

Office for National Statistics: 2001-02 Accounts

Report by the Comptroller and Auditor General

Introduction

1. The Office for National Statistics (ONS) was established on 1 April 1996 by the amalgamation of the Office for Population Censuses and Surveys, and the Central Statistics Office. The aim of ONS, set out in the Agency's Service Delivery Agreement with Treasury, is to provide high quality statistics and registration services.
2. ONS is responsible for the Census in England and Wales. The information collected provides statistics and projections which are used in national planning and forms the basis for the distribution of Government funding to local authorities and health authorities. The Census in 2001 was conducted on 29 April.
3. The financial statements for the year ended 31 March 2002 show a net resource outturn of £205.5 million against a request for resources of £206.1 million. Net administration costs of £205.5 million include £88.8 million in relation to the 2001 Census.¹ Of this, £51.0 million was spent on temporary staff employed to undertake Census field operations. In 2000-01, a further £8.9 million was charged in respect of these operations, bringing the total expenditure on the Census payroll to £59.9 million.

Qualified opinion arising from limitation in audit scope

4. In forming my audit opinion I am required to obtain sufficient evidence to give reasonable assurance that the accounts are free from material misstatement. This includes examining evidence supporting the amounts, disclosures and regularity of the underlying transactions. I have qualified my audit opinion on the ONS 2001-02 Resource Account due to insufficient evidence being available in support of piece rate payments made to temporary staff for Census field operations during May 2001, totalling some £10.3 million.

¹ £87.8 million is shown in other administration costs and £1.0 million, in respect of Census Area Managers pay, is included in staff cost.

Arrangements for the 2001 Census

5. The 2001 Census in England and Wales required over 30 million Census forms and was administered by a local field force of 73,000 organised across 2,000 Census Districts, each headed by a Census District Manager. Districts were in turn organised into 100 Areas, each headed by an Area Manager reporting direct to ONS. Forms were posted back to District staff under arrangements agreed with the Royal Mail. While Census District and Area Managers were employed for a nine-month period, most Census field staff were employed for fewer than 12 weeks.

The Census Field Staff Pay System

7. ONS established detailed procedures for the recruitment, supervision, and remuneration of Census field staff. This system of control was reliant on Census District Managers, who were responsible for recruiting field staff, creating personnel records, maintaining logs of hours worked and recommending payments to field staff, although these required authorisation by the Census Area Managers. ONS oversaw the Census field operations by monitoring information from Census District Managers and from the Royal Mail on the volumes of Census forms collected.
8. Payments, totalling £49.6 million, were made to field staff on the basis of fixed fees for performing specific activities, including the initial training, the delivery of forms to households and the monitoring and follow-up of outstanding returns. Increases in work loads and additional follow-up work in excess of the assumptions built into the fixed fees were authorised by District Managers and paid at rates set by ONS. The extent of such work depended on the success of the postback arrangements and therefore the number of households that needed to be visited to collect outstanding forms. ONS paid a further £10.3 million for such work.
9. Processing and payment of staff claims was outsourced to a contractor, ADP Chessington. While ONS monitored expenditure against budget, it only performed checking on certain high value claims referred to it by ADP Chessington.

The controls over payments for additional work were inadequate

10. The postback arrangements were more successful than anticipated; 88 per cent of forms were returned through the post against the 65 –70 per cent expected. However, weaknesses in the field information systems meant that ONS managers did not have accurate and up to date reports on the progress made by District Managers in checking the

results of the postback. On 8 May, to ensure that the timetable for following up missing forms by the end of May was met, ONS authorised District Managers to take local decisions on approving field staff additional hours to help clear the backlog of forms and to begin follow-up work in advance of checking all the returned forms. As a result, ONS had no means of assessing whether the level of additional resource committed to the collection of forms believed not to have been posted was necessary.

11. In authorising Census District Managers to take decisions on approving additional work, ONS considered that the high national post back rate would yield overall savings in field staff costs of as much as £5.5 million and that this would outweigh the costs of extra hours being worked in some Districts. In total however, Census payroll costs were £59.9 million, some £5.8 million (11 per cent) in excess of budget.
12. ONS attribute £1.4 million of this overspending to additional work by field staff due to restrictions arising from Foot & Mouth disease and in changes to the way Census forms were distributed in the affected areas. ONS attribute the remaining £4.4 million to the difficulties arising from the postback and a lack of adequate management information. ONS believe, however, that the overspending on pay costs can be absorbed within the overall budget of £207 million agreed for the 2001 Census.

Conclusions

13. The measures taken by ONS were intended to secure a high response rate on the Census. ONS believe that the additional work in the field on forms collection, together with the forms returned through the postback, has contributed to a good overall response rate. However, in the light of the postback levels and the lack of adequate management information from the field, it is not possible to form a view on whether some or all of the £10.3 million of extra work authorised by District Managers was necessary to achieve that outcome.
14. The dispersed nature of the Census operations meant that tight control over piece rate payments was inherently difficult, and depended on the judgements made in the field by District and Area Managers. Under the arrangements operated by ONS it is not possible to verify whether the payments made to field staff for piecework were consistent with the hours actually worked or claimed to be worked. I am therefore unable to form an opinion on the accuracy and regularity of the payments made to field staff for additional work totalling £10.3 million and I have qualified my opinion in this respect only.

15. As noted in my report on ONS' 2000-01 Resource Account ² my staff have examined the outsourcing arrangements for the 2001 Census. These findings will be the subject of a separate report to Parliament.

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² Certificate and Report on ONS' 2000-01 Resource Account (HC171 2001-02)