



Accountants &  
business advisers

# **Hastings Borough Council**

## **Review of data quality**

November 2007

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# 1 Executive summary

- 1.1 Local authorities need reliable, accurate and timely information with which to manage services, inform users and account for performance. Good quality data is the essential ingredient for reliable performance and financial information. The data used to report on performance must, therefore, be fit for purpose, representing an organisation's activity in an accurate and timely manner.
- 1.2 The Audit Commission requires external auditors to review the arrangements established by local authorities for ensuring data quality and to report the outcome as part of their annual conclusion on organisations' arrangements for securing economy, efficiency and effectiveness in their use of resources (known as the 'value for money' or 'VFM' conclusion').
- 1.3 We have reviewed the management arrangements established by Hastings Borough Council ('the Council') for ensuring data quality in accordance with the Audit Commission's methodologies. We also looked at the detailed evidence to support the performance reported for two performance indicators specified by the Audit Commission for the annual Comprehensive Performance Assessment (CPA) of the Council. Our key findings are summarised below:

	Conclusion
Stage 1	The Council performs well in establishing arrangements for securing the quality of data and the external auditor's VFM conclusion on the 2006/07 accounts was positive.
Stage 2	There were no significant variances beyond plausible or permissible values.
Stage 3	The two sampled indicators were "fairly stated" (unqualified).

## Focus for improvement

- 1.4 Our key findings are summarised in Section 2. Areas of improvement that the Council may wish to consider include:
- Implement a risk-based approach for monitoring data quality and use this to re-perform data calculations as appropriate
  - Ensuring that the new data quality policy is communicated to all staff
  - Setting data quality targets and standards for relevant staff
  - Using data supporting performance information more widely to plan services and allocate resources.

## Action plan

- 1.5 An action plan designed to assist the Council in securing further improvement in its data quality management arrangements is shown in the Appendix.

## Acknowledgement

- 1.6 We would like to thank the Council for the co-operation and assistance provided in advance of and during the course of the review.

## 2 Introduction and summary of key findings

- 2.1 External auditors are required to prepare a conclusion on Councils arrangements for securing economy, efficiency and effectiveness in the use of resources (known as the VFM conclusion). The VFM conclusion is based on 12 criteria, one of which applies to the “arrangements for monitoring and reviewing performance, including arrangements to ensure data quality”. To support the annual VFM conclusion, and to undertake work mandated by the Audit Commission, we have completed a review of data quality, involving a three stage process:
- Stage 1: Management arrangements review
  - Stage 2: Analytical review
  - Stage 3: Data quality spot check.
- 2.2 Our audit work was undertaken between July and September 2007 for the year ended 31 March 2007. We considered the issues raised by the previous external auditors and discussed with officers the progress made with the Council's improvement plans over the past 12 months. Where necessary, we obtained additional evidence to support our conclusions on the enhanced 'key lines of enquiry' contained in the Commission's methodologies. Based on the outcome of our work, we have prepared an action plan and agreed this with management (see Appendix).

### Summary of key findings

- 2.3 Our overall conclusion is that Hastings performs well and above the minimum requirements specified by the Audit Commission in establishing arrangements for securing the quality of its data. This contributed to the external auditor giving a positive VFM conclusion on the 2006/07 accounts.
- 2.4 The Council has continued to make progress in developing its corporate arrangements for data quality. Our work shows that there is clear management commitment to ensuring data quality and evidence of a strong corporate approach to this important agenda. The Council has the necessary policies and procedures in place to secure the quality of data recorded and reported. Nonetheless, there is scope to develop the data quality policy further.
- 2.5 We found that the systems and processes in place for securing the quality of data across the Council are effective.
- 2.6 We found that the Council has put in place effective arrangements to ensure that data supporting performance information is used to manage and improve the delivery of services.
- 2.7 We completed detailed audit work on two of the indicators specified by the Audit Commission for the purposes of the annual CPA of the Council. Our work shows that both of these indicators are fairly stated:
- BV 82 a (i) & (ii) – Household waste management – recycling performance
  - BV 199 a), b) and c) - Local street and environmental cleanliness.
- 2.8 The Council has been successful in raising awareness of the importance of data quality across the organisation and has prepared policies and detailed guidance that are fit for purpose. The new Comprehensive Area Assessment regime, which is due to replace the existing CPA approach, is expected to be underpinned by a new dataset of performance information involving about 200 indicators. While not all of these indicators will need to be produced by Hastings, the Council will need to ensure that it manages the transition to the new regime.

