

Agenda Item 11

SMT / Audit & Governance Committee

29 September 2009

TC/BD



A programme of PIs for data quality checking by Internal Audit

Summary

A programme of Performance Indicators (PIs) relating to the 2008/09 year was drawn up for data quality checking by Internal Audit during April to June 2009. The objective was to ensure that performance indicators are correct and that their supporting documentation was adequate to satisfy the requirements of our external review agencies.

Internal Audit found that most PIs were either incorrect or needed remedial action. We are pleased to report, however that the recommendations made to Heads of Service were accepted and will be implemented to ensure PI reporting will be accurate and adequately documented in future years.

Recommendations

That the Audit & Governance Committee supports the recommendations made to improve the quality of council data.

a) Reasons for Recommendation

The recommendations are intended to help ensure the effectiveness of the arrangements in place to monitor the quality of the Council's published performance information and to report the results to members.

b) Alternative Options

None.

c) Risk Considerations

A failure to ensure the accuracy of the performance information used by members and officers will attract criticism from external review agencies. This may affect the council's assessment under CAA when it looks at how the council spends public money and ensures it is accountable for quality local services. Adverse criticism could compromise the Council's reputation and budgets.

d) Policy and Budgetary Considerations

There are no budgetary implications.

e) Date for Review of Decision

N/a

1.0 Introduction

1.1 Analysis of the council's National Indicators suggests that the Council needs to continue to improve both the accuracy of calculations and the adequacy of their supporting documentation.

1.2 The Communications and Improvement Manager had pre-selected 10 NIs which, in his opinion required to be audited. His reasons for selecting these NIs are set out against each NI in the next paragraph.

2.0 Details of the Review

2.1 NI 156 – Housing

Description – Number of Households living in Temporary Accommodation
Reason for selection: Affordable housing is one of the Council's priorities.

Review outcome:

- The reported figure (91 persons) should be 89 as 1 person had moved from council owned property to a Housing Association. Another held a secure tenancy (as reported below)
- The data relating to two tenants quoted the wrong address
- Our sample revealed the data held within the Housing System (Anite) was incorrect in five instances. We found inconsistencies between the PI data and the Housing System (Anite – rents module). These will be explained further in the audit report relating to Housing Needs.

Review recommendations:

- A formal process must be established to communicate tenancy changes between Housing Needs and Housing Rents.
- A periodic check should be carried out between the Tenancy Agreement and the data entered into the Anite system (Needs) to ensure details of the 'tenancy' are correct, (ie secured or non-secured).

2.2 NI 181 – Finance (Housing Benefits)

Description - Time taken to process Housing Benefit & Council Tax Benefits
Reasons for selection: Even though it had been audited by internal audit in 2007/08 as BV78A it was thought necessary to audit the new NI to verify the integrity of the system and as a follow up to the Systems Thinking Review.

Review outcome:

- No significant errors found

Review recommendations:

- None.

2.3 NI 182 – Environmental Health / Licensing

Description - Satisfaction of businesses with local authority regulation services for licensing and environmental health

Reasons for selection: This is a new Indicator and cuts across services and is therefore, more complicated to implement.

Review outcome:

- The reported figure of 75% was based on erroneous information that did not comply with the official definition. In addition, the figures had been calculated from just three surveys which, in our opinion, did not provide a fair representation of the business community or interaction types¹. A summary of our main concerns with this Indicator are detailed below:

¹ Visits, correspondence, telephone calls or email

- The Licensing team within Legal, Licensing and Democratic Services excluded license applications as they thought these were outside the scope of this National Indicator (they did not include the license application as an interaction – therefore all these will have been missed).
- The Council's regulatory services include environmental health and licensing. In our opinion, the licensing element of the Performance Indicator did not fairly represent the business community. We have based this opinion on the fact that there was only one survey undertaken in 2008/09 (for visits only, the other interaction types were ignored). The sample size of the survey was 16 clients but 50% of the sample were for village, community and church halls, which in our opinion is not representative of the wider business community.
- Monthly surveys were not carried out (as required by the NI definition). Our review found that just three surveys were completed during 2008/09, one survey as detailed above in November 2008 and two surveys by the Licensing team located within Environmental Health in September 2008 and October/December 2008.
- Both Service areas (being the Licensing team located within Legal, Licensing and Democratic Services and the Licensing team located within Environmental Health) interpreted the National Indicator definition incorrectly; their interpretation of 'business interactions' was taken to mean 'visits'. All other interactions were excluded¹.
- The Licensing team located within Environmental Health found it difficult to select equal sized samples from 'compliant'² and 'non-compliant'³ visits. This difficulty arises from the fact that very few of their visits result in a non-compliant finding.
- In December 2007 Internal Audit recommended that the Council's two Licensing functions (being the Licensing team located within Legal, Licensing and Democratic Services and the Licensing team located within Environmental Health) be amalgamated. This recommendation was agreed. The issue was raised subsequently on the Council's Annual Governance Statement throughout 2008/09 and monitored by the Audit & Governance Committee, but we note from the review that the recommendation has not yet been implemented.

