

# Dacorum Borough Council - Internal Audit Final Report

## Data Quality

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### Key dates:

<i>Date of fieldwork:</i>	<i>October 2011</i>
<i>Date of draft report:</i>	<i>November 2011</i>
<i>Receipt of responses:</i>	<i>December 2011</i>
<i>Date of final report:</i>	<i>December 2011</i>

This report has been prepared on the basis of the limitations set out in Appendix C.

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# 1. Executive summary

## 1.1. Background

As part of the Internal Audit programme for 2011/12, we have undertaken an audit of Dacorum Borough Council's (DBC) systems of internal controls in relation to Data Quality.

Since the current government's abolition of national indicators, local performance indicators are used to monitor the Council's performance. Information is uploaded onto CorVu, the Performance Management System used for recording, aggregating and reporting on performance related issues.

Audit selected ten performance indicators, covering a variety of functions that included the Customer Contact Centre, Property and Maintenance, Waste and Recycling, ICT and Revenues and Benefits.

## 1.2. Objectives and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Data Quality and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Collection of Data; Documentation and Review of Data; and Follow Up of Previous Recommendations Raised.

Further detail on the scope of the audit is provided in Section 2 of the report.

## 1.3. Summary assessment

Our audit of DBC's internal controls operating over Data Quality found that there is a sound system of internal control designed to achieve the system objectives, however there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below.

Evaluation Assessment	Testing Assessment
Substantial	Substantial

Management should be aware that our internal audit work was performed according to UK Government Internal Audit Standards which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment for Data Quality is shown in Section 3.

#### **1.4. Key findings**

We have raised five priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- Data should be reviewed prior to input onto CorVu.
- Responsible Officers should be in place for all Performance Indicators.
- Third Party Data should be verified.
- Data should be entered into CorVu in a timely manner.
- Source documents should be retained on file.

Full details of the audit findings and recommendations are shown in Section 4 of the report.

#### **1.5. Management Response**

A summary of management's response is included in Section 4 – Observations and Recommendations.

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of assignment

### 2.1 Objective

The overall objective of this audit was to assess whether DBC's systems of control over Data Quality, with regards the areas set out in section 2.3, are adequate and are being consistently applied.

### 2.2 Approach and methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non statistical sample testing;
- identification of control weaknesses and potential process improvement opportunities;
- discussion of our findings with management and further development of our recommendations, and
- preparation and agreement of a draft report with the process owner.

### 2.3 Areas covered

The audit was carried out to evaluate and test controls over the following areas:





















- *Collection of data*  
Individual transactions used to calculate the performance indicators have been captured completely and accurately. Management have put in place robust processes for the collection of data to ensure that all data is captured appropriately. Where data is received from a third party, systems are in place to verify that the data provided has been captured completely and accurately.
- *Documentation and Review of data*  
There is a robust audit trail in place to support the performance indicator calculation. All underlying data is reviewed prior to the inputting of the data onto the Corvu system and data has been entered onto Corvu in a timely manner.
- *Follow-up of previous recommendations raised*

The Performance indicators we have agreed to review as part of our audit:

- CSU 02 - % enquiries which are resolved at first point of contact within Customer Service Centre
- CSU 05 - % enquiries which are resolved at first point of contact within Contact Centre
- CSU 06 - % of customers satisfied with service received from the Contact Centre
- PP 09 – Average time taken to re-let a Council property (General Needs)
- PP 13 - % responsive repairs completed right the first time
- PP 15 - % of tenants satisfied with level of repair
- PP16 - Average time taken to re-let a Council property (disabled and elderly)
- ICT 01 - % of Server, System and Network uptime
- RBF 02 - Average time taken to decide a change event for Housing and Council Tax benefit

