



MEASURING UP

HOW GOOD ARE THE GOVERNMENT'S
DATA SYSTEMS FOR MONITORING PERFORMANCE
AGAINST PUBLIC SERVICE AGREEMENTS?

JUNE 2010

Comprehensive Spending Review 2007 covering the period 2008-2011

Review of the data systems for Public Service Agreement 29 led by the Department for International Development:

‘Reducing poverty in poorer countries through quicker progress towards the Millennium Development Goals’

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Contents

Summary	4
Wider Control Environment	6
Results of the follow-up review	10
Findings and conclusions for individual data systems	12
Indicator 29.1: Proportion of Population below \$1 (purchasing power parity, PPP), per day	12

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Summary

Introduction

1. This report summarises the results of our follow-up examination of the data systems used by the Department for International Development (the Department) to monitor and report on progress against its 2008-2011 Public Service Agreement.

Public Service Agreements

2. Public Service Agreements (PSAs) are at the centre of Government's performance measurement system. They are usually three year agreements, set during the spending review process and negotiated between Departments and the Treasury. They set the objectives for the priority areas of Government's work.
3. The Department is the lead for reporting performance against PSA 29 –'Reducing poverty in poorer countries through quicker progress towards the Millennium Development Goals'. Each PSA has a Senior Responsible Officer who is responsible for maintaining a sound system of control across Departmental boundaries that supports the achievement of the PSA. The underlying data systems are an important element in this framework of control.
4. The most recent public statement provided by the Department of progress against PSA 29 was in the 2009 Autumn Performance Report.

The purpose and scope of the 2008-09 review

5. The Government invited the Comptroller and Auditor General to validate the data systems used by the Department to monitor and report its performance. During 2008-09, the National Audit Office (NAO) carried out an examination of the data systems for the Department's PSA. This involved, for each individual data system, a detailed review of the processes and controls governing:
 - The match between the indicators selected to measure performance and the PSA. The indicators should address all key elements of performance referred to in the PSA;
 - The match between indicators and their data systems. The data system should produce data that allows the Department to accurately measure the relevant element of performance;
 - The selection, collection, processing and analysis of data. Control procedures should mitigate all known significant risks to data reliability. In addition, system processes and controls should be adequately documented to support consistent application over time; and

- The reporting of results. Outturn data should be presented fairly for all key aspects of performance referred to in the target. Any significant limitations should be disclosed and the implications for interpreting progress explained.

6. Following the findings from the validation process each of the data systems underpinning a PSA indicator were graded, as follows: (see figure 1).

Figure 1: Key to traffic light ratings

Rating	Meaning ...
GREEN (Fit for purpose)	The data system is fit for the purpose of measuring and reporting performance against the indicator.
GREEN (Disclosure)	The data system is appropriate for the indicator and the Department has explained fully the implications of limitations that cannot be cost-effectively controlled.
AMBER (Systems)	Broadly appropriate, but needs strengthening to ensure that remaining risks are adequately controlled.
AMBER (Disclosure)	Broadly appropriate, but includes limitations that cannot be cost-effectively controlled; the Department should explain the implications of these.
Red (Systems)	The data system does not permit reliable measurement and reporting of performance against the indicator.
Red (Not established)	The Department has not yet put in place a system to measure performance against the indicator.

7. The ratings were based on the extent to which the Department had:
- put in place and operated internal controls over the data systems that are effective and proportionate to the risks involved; and
 - explained clearly any limitations in the quality of its data systems to Parliament and the public.
8. The findings from the 2008-09 PSA validation exercise were reported to the Department in January 2009 and cleared with the Department in February 2009.

The purpose and scope of 2009-10 validation review

9. Our follow-up review which was undertaken in February 2010, focused on:
- Reviewing and assessing the implications of any significant changes to the data system underpinning a PSA indicator; and

- Following up the findings from our 2008-09 validation exercise to assess what actions the Department had taken to address our recommendations.

10. Our findings from the above were then used to re-evaluate the traffic light rating given in 2009 and conclude if these are still a valid assessment of the data system.

11. Section 1 of our report looks at the overall control environment which the Department has put in place to support its measurement and reporting of performance against its PSA indicators. Section 2 summarises the results of our follow-up review on an indicator by indicator basis. Section 3 includes a brief description of the findings and conclusions for those data systems which have undergone significant change. Our assessment does not provide a conclusion on the accuracy of the outturn figures included in the Department's public performance statements. This is because the existence of sound data systems reduces, but does not eliminate, the possibility of error in reported data.

