



Three Rivers District Council

Use of Resources & Data Quality 2007/08

March 2009

Contents		Page
1	Executive Summary	1
2	Use of Resources	4
3	Data Quality	13

Appendices

- A Appendix - Action Plan**
- B Appendix - UoR & CAA in 2008/09**

1 Executive Summary

1.1 Introduction

Under the Audit Commission’s Code of Audit Practice we are required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (VFM conclusion).

We described in our Auditor's Report to those Charged with Governance (September 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from two of these pieces of work:

- Our assessment of the Council's Use of Resources, using the Audit Commission's five themes and Key Lines of Enquiry (KLoE) criteria.
- Our assessment of the Council’s Data Quality management arrangements, using criteria prescribed by the Audit Commission.

1.2 Use of Resources Assessment

Three Rivers District Council (the Council) consolidated the significant progress made in its 2007 UoR assessment. Overall, the Council continued to meet sufficient criteria to demonstrate that 'good' (level 3) arrangements were in place for the management and use of the councils resources. We did not consider that performance had yet reached sufficient levels of innovation and sector leadership to be considered 'excellent' (level 4).

The Financial Reporting, Financial Management and Internal Control KLoE themes continued to be assessed at level 3, as in 2007. Financial Standing was upgraded to a level 3 in recognition of the Council's stable overall financial position. The Value for Money (VFM) theme remained at level 2 (adequate), despite some areas of improvement.

The Council's VFM profile in comparison to it's nearest neighbours, indicated that although service performance tended to be above average, costs tended to be comparatively high, taking into account demographic factors. In addition we found that, as was noted in the 2007 assessment, the Council continued to have difficulties in delivering some capital projects within the planned time frame, impacting on the delivery of planned services and potentially, the overall cost.

Use of Resources Theme	2007 score	2008 score
Financial Reporting	3	3
Financial Management	3	3
Financial Standing	2	3
Internal Control	3	3
Value for Money	2	2

Score: 1 - Not-Adequate; 2 - Adequate; 3 - Good; 4 - Exceptional.

It should be noted that the Use of Resources assessment for 2008/09 will be based on a revised set of criteria and will contribute to the overall Comprehensive Area Assessment (CAA). As a result of this we have limited our recommendations to focus on broader themes which will be carried forward under the new framework:

- The Council should continue to focus on the issue of capital budget under-spends and the re-phasing of projects as this impacts on any assessment of financial control and value for money. The Council should put itself in a position to demonstrate that delays in capital projects have a defined plan for resolution and that any related procedural or control weaknesses have been evaluated and addressed.
- In order to meet the challenge of the new Use of Resources assessment, the Council will need to formalise and strengthen the way in which value for money is measured and reported. Typically this will require improved arrangements to co-ordinate, analyse and present information provided by service departments, particularly in regard to the relationship between cost and service performance and how this delivers value.
- The quality of performance data will be a cornerstone of the new Use of Resources assessment as this provides the main source of evidence for the performance of services. Should this data be called into question as a result of external review it can seriously damage the credibility of any assertions made by an organisation in regard to performance. As a result the Council will need to deliver a greater level of focus, at higher levels of management, to ensure that data quality is given the strategic priority it requires and that sufficient controls and processes are in place. Further advice is provided in our assessment of Data Quality below.

Further details of the work we conducted to support our 2008 Use of Resources assessment, including our recommendations, are set out in Section 2 of this report. An action plan for addressing the recommendations has been developed in Appendix A.

1.3 Data Quality Assessment

We have assessed the Council's Data Quality management arrangements as being 'adequate' and consider that the minimum requirements for 2008 had been met. However, we were concerned that limited progress appeared to have been made since the 2007 assessment. Due to the Audit Commission's emphasis on raising the minimum standards year on year this lack of progress represents a deterioration of the Council's position in real terms. We did note that a number of developments, including a new data quality policy had been introduced for 2008/09 and we expect that this will address many of the areas highlighted in this report. These new arrangements will be reviewed in the 2008/09 UoR assessment.

Under the new UoR KLoE framework to be introduced for the 2009 assessment, data quality becomes a key component and will therefore have a direct impact on the Council's UoR scores and the Comprehensive Area Assessment (CAA).

It is important to consider that the new UoR framework focuses much more heavily on service outcomes. These outcomes are measured using mandatory, centrally submitted performance indicators produced by the Council across all its services. The validity of these indicators depends on the Council being able to produce and maintain accurate data. Should a future UoR assessment find that performance indicators have been incorrectly reported due to poor data, it could significantly undermine the Council's scores, both in terms of the UoR conclusions and the overall CAA judgement.

A number of recommendations have been made in this report which re-iterate areas highlighted in 2006/07. As noted above, we expect that the new arrangements for data quality introduced for 2008/09 will address these areas. The recommendations are not exhaustive and the Council should review its arrangements in the light of the 2008/09 UoR framework.

Our Data Quality spot-check work confirmed that three of the four indicators audited were fairly stated. The Percentage of Total Private Sector Homes Vacant for More than Six Months (HIP HSSA) indicator was reserved due to errors in the calculation. Note that this indicator was also reserved in the 2006/07 review, again due to incorrect application of national guidance.

1.4 The Way Forward

As noted above, there have been significant changes to the Use of Resources assessment for 2009, with the introduction of the new Comprehensive Area Assessment (CAA) framework. The framework brings together local authorities, PCTs and other public bodies in the locality to provide an assessment of all public services within the local catchment area.

