – Action Plan</b>	<b>13</b>

## 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 comprising.

**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 selection of a sample for testing based on risk assessment.</p>
Stage 3	<p><b>Data quality spot checks</b></p> <p>In-depth review of a sample of 2006/07 PIs most of which come from a list of specified BVPIs used in CPA, to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice.</p>

- 9 All three stages of the review have been carried out at this council.
- 10 For stage 3, in addition to the specified indicators, we selected a performance indicator, BVPI 8: Payment of Invoices on Time to review that is not on the list of specified indicators. This is because we identified a potential risk to the quality of the underlying data in that the performance reported seemed exceptionally high.

## Conclusions

### Stage 1 – Management arrangements

- 11 The council's overall management arrangements for ensuring data quality are performing well. In summary the strengths are:
- the Council's commitment to data quality remains high and it is strengthening this area through the development of a draft data quality policy;
  - responsibilities for data quality at senior member and officer level are in place as last year and the robust performance management arrangements ensure that issues related to data quality are identified and reported as appropriate;
  - despite the lack of a formal data quality policy, the Council has up to date and robust procedures and guidance in place to ensure the quality of data;
  - robust systems are in place and being enhanced to ensure the quality of timely data and effective reporting;
  - the Council has effectively communicated the responsibilities of staff for achieving data quality; and
  - the Council has a solid track record of using its performance systems to manage and improve service delivery and to validate data reporting.
- 12 Opportunities for further improvement include:
- ensuring data quality requirements and protocols for partnerships are explicitly covered in the development of the draft data quality policy; and
  - ensuring the development of business continuity arrangements and their links with the draft data quality policy.

### Stage 2 – Analytical review

- 13 Our analytical review work at stage 2 identified that the PI values reviewed fell within expected ranges except for BVPI 8 (Payment of invoices on time) which at 99.71 per cent was slightly in excess of the Audit Commission's plausible maximum value of 99.67 per cent. We decided to review BVPI 8 as part of our stage 3 work.

### Stage 3 – Data quality spot checks

- 14 Our review and spot checks of PIs 8, 82a and 82b found a number of errors although the PIs were fairly stated as the amendments required were within our materiality limits.
- 15 The amendments to BVPI 8 would reduce its value from 99.711 per cent to 99.696 per cent. No adjustment was required to the stated value of 99.71 per cent but the action plan includes measures to ensure that no material errors of this nature occur in the future.

- 16** The composted tonnes figure (BVPI 82b(ii)) fell from 8,543.45 tonnes to 8,174.96 following our review. The authority had used statistics provided by its contractor, Veolia (formerly Cleanaway) for composted tonnes. These proved to be inaccurate. As a consequence of the amendment to BVPI 82b(ii), the percentage of household waste composted (BVPI 82b(i)) fell from 16.30 per cent to 15.71 per cent.
- 17** Total household waste collected fell as a result of the fall in composted tonnes. Total waste collected per household (BVPI 84a) fell from a stated 466.08 kg to 462.80 kg and the recycled rate (BVPI 82a(i)) rose from a stated 18.25 per cent to 18.38 per cent. These BVPIs were all adjusted before final sign-off by the Audit Commission and no issue of qualification therefore arose.
- 18** An action plan has been agreed with the council (see Appendix 1) to address the issues arising from this review.

## Management arrangements (Stage 1)

- 19 Overall, the council's corporate arrangements for data quality are performing well.

### Governance and leadership

- 20 The Council's commitment to data quality remains high and it has addressed issues raised in last years review. It continues to make progress in this area with the development of a draft data quality policy to help ensure that data quality is more fully integrated into the Council's planning monitoring and reporting processes in the future. The Council's approach to achieving high quality data collection and the objectives for this are currently set out in the performance plan for the IDU. This approach is cascaded through the performance plans for Council departments which in turn create the links for data quality requirements to service and corporate objectives. Responsibilities for data quality at senior member and officer level are in place as last year and the robust performance management arrangements ensure that issues related to data quality are identified and reported as appropriate.

#### **Recommendation**

*R1 Agree and implement the draft data quality policy.*

### Policies

- 21 Despite the lack of a formal data quality policy, the Council has robust procedures and guidance in place to ensure the quality of data and they are documented and readily available for reference. Those staff with relevant responsibility for data input or collection are aware of the Council's data quality requirements and are updated on changes as necessary through the IDU. For example, the Council has recently revised its corporate target setting guidance and has made this available to staff with lead responsibilities for setting BVPI or LPI targets. Data quality arrangements with partnerships is being developed through the draft data quality policy and addresses an issue raised in last year's review.

#### **Recommendation**

*R2 Ensure data quality requirements and protocols for partnerships are explicitly covered in the development of the draft data quality policy.*



## Systems and processes

- 22 As last year, robust systems are in place to ensure the quality of timely data and effective reporting. The Council continues to further improve arrangements through, for example, the restructuring of section performance plans to provide for targets and results to be more clearly stated. The Council has increased the automation of results calculations, and the interpretation of those results to prevent errors occurring in the first instance and to further enhance the process and effectiveness of data usage. The Council's solid track record in performance management arrangements can demonstrate that production of data and reporting is of high quality and that the Council has had and continues to have the capacity to be proactive in this area. The Council does not have a business continuity plan but this is being developed and is planned to be agreed in line with adoption of the draft data quality policy.

