



National Audit Office

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 30 led by the Foreign and
Commonwealth Office:**

*‘To reduce the impact of conflict through
enhanced UK and international efforts’*

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Summary

Introduction

1. This report summarises the results of our follow-up examination of the data systems used by the Foreign and Commonwealth Office (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. PSA 30 is led by the Foreign and Commonwealth Office, with data provided by, amongst others, MoD, DFID, UKBA, UKTI and HMT. 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 30 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 and DSOs. This involved, for each individual data system, a detailed review of the processes and controls governing:
 - The match between the deliverables selected to measure performance and the PSAs. The indicators should address all key elements of performance referred to in the PSA;
 - The match between the deliverables and their data systems. The data system should produce data that allow 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.

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

The purpose and scope of 2009-10 validation review

9. Our follow-up review which was undertaken in January and February 2010, focused on:
 - reviewing and assessing the implications of any significant changes to the data system underpinning a PSA; 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 ratings 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 for PSA 30. 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 30	
Number of data systems	Full review	Follow-up review
Rating		
GREEN (Fit for purpose)	-	1
GREEN (Disclosure)	1	3
AMBER (Systems)	2	-
AMBER (Disclosure)	1	-
RED (Systems)	-	-
RED (Not established)	-	-

Section 1 – Wider control environment

13. We noted in our 2008-09 review that, in a number of cases, whilst the Department had data systems which could provide data to support the reporting of performance against PSAs, the actual process for collecting and analysing the required data in the form to support the outcomes may either not have been fully established or implemented, or may have been subjective in its approach by relying upon opinions being provided by Diplomatic Missions or “Posts”, without any independent external challenge being made. Since then, in relation to the PSAs, independent challenge has been successfully introduced.
14. We also noted instances where data collected, and being reported upon, was subject to delays (in some cases of up to 2 years) in data becoming available for reporting purposes. In the case of PSA 30, delays relating to Indicators 1 & 2 were being disclosed within the Autumn Performance Report, but the impact of the delays was not being adequately disclosed to the reader for either Indicator. For 2009 the Department have added a footnote relating to these delays.
15. As part of our follow up work, we reviewed the progress the Department has made in implementing our recommendations and noted improvements in a number of areas, as reported within Section 2 (Results of the follow-up review), and highlighted in more detail within Section 3, where findings and conclusions are recorded for individual data systems which have undergone significant change since the time of our full review in 2008-09.

Section 2 – Results of the follow-up review

PSA 30

No	Indicator	Rating at full review	Rating at follow-up review	Reasons for change and additional comments
1	A downward trend in the number of conflicts globally, in particular in sub-Saharan Africa, Europe, Central and South Asia, and the Middle East and North Africa.	GREEN Disclosure	GREEN Disclosure	<p>The underlying data system supporting the calculation of this indicator has not changed.</p> <p>Whilst we assessed the system as Green (Disclosure), and there is no change to this, we recommended that there was still scope for better disclosure of the delays in the availability (in some instances of two years) of confirmed data. The Department has responded to this recommendation by the addition of the following footnote in the 2009 Autumn Performance Report:</p> <p>“HSRP data for 2007 is not yet publicly available, and may differ from the provisional estimate above when published.”</p>
2	Reduced impact of conflict in Afghanistan, Iraq, Balkans, Middle East, Sierra Leone, DRC and the Great Lakes, Horn of Africa, Nigeria and Sudan.	AMBER Disclosure	GREEN Disclosure	<p>The underlying data system supporting the calculation of this indicator has not changed.</p> <p>We originally concluded that data systems supporting Indicator 2 were broadly appropriate and utilising established data systems. We were aware of limitations that could not be cost-effectively controlled, and recommended that the Department should explain where alternative data sets have been used and also the long time lag in receiving data together with the implications of</p>

No	Indicator	Rating at full review	Rating at follow-up review	Reasons for change and additional comments
				<p>these, ie the long time lag of two years between the year being measured and the date that final data is received.</p> <p>The Department has responded to our recommendation by the addition of the following footnote in its 2009 Autumn Performance Report:</p> <p>“As there are significant time lags between the reporting period and the data available for analysis (in some cases, of over two years), the above assessments are based on qualitative reporting from HM Diplomatic Posts to give a more up-to-date picture.”</p> <p>This new disclosure explains the limitation that cannot be cost effectively controlled and explains the use of proxy data in the interim period. This enables our assessment to be upgraded to Green (Disclosure).</p>
3	More effective international institutions, better able to tackle conflict – UN, NATO, EU and AU.	<p>AMBER</p> <p>Systems</p>	<p>GREEN</p> <p>Fit for purpose</p>	<p>Our view from the work undertaken during 2008-09 was that the data system was broadly appropriate, but needed strengthening to ensure that remaining risks concerning the accuracy of the subjective views provided by Posts are adequately controlled.</p> <p>We suggested that the Department should develop a process for challenging the subjective assessments made by Posts to provide confidence in the reliability of the Department’s reported performance.</p> <p>The Department has responded by developing a</p>