The assessment criteria are broader in scope and embrace wider resource issues. For example, there is greater emphasis on areas such as workforce planning, and environmental impact. There is also a change in emphasis, away from the existence of specific processes, towards being able to demonstrate how outcomes have been improved for local people. The KLoE are therefore more strategic and focus explicitly on value for money achievements rather than processes.

Early indications suggest that organisations will find the new framework more demanding than the previous methodology. For example, many of the process criteria necessary to meet level 3 in 2008 will be assumed to be embedded and contributing to improved outcomes in 2009. Although the scoring system will use the same structure (levels 1 to 4), the overall effect will be to re-base the scoring system. As a result many organisations will find that the level of performance sufficient to achieve level 3 in 2008 will only meet level 2 in 2009. The framework recognises that a change in score under these circumstances will not necessarily indicate a deterioration in performance and our assessment will reflect this.

We will continue to work with the Council during the year to help prepare for the 2009 Use of Resources assessment. We would like to take this opportunity to remind the Audit Committee of the need to monitor the implementation of recommendations set out in this report. These will help the Council to focus on vulnerable areas under the new framework.

1.5 Use of this Report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of the performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

1.6 Acknowledgements

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our audit.

Grant Thornton UK LLP
March 2009

2 Use of Resources

2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources.

The overall conclusion that we issued, in September 2008, was that the Council has adequate arrangements for ensuring value for money in its use of resources. This was derived from the conclusions that we reached on the Council's management arrangements in a number of areas. We described the components of the use of resources conclusion and reported key messages in our Annual Report to those Charged with Governance.

We summarise in this section matters arising from our Use of Resources Key Lines of Enquiry (KLoE) assessment for 2008.

2.2 Our Approach

The assessment was carried out between July and October 2008. We reviewed the Council's arrangements against the criteria set by the Audit Commission for each of the eleven KLoEs. The KLoEs are assessed under the five theme headings:

- 1 Financial Reporting
- 2 Financial Management
- 3 Financial Standing
- 4 Internal Control
- 5 Value for Money

Our work was based on review of the Council's self assessment and supporting evidence, meetings with senior management and other key officers. We also considered and updated the findings from other audit work carried out during the year.

2.3 KLoE Scores

We concluded our 2008 KLoE assessment and submitted the scores to the Audit Commission for national quality control. The quality control process has now been completed.

The 2008 KLoE scores, together with further details of our assessment, are presented in this section under each of the five theme headings. Scores from the 2007 assessment are also provided for comparison.

2.4 Financial Reporting

The Council maintained a good standard of performance in regard to its accounting and reporting arrangements. This was due to the effectiveness of established processes embedded in prior years.

Key Line of Enquiry	2007 score	2008 score
1.1 Annual Accounts	3	3
1.2 External Accountability	3	3

KLoE 1.1 Annual Accounts

The June deadline for accounts submission was met, as was the September deadline for final accounts submission and the WGA return. The accounts were received prior to the audit fieldwork. The accounts were submitted to the audit committee in June with an explanatory paper from the Director of Resources & Governance and the level of scrutiny from members was satisfactory. Comprehensive working papers were provided to the audit team and Council staff were available when required. The rate of response to queries was good and an unqualified audit opinion was given and there were no material errors. There were a small number of non-trivial errors and some disclosure amendments to the accounts.

KLoE 1.2 External Accountability

The authority advertises the annual audit in line with statutory requirements. The Annual Audit & Inspection Letter for 2006/07 had been made available on the website free of charge and review of the website has confirmed that meeting minutes and key documents are added to the website in a timely manner. Stakeholders have been engaged in regard to the availability of information e.g. a website survey was conducted in the prior year and the results were analysed to assess feedback. The annual report contained significant explanation and context to improve accessibility for stakeholders.

2.5 Financial Management

The Council maintained its standards of performance in regard to planning and managing its finances, managing performance against budgets and managing its asset base. Established processes continued to function at a level which was consistent with prior years. Control of the capital budget continued to be an issue in regard to KLoE 2.2.

Key Line of Enquiry	2007 score	2008 score
2.1 Medium Term Financial Planning	3	3
2.2 Managing Performance Against Budgets	2	2
2.3 Managing Assets	3	3

KLoE 2.1 Medium Term Financial Planning

The Council has a detailed three year medium term financial plan which is updated annually and reflects the delivery of the Council's strategic objectives. The financial plan feeds through to individual annual service plans. A balanced revenue budget was set. Training was provided to budget holders on the budget setting process from July to Sept 2007 and the process is supported by detailed written instructions. The capital strategy sets out how the capital programme is designed to meet priorities in the strategic plan. The Authority monitors cash flow on a daily basis. In order to determine long and short term decisions Cash flow monitoring is built into the capital investment program and the executive also review reports annually on treasury management.

KLoE 2.2 Managing Performance Against Budgets

Budget monitoring reports produced from the main accounting system demonstrate an appropriate level of detail. A scheme of delegation for financial budgets set out in the Council constitution and there is a clear line of professional accountability for delivery budgets, including efficiencies. The budget for the 2007/08 financial year was approved in advance of the start of the period. The Council tests the financial and budgetary control system on an annual basis using its internal audit function.