### 3. Assessment of Control Environment

The following table sets out in summary the Performance Indicator we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
CSU 02 - % enquiries which are resolved at first point of contact within Customer Service Centre			<b>Recommendation 1</b>
CSU 05 - % enquiries which are resolved at first point of contact within Contact Centre			<b>Recommendation 1</b>
CSU 06 - % of customers satisfied with service received from the Contact Centre			
PP 09 – Average time taken to re-let a Council property (General Needs)			<b>Recommendation 2</b>
PP 13 - % responsive repairs completed right the first time			<b>Recommendations 3 and 4</b>
PP 15 - % of tenants satisfied with level of repair			<b>Recommendations 3 and 4</b>
PP16 - Average time taken to re-let a Council property (disabled and elderly)			<b>Recommendation 2</b>
WR 01 – Total number of missed bins			<b>Recommendation 2</b>
ICT 01 - % of Server, System and Network uptime			<b>Recommendations 1, 2 and 5</b>
RBF 02 - Average time taken to decide a change event for Housing and Council Tax benefit			<b>Recommendation 1</b>

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## 4. Observations and Recommendations

### Recommendation 1: Data accuracy (Priority 2)

#### Recommendation

Data should be checked by the officer calculating the performance indicator and also reviewed by the officer uploading onto CorVu.

#### Observation

All data should be checked by the officer responsible for collecting and calculating the data and reviewed by another officer responsible for uploading onto CorVu. There needs to be evidence that the officer compiling the data is not the same as the officer uploading onto CorVu. This will help verify that the final figure uploaded onto the performance management system and reported to Cabinet is accurate.

Audit found no evidence that the data had been reviewed for performance indicators CSU 02, CSU 05 and ICT 01 prior to inputting to CorVu. Additionally, for CSU 02 and CSU 05, the officer calculating the data was also the officer responsible for uploading onto CorVu. This was evident by the name of the uploader which is recorded on CorVu.

Where data is not reviewed and checked for accuracy, there is a risk that incorrect data is input to Corvu impacting on the accuracy of performance information reported to members and management.

#### Responsibility

Assistant Director of Strategy and Transformation

#### Management response / deadline

Agreed / Immediate

The Assistant Director of Strategy and Transformation agreed that this would be communicated to all Responsible Officers of each of the Performance Indicators tested.

Arrangements are in place through the Corvu system for one officer to calculate and upload data into Corvu (the updater) and then another officer, either at Group Manager or Assistant Director level, will review the data and approve it (the approver). This is in place and will continue as part of the Councils DQ arrangements.



## Recommendation 2: Responsible Officers (Priority 2)

### Recommendation

There should be a named Responsible Officer in place for all Performance Indicators, along with a named Secondary Responsible Officer. These should be documented on the Performance Indicator Control Sheets.

### Observation

In line with the Council's Data Quality Strategy 2009 - 2014, there should be a named Responsible Officer along with a Secondary Responsible Officer in place for each Performance Indicator. These should be documented in control sheets, which are templates that Responsible Officers use to state the definition of performance indicators, how they should be recorded and who is responsible for the recording and reporting of the associated data.

Audit found that of the ten performance indicators selected for testing, four did not have control sheets in place with up to date officers:

- PP 09 required updating with the new Secondary Responsible Officer;
- PP 16 required updating with both the Responsible Officer and the Secondary Responsible Officer;
- WR 01 had no Secondary Responsible Officer in place; and
- ICT 01 required updating with both the Responsible Officer and the Secondary Responsible Officer.

Regarding WR 01, Audit was unable to test this particular Performance Indicator due to the PI owner being on leave for the duration of the audit. It was then confirmed to Audit that no second officer had been named.

Where a member of staff is not able to deputise for the PI owner there is the risk that the recording and reporting of performance information may be impacted upon in the absence of the PI owner.

### Responsibility

Assistant Director of Strategy and Transformation

### Management response / deadline

Agreed / Immediate

There are named Responsible Officers for all Performance Indicators, and Secondary Responsible Officers for 85% of the indicators. The remainder will be in place by end of March 2012. This will be reviewed on an annual basis to ensure information is kept up to date.

### Recommendation 3: Third Party Data (Priority 2)

**Recommendation**

Consideration should be given to introducing checks on third Party data supplied by external contractors in order for the Council to satisfy itself that its reporting of Performance Indicators is complete and accurate.

