

# Data Quality

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# Spot Checks

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Wirral Metropolitan Borough Council

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Audit 2008/09

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January 2010

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# Contents

<b>Introduction</b>	<b>3</b>
<b>Background</b>	<b>4</b>
<b>Audit approach</b>	<b>6</b>
<b>Main conclusions</b>	<b>7</b>
<b>Appendix 1 – Action plan</b>	<b>10</b>

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## **Status of our reports**

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

- 1 Effective organisations measure their performance against priorities and targets in order to check how well they are doing and to identify opportunities for improvement. Therefore the performance information they use must be fit-for-purpose. The Audit Commission paper: *In the know*, published in 2008, defines fit-for-purpose information as being relevant, of an appropriate quality and presentation for the decision being taken.
- 2 Good quality data are the foundation of good quality information. The Audit Commission's joint paper: *Improving Information to Support Decision Making: Standards for Better Quality Data*, published in 2007, sets out standards for promoting good data quality.

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# Background

- 3 Auditors assess the arrangements for data quality and use of information at key line of enquiry (KLOE) 2.2 in the use of resources (UoR) assessment. UoR KLOE 2.2 focuses predominantly on arrangements for using fit-for-purpose information and securing data quality. Auditors undertake spot checks of selected data, based on their knowledge of local risks, as evidence to support this KLOE judgement. This integrated approach to UoR and data quality replaces the previous approach to data quality work which was undertaken separately.
- 4 Our UoR assessment in the Annual Governance Report presented to the Audit and Risk Management Committee on 23 September 2009 reported that the 'Council produces relevant and reliable data and information to support decision making and manage performance. Understanding of needs of decision makers is improving. Data security is satisfactory. Performance is monitored against priorities and targets and underperformance being addressed'. This report provides feed back on detailed findings arising from the data quality spot checks carried out in 2008/09 which will be taken forward as part of our local briefing with officers for 2009/10.
- 5 The purpose of the spot checks is to support the auditor's judgement on KLOE 2.2, by confirming whether an authority's arrangements are working in practice and are applied consistently. The spot checks therefore consider whether data is fit-for-purpose, by considering the arrangements to produce the data and testing a small sample of supporting records. The purpose of the spot checks is not to comment specifically on the published value of an indicator, as was the case in previous years.
- 6 Spot checks assess data against the six data quality dimensions defined by the Audit Commission:
  - accuracy;
  - validity;
  - reliability;
  - timeliness.
  - relevance; and
  - completeness.
- 7 These dimensions underpin the voluntary standards set out in the joint paper: *Improving Information to Support Decision Making: Standards for Better Quality Data.*

## Background

- 8 The scope of the audit covers both national and local indicators.
  - The department for Communities and Local Government (CLG) announced a single set of 198 national indicators (NIs), the National Indicator Set (NIS), in October 2007 following the government's Comprehensive Spending Review 2007. The NIS is the only set of indicators on which central government will manage the performance of local government. They replace all other existing sets of indicators, including Best Value Performance Indicators (BVPIs) and Performance Assessment Framework indicators, from 1 April 2008. Targets against the NIS are negotiated through Local Area Agreements (LAAs) at each single tier and county council local strategic partnership. Each LAA will include up to 35 targets from the NIS, complemented by 17 statutory targets on educational attainment and early years.
  - NIs should not be the only way in which authorities manage performance. Authorities should complement use of the NIS with locally developed PIs and measures, which align to the authority's objectives and priorities.

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# Audit approach

- 9 Our approach to the spot checks of PIs consisted of:
- applying a set of service-specific management arrangements questions;
  - understanding the system used to collect and process the data in accordance with the PI definition; and
  - testing the underlying data against the six data quality dimensions (accuracy, validity, reliability, timeliness, relevance and completeness) as applicable.
- 10 For 2008/09 we were required to carry out mandatory testing on housing benefit cases which we completed as part of the recent certification of the Housing Benefit claim. Auditors now undertake one integrated piece of work on benefits, covering claim certification, data quality and some audit opinion requirements, using a set of workbooks developed by the Commission. The work supports auditors' UoR assessments and the Commission's benefits inspection risk assessments.
- 11 The purpose of the spot checks of benefits data is to consider the correct payment of benefit to claimants and the correct claim of subsidy. The spot checks do not focus on published performance indicators, as previously, but on the data quality of the benefits records on which these PIs are based. This is because:
- from 2008/09 BVPIs were replaced by new benefits indicators in the NIS; and
  - in April 2008 the DWP introduced an electronic data collection process for benefits performance indicators, known as the Single HB Extract (SHBE). This is intended to extract specific NIS performance data directly from authorities' benefits systems, avoiding submission of manual returns. There have been technical problems in introducing this system, which was due to be fully operational in 2008.
- 12 We were also required to choose a sample of others to test. We chose two NIs and two local indicators. The individual indicators reviewed is as follows.
- NI 145 - The percentage of adults with learning disabilities known to the Council with Adult Social Services Responsibility (CASSRs) in the settled accommodation at the time of their review or latest review.
  - NI 117 - 16 to 18 olds who are not in education, employment or training (NEET).
  - Local 2080 - The number of undisputed invoices for commercial good and services paid by the authority within 30 days of the receipt or within the agreed payment terms.
  - Local 6275 - The level of sickness absence in local authorities.