There have been no significant revenue budget overspends, however we noted the Council continued to incur under-spends on its capital programme budget. We noted that this was being managed by 're-phasing' of specific elements of the capital programme to the financial year 2008/09. We recognise that budgetary control system has improved significantly over the last two UoR assessment years, particularly on the revenue expenditure side. However, the criteria for level 3 in this KLoE focuses on outcomes and requires that significant budget under-spends or overspends have not occurred in year. In our view, the continuation of under-spends on the capital expenditure budget prevent the Council from being assessed above level 2.

In order to ensure that the basic requirements of the new 2008/09 UoR assessment are met in this regard, the Council will need to be able to demonstrate that the delayed projects have been effectively managed and that subsequent projects have not been subject to any delays.

The financial system provides flexible reporting information including profiled budgets, and each monthly period is closed down promptly allowing managers to access information on a timely basis. Comprehensive reports are made available to members of the Council executive and review committees. Financial reports include an assessment of the risk

management implications. The Council has an established and comprehensive annual programme of staff training on financial issues.

KLoE 2.3 Managing Assets

An appropriate forward looking capital strategy and asset management plan are in place which are linked to corporate objectives and the medium term financial plan. A new asset register has been implemented using a separate piece of software to improve accounting entries, which replaces the former excel based system. The asset management plan includes scheduled maintenance and the backlog has been successfully reduced, following the transfer of housing stock. A member group has been allocated responsibility for reviewing and approving the asset management plan, and receives regular reports on progress and development.

2.6 Financial Standing

We noted that the Council has managed its spending within the available resources consistently over a number of years, and has established effective processes to manage vulnerable areas such as debt collection and the control of expenditure. As a result we consider that the Council was now operating at level 3 for this KLoE.

Key Line of Enquiry	2007 score	2008 score
3.1 Financial Standing	2	3

KLoE 3.1 Financial Standing

The Council follows a reserves policy and reserves are maintained at a prudent level. The authority produces detailed information regarding the level of debtors and recovery, including associated costs, and has a debt management strategy. Targets for Council Tax and NNDR collection are now in the top quartile of performance nationally. Overall exposure to bad debts has significantly diminished due to the transfer of the Councils housing stock in 07/08.

As noted under KLoE 2.2, the Council has demonstrated that problems with revenue budget under-spends identified in prior years have now been successfully managed due to improved budget setting and monitoring arrangements which are now embedded. After careful examination of the evidence presented to us, we consider that although capital budget under-spends has occurred in year, this does not currently pose a material threat to the Council's overall financial standing.

2.7 Internal Control

The Council has maintained a good level of performance in regard to the management of significant business risks, arrangements to maintain a sound system of internal control and arrangements designed to promote and ensure probity and propriety in the conduct of its business.

Key Line of Enquiry	2007 score	2008 score
4.1 Managing Significant Business Risks	3	3
4.2 Maintaining Sound Internal Control	3	3
4.3 Ensuring Probity	3	3

KLoE 4.1 Managing Significant Business Risks

The Council has a comprehensive risk management strategy, based on an embedded process. This provides the basis for a detailed corporate risk register which is updated on a regular basis. Service level risk registers are in place and these are referenced in annual service plans. The risk management process is included in the Council's Constitution which sets out delegated responsibility to the Executive Committee, for agreeing the risk strategy on an annual basis and the audit committee for reviewing its effectiveness. Risk assessments are included in the cover papers supporting all key reports taken to the Member committees. The risk management strategy includes the need to identify the relevant partnership risks which is also reflected in the service plan risk assessments for 2007/08.

KLoE 4.2 Maintaining a Sound System of Internal Control

An appropriate Annual Governance Statement was prepared that met statutory requirements and includes a review of the effectiveness of the system of internal control. Arrangements are in place to consider the Annual Governance Statement separately from the main accounts, via the Audit Committee. The Council has an established audit committee which is consistent with CIPFA guidelines. The Council has an Internal Audit function which is fit for purpose and has been assessed as operating in line with CIPFA code. Systems notes and guidance are in place for key financial systems and the Council has implemented a comprehensive Constitution and has standing financial instructions which are regularly reviewed.

The Council retains a file which details the key partnerships arrangements and associated contracts and these are also listed in the annual service plans. Both external audit work completed during the final accounts audit and internal audit review in the year demonstrate that arrangements are in place to ensure a sound system of internal financial control. There is a detailed assurance framework in place that maps links between controls, assurances, risks and corporate objectives. The Council also has four committees with a scrutiny responsibilities covering all aspects of the organisation.

KLoE 4.3 Ensuring Probity

The Council has adopted a code of conduct for members that takes into account the mandatory provisions of the statutory model code of conduct, and this is embedded in the Council Constitution. Declarations have been signed by Members on acceptance of office, including sign up to the requirements set out in the Constitution. The Constitution also includes a code of conduct for staff and the Council has put in place arrangements for monitoring compliance with the standards of conduct.

The Council has a Standard's Committee that meets the requirements of the Local Government Act 2000. There is a detailed fraud and corruption policy that has been effectively communicated to staff. All staff receive anti-fraud training as part of the induction process. Arrangements are set out in the whistle-blowing & anti fraud and corruption policies to deal with allegations or breaches of standards of financial conduct, and of fraud and corruption. There is an established fraud and corruption team to investigate cases as they arise, typically in regard to benefits. The whistle-blowing policy is available via the intranet and is provided to staff at their induction. The Council has complied with the requirements of the National Fraud Initiative (NFI) and no significant matters were detected during the process.