### 3 Management arrangements (Stage 1)

- 3.1 The objective of this work is to determine whether corporate management arrangements for data quality are in place, and whether there is evidence to demonstrate that these are being applied in practice.
- 3.2 In coming to our conclusion on the corporate management arrangements for data quality, we have used evidence obtained from the following sources:
- the results of the previous year's review of data quality
  - our current knowledge of the Council and its arrangements
  - document review
  - interviews and discussions with officers, including the Head of Policy and Performance.
- 3.3 Our overall conclusion is that the Council performs well in establishing arrangements above the minimum level specified by the Audit Commission for securing the quality of its data. This is the same conclusion reached by the external auditor in 2005/06. It is pleasing to note that the Council has continued to make progress in developing its data quality arrangements. This means that the external auditor's VFM conclusion was a positive one in terms of the Council's 2006/07 accounts. The main findings arising from our work are shown below, indicating where there is scope for the Council to develop its arrangements further.

#### Governance and leadership

- 3.4 We reviewed the extent to which the Council has put in place a corporate framework for the management of and accountability for data quality. We also considered Hastings's commitment to establishing a culture of data quality throughout the organisation. We concluded that the Council's arrangements in this area are above the minimum levels specified by the Audit Commission.
- 3.5 Data quality issues are considered regularly by senior management and Members. Ongoing strategic management of data quality is assigned to the Deputy Chief Executive providing a coherent approach. The current arrangement provides the effective leadership and accountability needed to promote a consistent approach across the Council, these arrangements will be improved further through the introduction of the new data quality strategy. The strategy was approved in September 2007.
- 3.6 While the Council can demonstrate that it conducts quarterly reviews of data quality, it does not carry out ongoing detailed review, and checking of calculations. In addition, there is no risk assessment of data quality. The Council should consider implementing a more systematic and risk-based approach to monitoring data quality.

#### Policies and procedures

- 3.7 The Council has established the necessary policies, procedures and guidance needed to ensure the quality of data recorded and reported but no comprehensive data quality policy was in place for 2006/07, a new policy was adopted by Council in September 2007. The Council needs to ensure that the policy is communicated widely to all staff. In addition, the Council should consider using the data quality policy a reference point for co-ordinating current and updated data quality guidance and procedure notes.
- 3.8 We found that staff are aware of, and have access to operational procedures and guidance notes. The Council ensures that staff are kept informed of changes to guidance and procedures, this is primarily achieved through the Performance Plus system, and the Performance Indicator Co-ordinators who act as Data Quality Champions. The Council should further develop the role of the Performance Indicator Co-ordinators to track improvement in the overall approach to data quality.

## Systems and process

- 3.9 We found that the systems and processes in place for securing the quality of data at the Council are adequate.
- 3.10 The Performance Plus computer system is designed to accurately report data and incorporates validation, completeness and error checking procedures. Sub-systems exist, although validation has to occur when data is transferred from sub-systems to the main system. Some cleansing will occur at this stage but manipulation is controlled by the Policy and Performance Officer.
- 3.11 The Council has established arrangements to review the effectiveness of controls through quarterly reviews and the Performance Plus system highlights any variances when data is input. However, only a small amount of detailed testing of actual data or testing of the business critical performance information systems is carried out.

## People and skills

- 3.12 The Council has put in place arrangements to ensure that staff have the appropriate knowledge, skills, competencies and capacity for their roles in relation to data quality.
- 3.13 Roles and responsibilities for data quality are communicated to senior management, service heads and relevant staff. The recently implemented data quality strategy has strengthened this hierarchy and there are clear support processes in place, via the Policy and Performance Team, Head of Policy and Performance and the Performance Indicator Coordinators, which include training and one-to-one support. However, there is scope to more clearly define and document roles and responsibilities, for example, by setting data quality targets and standards for relevant staff.