No	Indicator	Rating at full review	Rating at follow-up review	Reasons for change and additional comments
				<p>moderation process of the data provided by Posts. This involves for each of the institutions a round-table/panel discussion comprising an external expert, representation from MOD or DFID as appropriate, an FCO Institutional Desk officer, an FCO Research Analyst and members of the FCO Conflict Group. These panels have met twice during 2009-10.</p> <p>We believe that this moderation process provides a robust challenge of the subjective assessments made by Posts and that the system is now Green (Fit for Purpose).</p>
4	More effective UK capability to prevent, manage and resolve conflict and build peace.	AMBER Systems	GREEN Disclosure	<p>Our work during 2008-09 suggested that the data system was broadly appropriate for the purpose of measuring and reporting performance against the indicator, subject to confirmation of its proper operation, but would benefit from more measures of progress towards the achievement of the outcomes from stated baselines.</p> <p>We recommended that the Department should develop more measures of progress towards the achievement of the outcomes set out in the delivery plan from stated baselines.</p> <p>The Department has responded to our concerns by adding additional milestones. Also measures of progress now include cross-Government assessments of the progress being made.</p> <p>The Department also explained in its Autumn</p>

No	Indicator	Rating at full review	Rating at follow-up review	Reasons for change and additional comments
				<p>Performance Report that: "HMG is putting more emphasis on early warning following the 2009 update of the National Security Strategy". This helps to disclose the need to provide for changing priorities within this indicator and thus its limitations.</p> <p>The additional milestones and disclosure means that this system is now Green (Disclosure).</p>

Section 3 – Findings and conclusions for individual data systems

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

PSA 30 Indicator 2- Reduced impact of conflict in Afghanistan, Iraq, Balkans, Middle East, Sierra Leone, DRC and the Great Lakes, Horn of Africa, Nigeria and Sudan

Rating 2008-09 – AMBER (Disclosure)

Rating 2009-10 – GREEN (Disclosure)

1. Our full review expressed concerns about significant time lags between progress being reported and the time when most of the data sets are updated by the data providers, in some cases 2 years before confirmed data is available.
2. To alleviate these delays Posts provided proxy data in the form of their own best provisional assessments within their own countries as twice-yearly updates.
3. We recommended that the Department should explain where alternative data sets have been used and also the long time lag in receiving data together with the implications of these.
4. The Department has responded to our recommendation by the addition of an appropriate footnote to its 2009 Autumn Performance Report.

Characteristics of the data system

5. Progress under this indicator is assessed against a basket of indicators:
 - state effectiveness – source of data World Bank Governance Matters – indicators for Government Effectiveness and Rule of Law (baseline used 2006 figures);
 - numbers of refugees/Internally Displaced Persons (IDPs) – source of data UNHCR Statistical Yearbook and UNWRA Statistics (baseline used end 2006 figures);
 - numbers of battle deaths – source of data UCDP/Human Security Report and UN Office for Co-ordination of Humanitarian Affairs (baseline used 2006 figures), or for Iraq consolidated data from Iraqi Ministries of Health, Interior and Defence published by Reuters (baseline used 2007 figures) or International Institute for Strategic Studies for Democratic Republic of Congo/Great Lakes region;
 - trends in child and infant mortality – source of data UNICEF Statistics (baseline used end 2006 figures); and
 - GDP per capita growth – source of data Worldbank "Devdata" and UN Statistics Division (baseline used end 2006 figures).

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6. In addition, Posts provide qualitative assessments which include: levels of security and stability, confidence of the local population, political processes, capacity, effectiveness and governance of institutions, socio-economic conditions, wider regional impact and sustained international presence in the areas concerned.
 7. The quantitative data is presented together with the qualitative assessments from Posts. The qualitative assessments from Posts thus provide validation from a local perspective of the quantitative data being used and highlight any difficulties with the data. In general, however, the Department relies on the fact that it uses quantitative data from sources which it holds in high regard for accuracy.

Findings

8. The Department has added a suitable footnote to its disclosure within the 2009 Autumn Performance Report, stating:

“As there are significant time lags between the reporting period and the data available for analysis (in some cases, of over two years), the above assessments are based on qualitative reporting from HM Diplomatic Posts to give a more up-to-date picture.”
9. This new disclosure explains the limitation that cannot be cost effectively controlled and the reason for the use of proxy data in the interim period. This enables our assessment to be upgraded to Green (Disclosure).