Procedures for the declaration of gifts, hospitality and pecuniary interests are covered in the Constitution and are incorporated into the induction process for both officers and Members. The registers are reviewed at regular intervals and staff and members are reminded of need to complete. The work of the Standards Committee is communicated effectively to the public via the website.

2.8 Value for Money

The value for money theme looks at an organisation's ability to continually improve performance in the services it delivers by focusing investment on strategically important areas and successfully controlling costs. In 2007/08 the Council continued to meet the minimum requirements for the delivery of value for money to its residents and in regard to the on-going management and improvement of value for money in the district. Although the Council has demonstrated significant improvement in a number of areas, the scores for both VFM KLoEs have been held back by some specific areas of weakness.

The Council should continue to build momentum to drive improvement ahead of the minimum standard for VFM. It should be noted that the new Use of Resources framework places more emphasis on how the Council's management arrangements contribute to improved outcomes in the services to local people.

Key Line of Enquiry	2007 score	2008 score
5.1 Current achievement of VFM	2	2
5.2 Managing and improving VFM	2	2

KLoE 5.1 Current Delivery of VFM

The year has seen significant improvement in the delivery of value for money in the year. The Council's VFM profile in comparison to nearest neighbours indicates that, broadly, service performance was above average with some very high performers, but that this was at the expense of above average costs in several cases, particularly in areas with the largest budgets. There have been some substantial improvements since 2006/07 in both performance and cost, most notably in regard to Parks, Street Cleaning, Waste and Benefits Admin. Problem areas continue to be Sports and Social and Local Tax Collection, although in the latter case 2007/08 we noted that performance has significantly improved from a low base in the prior year. In the case of Sports and Social, facilities were transferred to a leisure trust during the year and the benefits to VFM are expected to materialise in 2008/09.

There has been no significant unintended high over spends due to a sound budget setting and monitoring process. Areas of high spend are broadly in line with the Council's key priorities including waste collection, street cleansing, both of which have seen significant improvements in performance in 2007/08. The Council has also recently completed the transfer of its housing stock to a housing association, which took place to ensure that the Decent Homes standard could be met while minimising cost to tenants.

In regard to the score for this KLoE, the significantly improved overall picture in regard to service delivery is undermined by problems with the delivery of the capital programme for 2007/08. The 2007/08 programme already included "re-phased" work from 2006-07, and has now seen significant element of the planned work carried forward into 2008/09. The continuation of difficulties in delivering the Council's planned capital programme, raises concerns over the delivery of value for money as a result these projects. As a result we consider that, as was the case in the prior year assessment, the Council continued to perform at level 2 for 2007/08.

KLoE 5.2 Managing & Improving VFM

The Council has continued to demonstrate good management arrangements to deliver VFM, across most areas of the KLoE. Comprehensive cost information is produced for each service and this is linked to performance using a variety of techniques outlined in the now embedded VFM strategy. Costs and performance are analysed together in the annual service plans, both in terms of target setting and monitoring of delivery. The VFM strategy outlines the various techniques used, including best value reviews and the use of a scrutiny panel to evaluate projects. Performance is measured against benchmark information from a variety of sources.

The Council has demonstrated a satisfactory level of internal review on the delivery of value for money, notably in 2008 through reviews in conjunction with partners on Waste Management and the development of a business case for shared corporate services with neighbouring councils. There were examples of significant improvement in performance and cost efficiency in 2007/08, most notably in Waste Management and street cleaning, which provide a link between improved management arrangements for delivering VFM and realised improvement in services. The Council has continued to deliver 2.5% annual efficiency savings on cost and continues to be part of a number of procurement and partnership exercises that have produced cashable efficiency savings. The Council has also embedded a robust tendering process for all significant contracts.

The Value for money strategy sets out the Council's understanding of its long term costs and benefits and this is carried through to the Council's budget consultation and development process. The VFM strategy also outlines the Council's policy to "promoting equality of opportunity" and demonstrates comprehensive analysis of the local age and ethnic breakdown of the district. External funding sources are sought to support local priorities, where there is a positive VFM impact, for example monies have been secured in partnership with Hertfordshire County Council and Watford Borough Council for regeneration projects within the district. The Council has implemented IT systems to collate and report on performance information that are fully integrated into the performance monitoring and business planning arrangements.

The Council's management arrangements to secure VFM are generally of a good level and are embedded. However, this has been undermined by a lack of focus on systems and controls to ensure data quality in regard to performance information. The audit of data quality for 2007/08 indicated that systems and controls were adequate, but with some significant weaknesses. Furthermore we noted a lack of progress on planned actions to improve data quality from the prior year's assessment (see Section 3 below). As good data quality is fundamental to being able to demonstrate service improvement and therefore VFM, we consider that this KLoE continues to be assessed at Level 2.

3 Data Quality

3.1 Introduction

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.

Auditors' work on Data Quality supports the Audit Commission's reliance on performance indicators in its service assessments for CPA and this will continue to be the case with the introduction of CAA from 2009.