### **Recommendation**

*R3 Ensure the development of business continuity arrangements and their links with the draft data quality policy.*

## People and skills

- 23 The Council has effectively communicated the responsibilities of staff, where applicable, for achieving data quality. The Council holds its lead managers with responsibility for data to account through the scrutiny of the IDU where issues are raised and training and support issues identified. Staff have access to necessary guidelines and these are updated as required. Existing guidelines and processes provide the framework for staff for expected accountability and requirements for 'right first time' in relation to data collection and usage. The appraisal system identifies training needs at service level and appropriate training has been delivered to address weaknesses.

## Data use and reporting

- 24 The Council has a solid track record of using its performance systems to manage and improve service delivery. There is a comprehensive and responsive performance management framework in place. In particular the use of PI information to inform team briefings as well as the corporate reporting requirements and use of this information as part of the budget prioritisation process. There is a comprehensive system for checking data reporting to ensure accuracy and follow up any action to address weaknesses.

## Analytical review (Stage 2)

- 25 An analytical review of the following BVPIs was carried out. The findings, subject to the validation of a sample of PIs in stage 3 spot checks, are shown below.

**Table 2**

2006/07 Performance indicator	Assessment	Comment
BVPI 82b: composting rate	Variance from 2005/06 attributable to real performance improvement	<p>The authority rolled out the Green Waste Scheme to an additional 6,000 homes in spring 2006 (Phase 5) and to the same number of homes in autumn 2006 (Phase 6).</p> <p>BVPI 82 was selected for Stage 3 review.</p>
BVPI 8: Invoices paid on time	Variance from 2005/06 attributable to real performance improvement	Selected for Stage 3 review.

- 26 All other PIs reviewed were found to be complete and within plausible and permissible values.

## Data quality spot checks (Stage 3)

- 27 A number of PIs were reviewed using a series of detailed spot checks and audit tests. Our findings are shown below.

**Table 3**

Performance indicator	Assessment	Comment
<b>Environment</b> BVPI 82a(i): Recycling rate	Fairly stated after adjustment	Adjustment required because total household waste collected was overstated.
BVPI 82a(ii): Recycling tonnes	Fairly stated	
BVPI 82b(i): Composting rate	Fairly stated after adjustment	Total composted waste collected was overstated.
BVPI 82b(ii): Composting tonnes	Fairly stated after adjustment	Total composted waste collected was overstated.
<b>Corporate</b> BVPI8: Invoices paid on time	Fairly stated	Minor errors noted.

### Composted waste

- 28 The authority used figures for composted waste collected which were provided by its contractor, Veolia (formerly Cleanaway). The authority used figures provided by KCC for all other household waste collected. Problems arose because Veolia had mistaken classified ordinary domestic waste as composted waste on a significant number of occasions. The authority had not reconciled these figures with the KCC figures and did not notice the discrepancy.
- 29 The composted tonnes figure (BVPI 82b(ii)) fell from 8,543.45 tonnes to 8,174.96 following our review. As a consequence of the amendment to BVPI 82b(ii), the percentage of household waste composted (BVPI 82b(i)) fell from 16.30 per cent to 15.71 per cent.
- 30 Total household waste collected fell as a result of the fall in composted tonnes. Total waste collected per household (BVPI 84a) fell from a stated 466.08 kg to 462.80 kg and the recycled rate (BVPI 82a(i)) rose from a stated 18.25 per cent to 18.38 per cent. These BVPIs were all adjusted before final sign-off by the Audit Commission and no issue of qualification therefore arose.

## Invoices paid on time

- 31 We checked 30 invoices which had been paid during the year. Issues with three of these invoices led to the following errors being found.
- In the first quarter, 117 grants had been paid in several batches and these had been treated as invoices when they should have been paid as cheque requests.
  - In the third quarter, 48 individuals were paid for their work on canvassing for the annual electoral registration process. These were eliminated from the calculation as they did not arise from invoices.
  - The payment run for 14 June 2006 was incorrectly entered as 12 June 2006. One invoice from this payment run was not identified as 'late' as it was paid after 32 days. This is an isolated exception (the authority has checked that all weekly payment runs in 2006/07 were correctly entered and no further exceptions were found).

### **Recommendations**

*R4 Figures provided by KCC should be used to identify composted tonnes as these will be consistent with other tonnages used to calculate waste BVPIs. These KCC-provided figures should be reconciled to those provided by the council's contractor.*

*R5 The council should ensure that payments which do not originate from invoices from trade suppliers are correctly identified when input to the purchasing system.*

## Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Agree and implement the draft data quality policy.	3	Central Services Director	Yes/complete	Data Quality Policy agreed by Cabinet.	16 January 2008.
8	R2 Ensure data quality requirements and protocols for partnerships are explicitly covered in the development of the draft data quality policy.	3	Central Services Director	Yes/complete	Covered by Data Quality Policy agreed by Cabinet.	16 January 2008
9	R3 Ensure the development of business continuity arrangements and their links with the draft data quality policy.	3	Chief Executive	Yes/complete	Covered by: Data Quality Policy agreed by Cabinet and Business Continuity Plan agreed by Cabinet.	16 January 2008
12	R4 Figures provided by KCC should be used to identify composted tonnes as these will be consistent with other tonnages used to calculate waste BVPIs. These KCC-provided figures should be reconciled to those provided by the council's contractor.	3	Waste Management Officer	Yes	KCC Tonnage figures now being used.	December 2007
12	R5 The council should ensure that payments which do not originate from invoices from trade suppliers are correctly identified when input to the purchasing system.	1	Exchequer Services Manager	Yes	Procedures reviewed to eliminate the non qualifying payments.	September 2007