Summary of results

12. Figure 2 summarises our assessment of the Department's PSA data systems.

Figure 2: Summary of assessments for PSA data systems

	PSA 29	
Number of data systems	Full review	Follow-up review
Rating		
GREEN (Fit for purpose)	0	0
GREEN (Disclosure)	6	6
AMBER (Systems)	1	2
AMBER (Disclosure)	0	0
Red (Systems)	0	0
Red (Not established)	1	0

Section 1 – Wider control environment

PSA 29 is based on the internationally adopted Millennium Development Goals (MDGs) which aim to eradicate poverty, increase gender equality and promote peace and development in the developing world. The Department has reflected its commitment to achieving the MDGs through adopting eight of the MDG indicators as PSA 29 indicators 1-8 and structuring its DSOs and Divisional Performance Frameworks (DPFs) to support achievement of this overarching goal.

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13. The Department's assessment of the validity of the data set used is based on assurances taken from the systems employed by the United Nations Statistics Department (UNSD) to collect and process the data in countries. The UN set out the data sources, collection and computation methods and the limitations of the data for each MDG indicator in an extensive MDG handbook. This provides the Department with an understanding of the data it uses to measure progress against PSA 29. Alongside this the Department also carries out work to strengthen the statistical systems at a country and an international level to help increase the quality of the data. Details of this work, such as helping countries to produce and implement their own plans to improve statistical systems, are set out in an explanatory note to the APR.
 14. The Department also draws on its specialist teams to carry out quality reviews of the UNSD data. We consider that the Department's system of quality assurance is an appropriate approach to the difficulties faced with the weaknesses in the MDG data.
 15. The deadline for the achievement of the MDGs is 2015, which exceeds the PSA period by four years. To address this, the Department has developed a methodology to predict whether the PSA indicators will be achieved in the PSA countries by 2015. The methodology was reviewed and endorsed by Oxford Policy Management (OPM) and a summary has been included in the Autumn Performance Report (APR 2009). We found that the methodology has been embedded in the PSA system and that the APR provides a good summary of the methodology. We identified some minor weaknesses in our full review of the PSA and DSO data systems; the Department's response to these is set out in paragraphs 26-33.

PSA Control Environment

16. There is a sound control environment operating in the Department, which provides a good level of support to the PSA system. Reporting to the Management Board takes place on a quarterly basis. For the quarters ending in June and December, the report focuses on management information associated with improving the efficiency and effectiveness of the organisation with any key items relating to the PSA targets being reported on an exception basis. For the quarters ending in September and March, a full review of the Corporate Performance Framework is carried out and the APR and Annual Report are subsequently produced. The Management Board uses the biannual performance review meetings to hold Divisions to account for their contribution to delivery of the PSA. The Department's performance against PSA 29 is also scrutinised by the Prime Minister's Delivery Unit at its meetings with the Department. Our review found that staff have a good understanding of their role in the PSA process and that there is appropriate segregation of duties between the collection of data, the various quality assurance processes that exist and the final agreement of the traffic light assessment used. We also examined lower level controls such as those operating over the PSA calculation spreadsheets used to calculate short term trends. At the time of our full review we received assurances that the controls were operating; however

there was no evidence to support this. We have followed up this finding and documented the results in paragraphs 26 and 27.

17. The Department places a strong emphasis on the importance of data quality and this is communicated to staff at all levels. The main difficulty faced by the Department is the inherent weakness in the quality of data collected from developing countries. Awareness around the data limitations is high. We found that the Department had made appropriate disclosures in its biannual reporting to draw attention to the weaknesses in data availability, reliability and timeliness.

Follow up on the “Full Review’s” overall conclusions and recommendations

18. In our full review of the PSA indicators 29.2 – 29.7 we found that data are entered into the PSA calculation spreadsheets by one Corporate Performance Team (CPT) member and then cross checked to the UNSD database by another member of CPT. However, the Department did not evidence this control in any way. We have reviewed this as part of our follow-up work and identified that the Department has now put a control in place that operates as follows;

- One CPT member “checks-out” the spreadsheet from Quest¹ and carries out the data entry and then “checks-in” back into Quest;
- Another CPT member “checks-out” the spreadsheet and quality assures three aspects; the data entry, the formulae and the consistency of the RAG assessments for each country;
- The quality assurance work is recorded in a QA tab in the spreadsheet that documents the name of the quality assessor as well as the date and any comments needed;
- The quality assessor “checks-in” the spreadsheet.

19. The Quest system provides evidence that segregation of duties is in place between the person inputting the data and the person quality assuring the spreadsheets. The tests that the quality assessor conducts are documented in each spreadsheet in the QA tab; this ensures that the process is consistent for all biannual reporting.

20. In our full review, we noted that the Department’s Global Statistics Partnership Department (GSPD) helps to improve the effectiveness of the international statistical system through liaison with the UN. We also noted the fact that the CPT carries out similar work which means there is a risk that the Department is duplicating its efforts to improve the statistical capability of the UN. As part of the follow up review, we found that this is not the case; GSPD leads on a project that aims to improve the statistical capability of the UN whereas the CPT engages with the UN on matters

¹ Quest is DFID’s Electronic Document and Records Management (EEDRM) system.

specifically relating to the MDG data used in the PSA and DSO reporting. Both teams work closely together to ensure that there is no duplication of efforts.