3.2 Our Approach

We use the Audit Commission's three stage approach to the audit of Data Quality, summarised in the table below:

- **Stage 1 - Management Arrangements**
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 our VFM conclusion.
- **Stage 2 - Analytical Review**
An analytical review of a specified selection of performance indicator results for the year, and selection of a sample for testing based on risk assessment.
- **Stage 3 - Data Quality Spot Checks**
In-depth review of a sample of performance indicators, most of which are used in CPA, to determine whether arrangements to secure Data Quality are delivering accurate, timely and accessible information in practice.

3.3 Key Findings - Management Arrangements

The Council continued to meet the minimum standard for management arrangements to ensure data quality. However we noted that little progress had been made in 2007/08 in addressing weaknesses previously identified in both the 2005/06 and 2006/07 assessments. The 2008/09 UoR assessment places greater emphasis on data quality as a key tenet of delivering value for money and the Council needs to focus on data quality as a key area for development in order to meet this challenge.

We note that new data quality policies have been introduced for 2008/09 and expect that these will address the recommendations noted here. In this respect our recommendations should be used by the Council to ensure that the new policies have addressed the weaknesses noted in 2007/08. The effectiveness of these new policies will be assessed as part of the 2008/09 UoR assessment.

Governance & Leadership

The arrangements for 2007/08 allocated responsibility for monitoring data quality to the Corporate Development Unit, and within this the Performance Improvement Manager. Data quality responsibilities also extend to staff involved in entering data within the services. There was however, no corporate lead with overall responsibility for data quality.

The Council needs to formalise and clearly define the lines of responsibility for data quality within the organisation, and provide an overall corporate lead with overall responsibility.

The Council had published a Policy Statement for Data Quality which outlines a commitment to data quality through the adoption of the Audit Commission's 'Standards for Better Data Quality'. A new Data Quality Strategy, implemented in March 2008, built on the Policy Statement and outlines an approach to improving Data Quality across the Council. The strategy has yet to embed, but represents a positive step towards improving data quality in the organisation. As noted above, basic levels of accountability for data quality have been established, but the channels for formal overall corporate accountability is not clearly defined, other than it being the ultimate responsibility of the Heads of Service to report accurate information.

The Council has developed a Data Quality Strategy, which clearly demonstrates that there are plans in place to improve management arrangements for data quality. The new Data quality Strategy is good evidence that the organisation has started to focus on data quality as a key issue at a corporate level, however this would have had to be embedded for a reasonable period of time in order to reach level 3 in the 2007/08 assessment.

The council was able to demonstrate that some review of data quality takes place at an operational (service manager) level on-an ad hoc basis around the time of submission or where problems have occurred. This takes the form of a sense check of indicators in comparison to the prior year, which is undertaken by service managers in the first instance and also by the Corporate Development Unit. However, there is currently no formal framework for monitoring and review. The system relies on the PI system's automated validation checks and overall management review.

The Council should develop and implement a formal system of review for data quality, to coincide with the timetable for submitting data in external returns. The checking process should be documented (e.g. signed off) by an accountable officer responsible for the review. This may include data spot checks.

There is specific mention within the action points of the DQ strategy that "Data quality will be embedded in risk management arrangements, with regular assessment of the risks associated with unreliable or inaccurate data". This was evidence that data quality had been considered, but not that it was embedded in corporate risk management arrangements.

Policies

The Strategic Plan 2008-11 was approved by the Council Executive in March 2008 and this includes a formal statement on Data Quality Policy. A Performance Management Framework was developed and published in 2003 although changes to the system were made following the purchase of Performance Management software (Performance +).

The revised Data Quality Strategy was approved by senior management in March 2008 and adopts the Audit Commission standards as the basis for the new policy. This cannot be said be embedded, however we recognise the step forward that has been made during the year. In addition to the overall Data quality Policy Statement, there are a range of separate operational policies and procedures for data entry (e.g. for the Performance Plus System). These are not yet comprehensive in their coverage of all aspects of data recording, analysis

& reporting and do not yet cover all business areas. This is being addressed in the Data Quality Strategy.

Documented procedures should be updated annually and made available to all staff with responsibility for data quality. This should include nationally circulated guidance on specific indicators.

We noted that staff were generally aware of the data quality policy and the operational procedures and nationally circulated guidance notes relating to their area, where these were available.

We noted that guidance notes for annual returns were circulated on a generally timely basis. Systems procedures had not been updated since the prior year, but the Council's policy statement and the Data Quality strategy has been circulated to staff via the intranet.

Systems & Processes

The key system for collecting, recording and reporting data (Performance Plus) is well established. Some minor weaknesses exist, as were noted in the most recent Internal Audit review, but these are not considered critical. The Performance Plus System is used to automatically calculate performance indicators based on data posted to it. The Council inputs data on a right first time basis, and according to the Internal Audit report and our own spot checks the council has a track record of achieving this.

The Council has used Internal Audit function to assess the effectiveness of the Performance Monitoring System as a whole. This includes the accuracy of the system and hence the effectiveness of controls. The Council has not undertaken extensive controls mapping and testing, although the Internal Audit of Performance Monitoring is an annual exercise and manages the risk of poor data being generated by the system.

Our audit work on high level controls and the Internal Audit Report both indicate that a basic level of system security is in place over critical business information systems, including Performance systems. System security is not specifically tested by the Council, other than the coverage provided by Internal Audit. Some weaknesses in the system were identified by Internal Audit and these are currently being addressed.