# Main conclusions

**13** Our detailed review of the selected indicators supports our conclusion that overall, the Council produces relevant and reliable data and information to support decision making and manage performance. However, the results of our spot checks of benefits data have raised some concerns about the high level of errors identified through the Council's quality assurance process which could result in claimants not receiving the correct payment of benefit. In addition, the indicator for the number of undisputed invoices paid by the authority within 30 days was not accurate until the latter part of the year but our testing confirmed that data quality had improved by the end of the year. Both of these issues are detailed below.

**Table 1 Spot check testing**

Our assessment is that overall, the Council produces relevant and reliable data and information to support decision making and manage performance

Area of testing or selected performance indicator	Management arrangements	Accuracy, validity, reliability, timeliness, relevance and completeness
Housing benefits	✓	✓ but issues regarding the high level of errors identified by QA testing
NI 145 - adults with learning disabilities in the settled accommodation	✓	✓
NI 117 - 16 to 18 olds who are not in education, employment or training (NEET)	✓	✓
Local 2080 - number of undisputed invoices paid by the authority within 30 days of the receipt or within the agreed payment terms	x not for full year	x not for full year
Local 6275 - The level of sickness absence	✓	✓

## Housing benefit indicators

- 14** We tested 60 cases across three categories of benefits and no errors or data quality issues were identified. We also tested 40 backdated benefit cases where, based on our cumulative knowledge and experience, there was a likelihood of error, and identified 12 errors which were amended or reported in our qualification letter. It is acknowledged, however, that this is a specific issue relating to this limited area (only 1.4 per cent of cases include backdates) and is not typical of the population overall.
- 15** We also identified a significant failure rate in the quality assurance (QA) testing undertaken by the Council's Compliance Team. In 2008/09, the Compliance Team tested some 7,500 new case or change in circumstance transactions (approx 10 per cent of the total) and in approximately 20 per cent of these found errors in the accuracy of the data. Although assessors corrected all the errors identified, the impact of such errors on the untested (90 per cent) population was not assessed or evaluated.
- 16** However, the Compliance Team subsequently quantified the next full months testing in May 2009 and the outcome was used extrapolate the possible impact on the whole population in 2008/09 using the errors rates the Compliance Team had identified that year. The possible absolute error extrapolated was £1,023,972 made up as follows:

**Table 2 Compliance Team quality assurance errors**

The possible absolute error extrapolated was £1,023,972 made up as follows:

Benefit area	Possible overpaid	Possible underpaid
Rent Allowances	£487,596	£413,238
Council Tax Benefit	£118,674	£4,464
Total	£606,270	£417,702

- 17** These values were not material for the opinion or the subsidy claim. However, the high level of QA errors indicates scope to improve data quality and there is also a possible impact on individual claimants who may not have received the correct payment of benefit.

### Recommendation

- R1** Improve data quality and ensure that individual claimants receive the correct benefit:
- continue to quantify the results from QA testing, consider the reasons for errors and the impact, including on claimants;
  - monitor performance over time; and
  - identify and implement appropriate training and other corrective action.



## Main conclusions

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### Local 2080 - number of undisputed invoices paid by the authority within 30 days of the receipt or within the agreed payment terms

- 18 The indicator for the number of undisputed invoices paid by the authority within 30 days was not fit-for-purpose until the latter part of the year. Our testing confirmed that data quality had improved by the end of the year.
- 19 In our review of this indicator in 2007/08 (BVPI 8), we found that the Council had not followed the correct definition of the indicator. As a result, some data which should have been included in the calculation was not, and vice versa. The Council re-ran the data but were not able to identify and remove all of the data which should not be included in the calculation, or to identify data which should be included. We were therefore unable to certify that the PI was fairly stated. We chose this indicator to test for 2008/09 to assess the Council's progress on improving data quality.
- 20 We found that this PI is now calculated with accordance with the PI definition and guidance, but only for the latter part of the year and only the final month has been used to complete the annual indicator. The data for the PI in the latter part of the year has been collected and cleansed so that the data is accurate and valid and complete before being included in the PI calculation. From the spot checks that we performed on a sample of invoices selected at random we can confirm that only relevant data has been included in the PI.

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### Next steps

- 21 The findings arising from the data quality spot checks will be taken forward as part of our local briefing with officers for the 2009/10 UoR assessment and value for money conclusion.

# Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Improve data quality and ensure that individual claimants receive the correct benefit: <ul style="list-style-type: none"> <li>continue to quantify the results from QA testing, consider the reasons for errors and the impact, including on claimants;</li> <li>monitor performance over time; and</li> <li>identify and implement appropriate training and other corrective action.</li> </ul>	2				

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