## Data use and reporting

- 3.14 We reviewed the extent to which the Council has put in place arrangements to ensure that data supporting performance information is also used to manage and improve the delivery of services.
- 3.15 We found that the Council has put in place effective arrangements to ensure that data supporting performance information is also used to manage and improve the delivery of services. In addition, the Council is aiming to use data supporting performance information to plan services and allocate resources.
- 3.16 The Council has validation procedures in place designed to ensure the accuracy of data used in reported Performance Indicators (PIs). However, there was no evidence of effective quality assurance of the audit trail confirming accuracy of the data. The Council has now developed a system of prioritising data quality assurance work, as part of the formal data quality strategy and this was adopted in September 2007.

## 4 Data quality spot checks (Stages 2 and 3)

- 4.1 After conducting our review of the Council's management arrangements, we carried out an analytical review of PI values in order to inform the risk assessment for the selection of PIs for more detailed work at the spot check stage. There were no significant variances beyond plausible or permissible values arising and this analysis did not impact further on our selection of PIs for more detailed testing.
- 4.2 Using the results of the review of the corporate management arrangements we assessed the Council as 'low risk'. Consequently, we selected two indicators for detailed review which involved checking that the:
- source data has been assessed against the six data quality dimensions (accuracy, validity, reliability, timeliness, relevance and completeness)
  - source data is correctly represented in the PI
  - correct definition has been used
  - correct calculation method has been used.
- 4.3 We completed our audit work on two of the indicators specified by the Audit Commission for the purposes of the annual Comprehensive Performance Assessment. The results of indicators tested are detailed in the following table:

Reference	Description	Results
BV 82 a (i) and (ii)	Household waste management – recycling performance	<b>Fairly stated</b>
BV 199 a), b) and c)	Local street and environmental cleanliness	<b>Fairly stated</b>

## Appendix: Action Plan

Recommendations	Priority	Management response	Responsibility	Timing
<b>Governance and Leadership</b>				
Although the Council conducts some ad hoc reviews of data quality, it should consider developing a more robust, systematic and risk-based framework for monitoring data quality. This would involve detailed checking of calculations and review of source documentation supporting the data.	High	A programme of data quality reviews commenced in the summer of 2007 focussing on priority indicators. These cover systems, processes and responsibilities. Detailed calculation checking will be incorporated from 2008-09. There are audits scheduled for two BVPIs for this year.	Policy Unit	Calculation checking to be introduced from April 2008
<b>Policies</b>				
The Council needs to ensure that the new Data Quality Policy adopted in September 2007 is communicated and understood widely by all relevant staff. In addition, the Council should consider utilising the data quality policy to act as a central reference point to co-ordinate current and updated data quality guidance and procedure notes.	Medium	Relevant data quality information is being collated to be published internally by the end of the year. This will be communicated to staff and act as the reference point for further data quality updates.	Policy Unit	March 2008
The Council should further develop the role of the Performance Indicator Co-ordinators so that they can demonstrate an impact in data quality.	Medium	Performance Indicator Coordinators are currently working to embed the new National Performance Indicators across HBC and are involved in embedding the Data Quality Policy		
<b>Systems and Processes</b>				
The Council should consider detailed testing of the performance information systems, so helping to prevent data manipulation and error.	High	The Council's performance information system will be reviewed in the first half of 2008/09, and error testing will be incorporated into this and documented.	Policy Unit	Sept 2008



Recommendations	Priority	Management response	Responsibility	Timing
<b>People and Skills</b>				
To ensure awareness of data quality responsibilities, the Council should explicitly define relevant individuals' roles and responsibilities with regard to data quality by setting data quality targets and standards for relevant staff.	Medium	The Policy Unit and Performance Indicators will consider how best to achieve this, including seeing examples of best practice from elsewhere.		
<b>Data Use</b>				
The Council has validation procedures in place designed to ensure the accuracy of data used in reporting Performance Indicators. The Council now needs to be able to demonstrate and provide evidence of effective quality assurance of the audit trail, which would confirm the accuracy of the data.	Medium	Examining the audit trail will be incorporated into the data quality reviews mentioned above from January 2008.	Policy Unit	Jan 2008