21. In our full review, we found that the Department was not carrying out an assessment of the risks around the supply of data needed for reporting progress against the PSA indicators. The Department has now conducted and documented an internal risk assessment and it has also developed suitable mitigating actions to address the risks that have been identified.

Section 2 – Results of the follow-up review

PSA 29

No	Indicator	Rating at full review	Rating at follow-up review	Reasons for change and additional comments
1	Proportion of population below \$1 (purchasing power parity, PPP) per day.	Red (Not established)	Amber (Systems)	<p>It was not possible for us to validate PSA 29.1 at the time of the full review due to the fact that data were unavailable and the progress against this indicator could not be established. The Department has reported against this indicator in the 2009 APR. The indicator uses the same calculation process and quality assurance method as indicators 29.2-29.7.</p> <p>The details of our review are included in Section 3 of this report.</p>
2	Net enrolment in primary education	Green (Disclosure)	Green (Disclosure)	<p>The systems in place for the reporting against indicators 29.2 to 29.7 are robust. The Department has made adequate disclosure of the weaknesses associated with the data used for monitoring progress against the MDG targets and disclosure has been made where reporting is not possible.</p>
3	Ratio of girls to boys in primary education	Green (Disclosure)	Green (Disclosure)	
4	Under 5 mortality ratio	Green (Disclosure)	Green (Disclosure)	
5	Maternal mortality ratio (MMR) per 100,000 live births	Green (Disclosure)	Green (Disclosure)	<p>The Department has further strengthened its disclosures in response to our full review findings. The APR 2009 now includes a paragraph to highlight the attribution weakness in the data it uses for the PSA and DSO indicators.</p> <p>It has also responded to our recommendation to evidence the controls operating over the calculation spreadsheets. This has</p>
6	HIV prevalence rate, 15-49 years old, in national based surveys	Green (Disclosure)	Green (Disclosure)	

No	Indicator	Rating at full review	Rating at follow-up review	Reasons for change and additional comments
7	Proportion of population with sustainable access to an improved water source (urban and rural)	Green (Disclosure)	Green (Disclosure)	been documented in paragraph 26-27.
8	The value (in nominal terms), and proportion admitted free of duties, of developed country imports (excluding arms and oil) from low income countries	Amber (Systems)	Amber (Systems)	<p>The Department has made the following additional disclosures in response to our full review findings;</p> <ul style="list-style-type: none"> - It has now set out the list of countries reported for this indicator in the PSA technical annex; and - It also disclosed the World Bank definition of Low Income Countries in the glossary of the Annual Report 2009. <p>However, the Department has not included a reference to the World Bank definition in its APR 2009. We recommend that the Department ensures that the definition is available in its biannual reporting either by way of a reference the Annual Report glossary or by inclusion of the definition in the PSA Technical Annex.</p> <p>In our Full Review we also recommended that the Department implements a control to ensure that that the most up to date data for 29.8 are used in the biannual reporting. At present this has not been implemented.</p> <p>It is for these reasons that our rating has remained Amber (systems).</p>

Section 3 – Findings and conclusions for individual data systems

This section summarises the results of the NAO's examination of those data systems, used to measure performance against the Department's DSOs and PSA, which have undergone significant change since the time of our full review in 2008-09.

PSA 29.1 – Proportion of Population below \$1 (purchasing power parity, PPP), per day

Rating 2009 – Red (Not established)

Rating 2010 – Amber (Systems)

1. The system in place for reporting against this indicator is robust and there is a good match between this indicator and the source data being used to measure its progress. The Department recognises that the weak national statistical systems in PSA countries have resulted in weaknesses in the internationally published data. These data underpin all of the PSA indicators, and disclosures have been made to raise awareness of these weaknesses. However, for this indicator the Department is only able to report progress for two thirds of its PSA countries as data for the other countries are not yet available.

Characteristics of the data system

2. In our full review we looked in detail at the system in place for measuring performance against PSA 29.2 – 29.7. We considered the systems to be robust and we found that the Department had made adequate disclosure of the weaknesses associated with the data used for monitoring progress against the MDG targets.
3. We have reviewed the system for PSA 29.1 to ensure that it follows the same procedures of data extraction, analysis and quality assurance as 29.2 - 29.7. We found that the system has the same characteristics as the other PSA indicators noted above; therefore, we can conclude that the system for 29.1 is also robust.

Findings

4. The target for this indicator is to maintain 7 countries that are on-track to achieve this MDG and to accelerate progress in at least 4 more (11 countries in total). The Department has disclosed the fact that it is only able to report progress for 14 out of the 22 PSA countries and that there are insufficient data to report on the other 8. The Department is able to give an indication of progress against the target for PSA 29.1; however, it is not able to provide a full picture on the overall performance against this MDG.
5. The next set of data for this indicator is due in September 2010; in time for inclusion in the APR 2010. At present it is not possible for the Department to confirm whether data will be available to report against more PSA countries.