**Observation**

Third Party data verification checks should be considered by the Council in order to satisfy itself that the data being used to calculate Performance Indicators is robust and accurate. The Council can do this by either running sample checks on the data collected or calculated on its behalf by the third party.

Through discussion with PP 13's Responsible Owner, there was no evidence that sample checks of data provided from Mitie (third party contractor) were being carried out.

Where the Authority relies on data provided from a contractor, and does not have system in place to verify its accuracy or validity, there is a risk that the reported performance is inaccurate.

**Responsibility**

Assistant Director of Strategy and Transformation

**Management response / deadline**

Agreed / Immediate

All external contractors are required to comply with the Council's Data Quality standards as part of contractual arrangements. Checks are made by Group Managers on data supplied as part of Corvu arrangements and are monitored for anomalies. Much 3<sup>rd</sup> Party data (eg from the Police) is also subject to the organisations own rigorous DQ procedures.

Actioned and in place.

## Recommendation 4: Timely input to CorVu (Priority 2)

<p><b>Recommendation</b></p> <p>Figures should be uploaded onto CorVu in a timely manner each month.</p>
<p><b>Observation</b></p> <p>Targets and actual performance results should be input onto CorVu at the end of each month. A reminder email is set up on the system so that all Responsible Officers are aware of their duty to update CorVu.</p> <p>It was noted that for both PP 13 and PP 15, neither PI's had all three months in Quarter 1 of 2011 uploaded by the due date. For PP13, May and June were not uploaded by the due date and were therefore not reflected in those months' Monthly Performance Reports. For PP 15, April 2011 was not uploaded by the due date and not included in April's Monthly Performance Report.</p> <p>Where performance figures are not reported on a timely basis, there is a risk that issues are not promptly highlighted and remedial action taken.</p>
<p><b>Responsibility</b></p> <p>Assistant Director of Strategy and Transformation</p>
<p><b>Management response / deadline</b></p> <p>Agreed / Immediate</p> <p>New quarterly and monthly reporting timetables have been produced and circulated to all updaters and approvers. Monthly reminders are sent out to ensure data is uploaded in a timely manner. Corporate Management Team review data monthly and highlight any missing information. The updating timetable is also displayed on the Corvu portal.</p> <p>Actioned and in place.</p>





## Recommendation 5: Retention of source documents (Priority 2)

<p><b>Recommendation</b></p> <p>Evidence of all data and how it was recorded and calculated should either be retained on file or be accessible via reporting tools on electronic systems.</p>
<p><b>Observation</b></p> <p>It is important as part of the verification of the integrity of data, that source documents are either retained or be accessible for audit purposes when requested.</p> <p>With respect to performance indicator ICT 01, it was found that there were no records of data used for calculating the PI. When Audit tried to test the integrity of the source data from Quarter 1, it was found that no data was retained for months April through to June.</p> <p>Where documentation is not available to support the calculation of a performance indicator there is a risk that the figure reported is inaccurate.</p>
<p><b>Responsibility</b></p> <p>Assistant Director of Strategy and Transformation</p>
<p><b>Management response / deadline</b></p> <p>Agreed / Immediate</p> <p>Data Quality sheets ask all Data Quality owners to specify data sources. These will be checked annually by the Performance Team to ensure compliance. All data holders of both system and manually calculated performance indicators will be issued with a reminder of this as a part of our DQ programme in January 2012.</p>

## Appendix A – Reporting definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## Appendix B – Staff interviewed

The following personnel were consulted:

Janice Milsom - Assistant Director (Strategy & Transformation / Community & Organisation)

Heather Weller - Team Leader (Performance, Improvement & Transformation)

Mark Kibble- Maintenance Team Leader

Tracy Lancashire- Senior Manager (Contact Centre)

Linda Smith – Senior Manager (Contact Centre)

John Worts – ICT Manager

Lesley Jugoo – Performance and Monitoring Officer

Fiona Williamson – Senior Manager (Property & Place)

Chris Baker – Revenues and Benefits Support Manager

We would like to thank the staff involved for their co-operation during the audit.

## Appendix C - Statement of responsibility

### Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

### Deloitte & Touche Public Sector Internal Audit Limited

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