Review recommendations:

- In future, data for survey should be selected from all regulatory interactions (ie: visits, correspondence, telephone calls or email).
- Surveys should be drawn proportionally from non-compliant and compliant regulatory interactions and should cover the wider business community.
- Surveys should be carried out on a monthly basis (as per the NI definition) and until the two separate teams have been amalgamated, these surveys should be co-ordinated to ensure that the wider business community is targeted and no business is sampled more than once in a 12 month period.
- A new process should be established that ensures all information from both Environmental Health and Licensing is collated, amalgamated and calculated according to the PI definition.

² Compliant with the requirements of the license issued

³ Non-compliant with the requirements of the license issued

2.4 Review of Air Quality Indicators

Air Quality Indicators are comprised of the following NIs

- **NI 185a - CO2 % reduction from local authority operations**
- **NI 185b - CO2 total emissions from local authority operations**
- **NI 194a (i) - Air Quality, % reduction in local authority primary PM₁₀⁴ emissions**
- **NI 194a (ii) - Air Quality, tonnage reduction in local authority primary PM₁₀ emissions**
- **NI 194b (i) - Air Quality, % reduction in local authority primary NO_x⁵ emissions**
- **NI 194b (ii) - Air Quality, tonnage reduction in local authority primary NO_x emissions**

Reasons for selection: These are new Indicators which involved participation from most officers within the Council and external organisations.

Background Information

The values for these Indicators are generated from a PI Spreadsheet managed by Devon County Council. The review carried out by Internal Audit focuses on the input to the model for the year - 2008 / 2009 (known as the 'base year').

Please note, this is the first year that data has been submitted and will be used as a basis for future comparisons, therefore it is imperative that the submitted data is both accurate and complete.

Review outcome:

Stationary Sources (ie Council buildings (not council housing), security lighting, car park ticket machines, public toilets)

- **Axe Valley Sports Centre** has been recorded in the PI Spreadsheet electricity usage of 1,389KWh – this should be 100,389KWh as reported by LED management.
- There is no recorded energy usage for the **Home Safeguard Call Centre** in Sidmouth though it operates a 24 / 7 service. Internal Audit can confirm that the total annual electricity usage for the **Call Centre** is approximately 21,000 KWh.
- **The Glen** in Honiton has no recorded Electricity Usage for security lighting.
- Two of the Council's **Public Toilets** had not had their electricity usage calculated or recorded:
 - *Castle Street, Axminster*
 - *Fore Street, Beer*
- **LED** – the gas usage for 2008 / 2009 is 22% higher than 2007 / 2008 and 15% higher than the average of the two previous years (ie: 2006 / 2007 and 2007 / 2008)

Transport Sources (ie SITA vehicles, Council vehicles and Members/Officers business mileage claims)

⁴ PM₁₀ 'Particulate Matter' (bits of matter in the air) of no more than 10 micrometers diameter

⁵ NO_x 'oxides of nitrogen' (ie: the sum of nitric oxide and nitrogen dioxide)

- At the time of the audit the details for **SITA vehicles** was not available and had not been entered into the PI Spreadsheet, therefore this data is missing.
- A report was produced by Payroll Services detailing **Officers & Members Expenses**, the values on this report were compared to the values in the PI Spreadsheet and were found to be significantly different in all cases.

Review recommendations:

The NI responsible officer should:

- Update the PI Spreadsheet with the correct electricity usage for **Axe Valley Sports Centre**.
- Review the data and include the annual electricity usage for the **Home Safeguard Call Centre**.
- Consider including an electricity usage estimate for **The Glen, Honiton**, based on the average for other security lighting schemes.
- Consider using an estimated electricity usage for **public toilets** in Castle Street, Axminster and Fore Street, Beer.
- Consider reviewing the accuracy of the 2008/2009 gas usage with **LED** management to understand why the usage for 2008/2009 is 22% higher than 2007/08.
- Enter the **SITA vehicles** data into the PI Spreadsheet and undertake a check to be confident that the data supplied is accurate and complete.
- Investigate the differences with regard **Officers & Members Expenses** between the data supplied by Payroll Services and the PI spreadsheet and update the latter if necessary.

2.5 NI 196 – Street Scene

Description - Improved street & environmental cleanliness – Fly Tipping

Reasons for selection: This is a revised Indicator with a new responsible officer.