The Council has identified two instances of Data sharing with other external organisations (Police in regard to Community Safety and Hertfordshire County Council for Waste Collection). Formal protocols and policies have been developed with the Police, but not yet with the County Council. This continues to be an area of weakness for the Council and will be addressed as a result of the Data Quality Strategy. Validation of third party data is not generally carried out, other than through the management 'sense checking' procedures when data returns are submitted. There was no evidence that this had improved since it was identified as an issue in the prior year.

Controls should be strengthened in regard to managing data shared with external organisations, including validation procedures and security protocols.

People & Skills

The Council has started to consider the roles and responsibilities required in order to deliver the Audit Commission's standards for data quality, as stated in the Data Quality Strategy. However, the operational developments this will require have yet to be fully assessed. Staff involved in data gathering appear to be clear of their direct responsibilities, however awareness of the broader issues and implications of data quality are limited. At higher levels of management awareness is stronger and Service Heads are aware of the importance of reporting accurate data and their accountability for it.

Staff involved in the collection and input of data, and in the production of performance information, receive ad-hoc training on induction in to the relevant department. This covers operational procedures, including measures to ensure data quality, but is not formally documented as part of a set programme. Training was delivered by existing staff with DQ responsibility.

A formal staff training programme should be developed to support the new Data Quality Strategy, this should include refresher training for existing staff involved with performance data.

Data Use & Reporting

Performance information outputs, are made available to all staff on the intranet. This can help to re-enforce understanding of the of the way data is used, however it is not clear that this has resulted in a broad awareness of what the data is used for and its strategic importance, at lower levels. The Performance Plus system is used to manage day to day operational development as well as corporate reporting, but this is indirect, i.e. Service Managers use the system to provide back-up for assertions they make to the Executive on delivery of service plans. However, performance indicators are not yet routinely reported to the Executive to demonstrate the delivery of corporate objectives. The Performance Plus system is a tool to allow all service managers to support and evidence delivery of improvement in the services at operational level. At corporate level, although the Strategic Plan objectives are set up within the performance management system and performance indicators can be assigned to demonstrate achievement of these objectives, this has not been fully rolled out. This functionality is expected to be fully implemented in 2009/10.

Our audit testing in the Spot Check, and the review of Performance management by Internal Audit, indicate that BVPI returns are supported by at least a basic audit trail. BVPI returns were routinely signed off by senior service managers in some but not necessarily all cases. BVPI returns were generally calculated correctly and were within valid ranges, although occasional errors had occurred. This provided some assurance that the system of ad-hoc 'sense checks' by service managers and the Corporate Development Unit had minimised the level of error.

3.4 Results of the Spot Check

We undertook detailed spot-checking on four performance indicators. The results of this are set out in the table below.

Indicator	Spot-check outcome
BV78a - Speed of processing new claim to HB/CTB	Fairly stated
BV78b - Speed of processing changes of circumstances to HB/CTB	Fairly stated
Repeat Homelessness (HIP HSSA)	Fairly stated
Percentage of Total Private Sector Homes Vacant for More than Six Months (HIP HSSA)	Unfairly stated - Reserved

The private sector homes vacant for more than six months indicator was reserved for the following reasons:

- Empty properties are identified through a council tax report detailing exemptions. It was noted that the report, which feeds into the cell hsa7a2e of the HIP return and forms the numerator of the indicator, was run on 29/01/08. Owing to the nature of the indicator, snapshot figures are required at 01/04/08 and thus this method represents non-compliance with the guidance.
- The report which was produced, as above, included not only Private Sector dwellings but RSL, Other Public Sector and Local Authority dwellings. The Audit Commission guidance clearly states that both the numerator and denominator should include only data for "other" Private Sector dwellings and that other tenure types should be excluded.
- The vacancy start dates per the council tax report produced on 29/01/08 do not agree to the Academy council tax system. This is due to the fact that the system records the vacancy start date according to the current tax payer of the property. If liability moves to a new tenant and the property remains empty, the vacancy start date is noted as the date on which the new tenant assumed liability for the dwelling rather than the date on which the property originally became empty. This means the vacancy periods for 4 of the samples is understated and as such they are correctly included as vacant properties in the numerator. However this error could lead to dwellings which have been empty for more than 6 months being excluded from numerator. Thus assurance cannot be gained that the numerator has been completely and accurately stated. The magnitude of the error detected cannot be quantified.
- One property has been incorrectly included in the council tax report used to calculate the numerator figure due to the fact that the property was occupied on 01/01/2008 and therefore was not vacant on 29/01/08. Thus the numerator was overstated by 1 property.

Note that this indicator was also reserved in the 2006/07 review, also due to incorrect application of national guidance.

The Council should take action to ensure that the procedure for calculating The Percentage of Total Private Sector Homes Vacant for More than Six Months (HIP HSSA), correctly follows the national guidance for this indicator.

Next Steps

In Appendix A we have included recommendations for the most significant areas where improvement is required. The Audit Committee should monitor implementation of the recommendations referred to in this report.