PSA 30 Indicator 3 - More effective international institutions, better able to tackle conflict
- UN, NATO, EU and AU

Rating 2008-09 – AMBER (Systems)

Rating 2009-10 – GREEN (Fit for Purpose)

10. Our full review concluded that while the system was broadly appropriate it needed strengthening to ensure that the remaining risks concerning the accuracy of the subjective views provided by Posts are adequately controlled.
11. We suggested that given the subjective nature of the Posts' assessments and the lack of independent validation, FCO should consider some form of validation of the submissions.

Characteristics of the data system

12. Progress is measured by Posts assessing each of four organisations against the two most important categories for each, from a list of 6.
13. Posts judge progress from definitions of which behaviours would be seen in each category if it was being met fully. This is a qualitative description with no scoring mechanism for different degrees of behaviour.
14. The Post assessments are challenged by panels that include an external expert and their findings are reported to the Delivery Board. This challenge process provides good assurance over the accuracy of Post assessments.

Findings

15. The Department responded to our suggestion by developing a moderation process of the assessments provided by Posts. This process involves for each of the institutions a round-table/panel discussion comprising an external expert, representation from MOD or DFID as appropriate, an FCO Institutional Desk officer, an FCO Research Analyst and members of the FCO Conflict Group.
16. These panels met twice during 2009-10, and provided roundtable discussions and challenge of Post assessments, each generated a discussion paper for the PSA 30 Delivery Board. The papers from both meetings show clear evidence of challenge and discussion of performance against the stated PSA indicators.
17. We consider that this moderation process provides a robust challenge to the subjective assessments made by Posts and that the system can now be considered to be Green (Fit for Purpose).

PSA 30 Indicator 4 - More effective UK capability to prevent, manage and resolve conflict and build peace

Rating 2008-09 – **AMBER (Systems)**

Rating 2009-10 – **GREEN (Disclosure)**

18. Our full review suggested that Indicator 4 would benefit from more measures of progress towards the achievement of the outcomes from stated baselines.

Characteristics of the data system

19. The Indicator seeks to capture progress for the UK Government as a whole against the following objectives:

- Strategic Approach: develop new tri-departmental strategic approach to conflict, including prioritisation of resources
- UK Capability: strengthen the UK ability to deploy civilian experts to prevent, stabilise and resolve conflicts
- Early Warning: HMG to enhance its early warning/horizon scanning analysis to ensure early decision making, integrated planning and a comprehensive approach to potential conflicts
- Non-Governmental Involvement: greater and more genuine involvement of non-governmental actors to improve quality of policy and to improve implementation on the ground
- Development Programmes: DFID to design and implement conflict sensitive programmes. Where appropriate, programmes will address the underlying causes of conflict and security issues will be treated as priority for programming in 'fragile' states.

20. FCO reported in its 2008 Autumn Performance Report that the detailed tri-departmental Delivery Plan for this indicator had only recently been agreed and that a more detailed measure of progress against this indicator will be made in April 2009.

21. The Delivery Plan identified outcomes and deliverables/milestones for each of the objectives listed above and together these provide a good match to this indicator.

22. The measure for success stated in the Delivery Plan is "By the end of the PSA period, 80% of agreed milestones will have been met and no less than 80% of milestones for each Objective in the Delivery Plan." While some of the objectives had specific "achieved by" dates others have an ongoing delivery target. The Department will use a Red, Red/Amber, Amber/Green and Green ("RAG") scoring system to report on progress to the PSA Board. In the case of milestones with "ongoing" delivery targets, they will be reported as Green where they are already being delivered on an on-going basis.

23. The nature of the objectives for this indicator need preliminary actions to be undertaken to enable, for example, the development and implementation of new strategies and policies to take place. As a result, some of the milestones relate to these actions rather than the eventual desired outcome. Notwithstanding this we considered the system would benefit from more measures of progress towards the achievement of the outcomes from stated baselines, and to this end it would help if more of the milestones related to the results of actions rather than to the action itself having taken place.

Findings

24. The Department has responded to our concerns by adding additional milestones to its delivery plan. Also the measures of progress now include a cross-Government assessment of the progress being made.

25. The Department also explained in its Autumn Performance Report that: "HMG is putting more emphasis on early warning following the 2009 update of the National Security Strategy". This helps to disclose the need to provide for changing priorities within this indicator and thus its limitations.

26. In view of the additional milestones and disclosure, we conclude that this system is now Green (Disclosure).