Review outcome:

- Street Scene Services enter all incidents and related actions into a “Flycapture” computer system which is provided by the Environment Agency on behalf of DEFRA. All incidents and related actions are given a weighted value to reflect the size of the problem and the nature of the action taken by the Council. Internal Audit have confirmed with the Environment Agency that only data relating solely to fly tipping incidents should be entered into the Flycapture system.
- Street Scene’s responsibilities extend beyond fly tipping to include other incidents such as street litter, graffiti, trade waste left for removal by domestic refuse collectors FOC⁶ and the collection of dead animals from road accidents.
- After reviewing this PI we conclude that the requirements set out in the definition for producing this PI have not been fully understood by the PI responsible officer.
- Further details to substantiate our conclusion are detailed below:

⁶ Free of charge

- The Council has a responsibility to regulate the collection of trade waste, in instances of non-compliance a 'Duty of Care Order' can be issued. These Orders can also be issued to householders who place domestic refuse carelessly in the street. During our review we found that the Duty of Care Orders issued had erroneously been included in the data used to calculate the NI.
- The collection of dead animals from road accidents had also been erroneously included in the data used to calculate the NI. These account for around 21% of the reported incidents entered into the Flycapture computer system for 2008/09. We understand however, that no data was entered in 2007/08 but as these incidents have been allocated a low weighting value the effect on the PI is not significant.
- From the information available it would appear that the Council has been graded⁷ '3' ie 'not effective'. A significant factor in this low grade is likely to be based on no incidents or actions having been recorded in the Flycapture computer system until June 2008, (ie no data is available for 2007/08 and data for only 10 months of 2008/09). There is a risk that the incorrect data held within the Flycapture computer system could result in an incorrect grade being given by DEFRA for next year (ie for 2009/10).
- We found that the working papers and supporting documentation to validate and verify the data for the NI (held within the Flycapture computer system) extended to all incidents, not just fly tipping, (ie: all paperwork relating to the wider responsibilities of the Service such as street litter, dead animals, trade waste removal and graffiti). This made it difficult to corroborate the NI data held within the Flycapture computer system used in the calculation.
- It became evident that the responsible officer had not received appropriate training on the Flycapture computer system, in particular in the use of reporting tools. We understand the computer system can produce management reports that would simplify the verification of NI data.
- Of concern also was that up until the date of our visit, the actual weighted calculation had not been produced.

Review recommendations:

- The incorrect data (as specified in the paragraphs above) be amended within the Flycapture computer system.
- Discussions should take place with DEFRA and the Environment Agency to determine how the incorrect data can be amended in order not to distort future gradings.
- Non-fly tipping data (such as street litter, dead animals, trade waste removal and graffiti) should not be included in the weighted gradings or the calculation.
- Supporting documentation to verify the NI should be kept separately from documentation relating to other incidents.
- Relevant and appropriate training should be provided to the NI responsible officer on how to use the Flycapture computer system effectively.

3.0 Conclusion and General Recommendations

It became evident during our review that although managers had been given the actual NI 'definitions', they should also have been told explicitly to check for 'online' definitions which contained 'links' to further advice and/or guidance.

⁷ Based upon a two-dimensional matrix of incidents and actions split between increase, decrease or no change a grading is established as follows: very effective 1, effective 2, not effective 3 and poor 4.

The Management Information Officer will supply all responsible officers with information on where to obtain PI definition and reporting updates. The responsible officers will then need to monitor whether their own PI is amended during the year.

There is a need to clarify the roles and responsibilities of the responsible officer and the sign-off officer and these are set out below:

Responsible Officers

They are responsible for:

- gathering and collating data relating to the PI
- generating an accurate monthly/quarterly/annual figure
- entering a figure plus a comment (in the Management Notes section) onto the SPAR system
- keeping supporting documentation to evidence the figures generated
- monitoring for updates relating to the PI

Heads of Service

They are responsible for:

- interpreting the PI's definition (with the help of the Communications and Improvement Manager and Management Information Officer) and explaining this to the Responsible Officer
- setting up the process of data collection, collation and generation with the Responsible Officer
- assessing what documentation needs to be kept in order to maintain evidence to back up the figures, Internal Audit can advise if necessary.
- checking and authorising figures and comments before they are included in reports and or reported on the Data Interchange Hub or to a Government Office

4.0 Overall Audit Conclusion and Opinion

Although most NIs needed several recommendations they were all agreed by the various managers and heads of service with the exception of the licensing NI which has been referred to the Corporate Directors to resolve.

The fact that most NIs in our sample were found to be either incorrect or needing remedial action means that Internal Audit cannot offer substantial assurance to senior management that other NIs are correct with adequate supporting documentation.

We can however, give a positive opinion in so far that we can offer adequate assurance if the recommendations that were agreed by managers and heads of service are implemented. If so, this will greatly improve our NI reporting in future years.

Legal Implications

No observations are needed.

Financial Implications

No direct financial implications.