A Appendix - Action Plan

Use of Resources

Ref	Finding	Actions required	Management response	Implementation details
2.5	In our view, the continuation of under-spends on the capital expenditure budget prevent the Council from being assessed above level 2 for KLoE 2.2.	In order to ensure that the basic requirements of the new 2008/09 UoR assessment are met in regard to capital budget under-spends, the Council will need to be able to demonstrate that the delayed projects have been effectively managed and that subsequent projects have not been subject to any delays.	<p>A review of capital out-turn will be carried out at the end of the 2008/09 financial year to assess the level of under-spends and their causes.</p> <p>The Resources Policy and Scrutiny Committee has agreed to set up a Task and Finish Group to look at Budgeting and Budgetary Control. The Group will make recommendations to improve budgeting and budgetary control so that significant budget variations are avoided at year end.</p>	<p>Capital Strategy & Asset Management Team.</p> <p>September 2009.</p>

Data Quality

Ref	Finding	Actions required	Management response	Implementation details
3.3	<p>The arrangements for 2007/08 allocated responsibility for monitoring data quality to the Corporate Development Unit, and within this the Performance Improvement Manager. Data quality responsibilities also extend to staff involved in entering data within the services. There was however, no corporate lead with overall responsibility for data quality.</p>	<p>The Council needs to formalise and clearly define the lines of responsibility for data quality within the organisation, and provide an overall corporate lead with overall responsibility.</p>	<p>The updated (March 2009) version of Data Quality Strategy includes DCRG as having overall management responsibility for data, and points to service plans as containing departmental responsibilities. Responsibility for computer data and data security is also spelled out.</p>	<p>DCRG March 2009</p>

Ref	Finding	Actions required	Management response	Implementation details
3.3	<p>The Council was able to demonstrate that some review of data quality takes place at an operational (service manager) level on-an ad hoc basis around the time of submission or where problems have occurred. This takes the form of a sense check of indicators in comparison to the prior year, which is undertaken by service managers in the first instance and also by the Corporate Development Unit. However, there is currently no formal framework for monitoring and review. The system relies on the PI system's automated validation checks and overall management review.</p>	<p>The Council should develop and implement a formal system of review for data quality, to coincide with the timetable for submitting data in external returns. The checking process should be documented (e.g. signed off) by an accountable officer responsible for the review. This may include data spot checks.</p>	<p>As part of a formal framework for monitoring and review, Service Heads will be asked to formally 'sign-off' their PIs. Internal Audit will carry out checks, including spot checks, and this has been included in Quarter 1 of the 2009/10 Internal Audit Plan.</p>	<p>Performance Management Officer & Service Heads</p> <p>June 2009</p>

Ref	Finding	Actions required	Management response	Implementation details
3.3	<p>The revised Data Quality Strategy was approved by senior management in March 2008 and adopts the Audit Commission standards as the basis for the new policy. This cannot be said to be embedded, however we recognise the step forward that has been made during the year. In addition to the overall Data quality Policy Statement, there are a range of separate operational policies and procedures for data entry (e.g. for the Performance Plus System). These are not yet comprehensive in their coverage of all aspects of data recording, analysis & reporting and do not yet cover all business areas. This is being addressed in the Data Quality Strategy.</p>	<p>Documented procedures should be updated annually and made available to all staff with responsibility for data quality. This should include nationally circulated guidance on specific indicators.</p>	<p>This is being addressed in the new Data Quality Strategy. The performance management section of the intranet contains a link to the CLG website containing NI definitions and guidance.</p>	<p>Performance Management Officer</p> <p>December 2009</p>

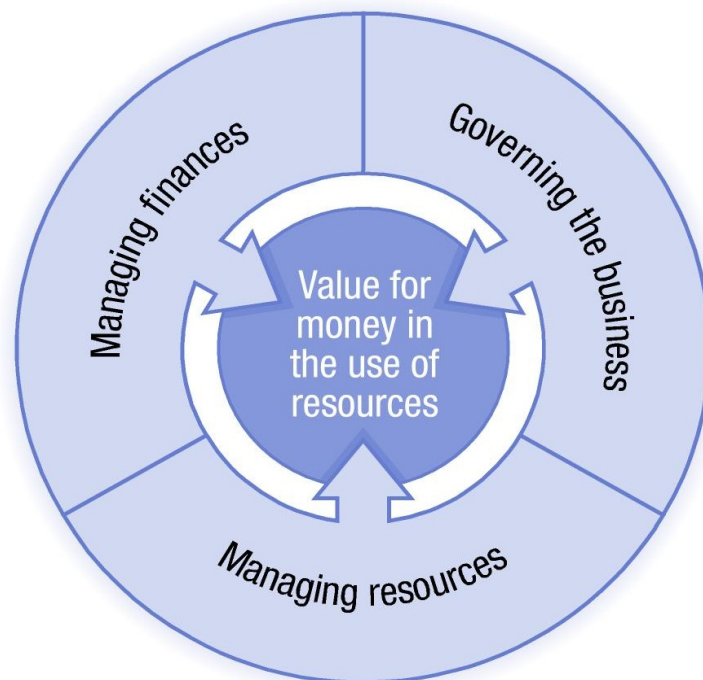
Ref	Finding	Actions required	Management response	Implementation details
3.3	<p>The Council has identified two instances of Data sharing with other external organisations (Police in regard to Community Safety and Hertfordshire County Council for Waste Collection). Formal protocols and policies have been developed with the Police, but not yet with the County Council. This continues to be an area of weakness for the Council and will be addressed as a result of the Data Quality Strategy. Validation of third party data is not generally carried out, other than through the management 'sense checking' procedures when data returns are submitted. There was no evidence that this had improved since it was identified as an issue in the prior year.</p>	<p>Controls should be strengthened in regard to managing data shared with external organisations, including validation procedures and security protocols.</p>	<p>The introduction of new national indicators requires co-ordination of data sharing.</p> <p>Formal protocols and policies have been developed with the Police and community safety partners for community safety following the Crime & Disorder Act review. Crime & Disorder strategic assessment process in place.</p> <p>TRDC has signed a data sharing protocol with Herts Childrens Trust Partnership. Safeguarding policy has been implemented. Housing joint protocol with Children, Schools and Families. District Children Trust Partnership data sharing process in place.</p> <p>Place survey being jointly commissioned across Herts. The Public Engagement Partnership is also planning a joint tracker survey to compliment national indicator data sets.</p> <p>The Council also shares data with Hertfordshire County Council for waste collection although no formal protocols and policies have been developed yet with the County Council.</p> <p>At the last Hertfordshire Performance Network (HPN) meeting there was a discussion about data quality and data sharing with partners. The HPN would like all Herts authorities to sign up to a data quality/data sharing agreement. The HPN are considering an example protocol that has been sent by Dacorum BC and a data quality questionnaire from North Herts DC.</p>	<p>Partnerships Manager</p> <p>March 2010</p>