Background Papers

Audit Assurance – Opinions; BVPI Report by Audit Contractor (DH)

Tanith Cox
Bob Darbourne

Audit & Governance Committee
29 September 2009

	Actions agreed by PI Responsible Officers and/or Heads of Service	Implementation date and officer responsible	Auditor Notes	Head of Service Confirmation of compliance	Actual Date of Implementation	
C U R R E N T R I S K	<p>2.3 NI 182 – Environmental Health / Licensing</p> <p>In future, data for survey should be selected from all regulatory interactions (ie: visits, correspondence, telephone calls or email).</p> <p>Surveys should be drawn proportionally from non-compliant and compliant regulatory interactions and should cover the wider business community.</p> <p>Surveys should be carried out on a monthly basis (as per the NI definition) and until the two separate teams have been amalgamated, these surveys should be co-ordinated to ensure that the wider business community is targeted and no business is sampled more than once in a 12 month period.</p> <p>A new process should be established that ensures all information from both Environmental Health and Licensing is collated, amalgamated and calculated according to the PI definition.</p> <p>Yellow</p>		<p>The recommendations specified by internal audit have either not been agreed or only agreed in part the reasons being:</p> <ul style="list-style-type: none"> - There is a continuing problem with EHs computer system which is holding back any progress with this indicator. <p>The licensing team is in the process of taking over the administration of some of the EH licensing but the two separate teams are not amalgamating.</p> <p>There is a lack of dedicated resources within Licensing and EH. Although Housing's Information & Analysis Officer has been asked to report the survey results he has not been receiving complete or consistent data.</p> <p>Internal Audit recommend that a working group be convened and is driven forward by either Peter Jeffs or Diccon Pearse.</p>		Green	R E S I D U A L R I S K

	Actions agreed by PI Responsible Officers and/or Heads of Service	Implementation date and officer responsible	Auditor Notes	Head of Service Confirmation of compliance	Actual Date of Implementation	
C U R R E N T R I S K	<p>2.4 Review of Air Quality Indicators</p> <p>The NI responsible officer should:</p> <p>Update the PI Spreadsheet with the correct electricity usage for Axe Valley Sports Centre.</p> <p>Review the data and include the annual electricity usage for the Home Safeguard Call Centre.</p> <p>Consider including an electricity usage estimate for The Glen, Honiton, based on the average for other security lighting schemes.</p> <p>Consider using an estimated electricity usage for public toilets in Castle Street, Axminster and Fore Street, Beer.</p> <p>Consider reviewing the accuracy of the 2008/2009 gas usage with LED management to understand why the usage for 2008/2009 is 22% higher than 2007/08.</p> <p>Enter the SITA vehicles data into the PI Spreadsheet and undertake a check to be confident that the data supplied is accurate and complete.</p> <p>Investigate the differences with regard Officers & Members Expenses between the data supplied by Payroll Services and the PI spreadsheet and update the latter if necessary.</p> <p>Yellow</p>	<p>Agreed DB September 2009</p> <p>Agreed DB September 2009</p> <p>Agreed DB September 2009</p> <p>Agreed DB September 2009</p> <p>Agreed DB September 2009</p> <p>Agreed DB September 2009</p> <p>Agreed DB September 2009</p>				R E S I D U A L R I S K
					Green	

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C U R R E N T R I S K	<p>2.5 NI 196 – Street Scene</p> <p>The incorrect data (as specified in the paragraphs above) be amended within the Flycapture computer system.</p> <p>Discussions should take place with DEFRA and the Environment Agency to determine how the incorrect data can be amended in order not to distort future gradings.</p> <p>Non-fly tipping data (such as street litter, dead animals, trade waste removal and graffiti) should not be included in the weighted gradings or the calculation.</p> <p>Supporting documentation to verify the NI should be kept separately from documentation relating to other incidents.</p> <p>Relevant and appropriate training should be provided to the NI responsible officer on how to use the Flycapture computer system effectively.</p> <p>Yellow</p>	<p>Agreed - AH September 2009</p> <p>Agreed - AH September 2009</p> <p>Agreed - AH September 2009</p> <p>Agreed - AH September 2009</p> <p>Agreed - AH September 2009</p>				R E S I D U A L R I S K
					Green	

	Actions agreed by PI Responsible Officers and/or Heads of Service	Implementation date and officer responsible	Auditor Notes	Head of Service Confirmation of compliance	Actual Date of Implementation	
C U R R E N T R I S K	<p>3.0 Conclusion and General Recommendations</p> <p>The Management Information Officer will supply all responsible officers with information on where to obtain PI definition and reporting updates. The responsible officers will then need to monitor whether their own PI is amended during the year.</p> <p>There is a need to clarify the roles and responsibilities of the responsible officer and the sign-off officer as set out in the main report.</p>	<p>Agreed BD August 2009</p> <p>Agreed BD August 2009</p>				R E S I D U A L R I S K
	Yellow				Green	