Ref	Finding	Actions required	Management response	Implementation details
3.3	Staff involved in the collection and input of data, and in the production of performance information, receive ad-hoc training on induction in to the relevant department. This covers operational procedures, including measures to ensure data quality, but is not formally documented as part of a set programme. Training was delivered by existing staff with DQ responsibility.	A formal staff training programme should be developed to support the new Data Quality Strategy, this should include refresher training for existing staff involved with performance data.	<p>Session to introduce amended Data Quality Strategy held on 11 March 2009.</p> <p>Session to be held with staff producing national indicator data on 25 March 2009 to emphasise importance of accuracy for 2008/9 data, to resolve any problems, and promote data quality. Session to be repeated annually and entered in corporate training programme.</p>	<p>Performance Management Officer</p> <p>March 2009</p>
3.4	The Percentage of Total Private Sector Homes Vacant for More than Six Months (HIP HSSA) indicator was reserved due to errors in the calculation.	The Council should take action to ensure that the procedure for calculating The Percentage of Total Private Sector Homes Vacant for More than Six Months (HIP HSSA), correctly follows the national guidance for this indicator.	This is no longer a national indicator. Nor is it required for the HIP HSSA return. It has been deleted from the Environmental Health Service Plan.	March 2009

B Appendix - UoR & CAA in 2008/09

The use of resources assessment forms part of the joint inspectorates' framework for Comprehensive Area Assessment (CAA), which takes effect from 2009. The inspectorates, including the Audit Commission, propose that CAA will consist of two assessments - of the area and of the organisations in an area. The area assessment will look at how well local public services are delivering better results for local people against local priorities and how likely they are to improve in future.

From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. The three themes are illustrated below.



The new use of resources assessment framework is more demanding than the previous assessment. It is broader in scope and embraces wider resources issues such as people and workforce planning, and the use of natural resources. It also places more emphasis on outcomes of local people. The KLoE are more strategic and focus much more explicitly on value for money achievements rather than processes. The KLoEs in each of the three themes are set out in the table overleaf.

Managing finances	Governing the business	Managing resources
1.1 Financial planning and financial health	2.1 Commissioning and procurement	3.1 Natural resources
1.2 Understanding costs and performance	2.2 Data Quality and use of information	3.2 Asset management
1.3 Financial monitoring and reporting	2.3 Good governance and ethical behaviour	3.3 Workforce planning
	2.4 Risk management and internal control	

Each theme comprises of a number of underlying KLoE which are common to all organisations subject to a use of resources assessment under the CAA. This promotes consistency and demonstrates that all organisations within and CAA area are assessed in the same way and to the same standards.

The use of resources assessment will use the Audit Commission's current four point scale with 4 representing the highest level of performance, as follows:

Level	Performance and principles implicit in the KLoEs
1	<p>Inadequate</p> <p>Below minimum acceptable levels of performance. Consistent with an "except for / qualified" use of resources conclusion.</p>
2	<p>Performs adequately</p> <p>Consistent with established professional practice, meeting statutory requirements, operating effectively.</p> <p>Sufficient to address the KLoE demonstrating, for example: organisational leadership and commitment, partnership working, appropriate capacity and skills, informed by priorities with supporting action plans as appropriate.</p> <p>Arrangements that achieve minimum accepted levels of performance.</p>
3	<p>Performs well</p> <p>Implemented effective arrangements that are forward looking and proactive in developing improvement opportunities and include more sophisticated measuring and assessment techniques.</p> <p>Outputs and outcomes demonstrate effective arrangements that have the intended impact, and where appropriate show evidence of effective partnership working.</p> <p>Evidence of performing consistently above minimum acceptable levels and achieving value for money.</p>

Level	Performance and principles implicit in the KLoEs
4	<p data-bbox="512 331 794 365">Performs excellently</p> <p data-bbox="512 383 1054 416">Demonstrating innovation or best practice.</p> <p data-bbox="512 434 1465 506">Demonstrating strong outcomes for the community including through partnership working.</p> <p data-bbox="512 524 1465 595">Evidence of performing well above minimum acceptable levels and achieving excellent value for money.</p>



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