



National Audit Office

INFORMATION ASSURANCE SUMMARY REPORTS

Department for Environment, Food and Rural Affairs

The purpose and scope of this review

1 During the period September 2011 to February 2012, the National Audit Office (NAO) carried out an examination of a sample of the Department's indicators and operational data systems. This involved a detailed review of:

- the match between the indicators the Department publishes, the operational data it uses to run itself and the priorities and key business areas of the Department;
- the process and controls governing the selection, collection, processing and analysis of data; and
- the reporting of results.

2 Our conclusions are summarised as numerical scores. The ratings are based on the extent to which departments have put in place and operated internal controls over the data systems that are effective and proportionate to the risks involved.

3 This report provides an overview of the results of our assessment. It does not provide a conclusion on the accuracy of the out-turn 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.

4 In addition to our work on Business Plan Indicators, we also undertook work to identify other operational data and related systems that are central to the Department's performance management and reporting processes.

Overview

- 5** The Department's Business Plan sets out 14 indicators – six input and eight impact indicators – covering key priorities.
- 6** We found that that the Department's Business Plan indicators are all individually relevant to its priorities and policy areas but it is not always clear how some of the indicators chosen, for example, the Cost of Local Authority Waste Management per Household are relevant and appropriate to the performance and influence of the Department for Environment, Food and Rural Affairs.
- 7** The Department has broadly the data it needs to run itself and be held accountable by the public. However, in many cases it relies on external bodies for the provision of this data with only limited assurance on the reliability, completeness and accuracy of the data provided. The Department is aware of these weaknesses and has plans to address them, notably through the extended use of Internal Audit to review key risks to the integrity of source data, and the assurance frameworks in place for data provided by arm's-length bodies.
- 8** We examined 11 data systems in our review, of which four were Business Plan indicators and none were operational data sets. We selected our sample, after consultation with the Department, and on the basis of those data streams which were fully functional at the time of our review. We also reviewed a sample of the Department's workforce and estates indicators, which are reported in the Department's Quarterly Data Summary alongside the Business Plan indicators and a range of other measures. **Figure 1** on page 3 summarises our assessment of the Department's indicator data systems.
- 9** Responsibility for monitoring data systems and performance is split between the Audit and Risk Committee and the Department's Supervisory Board and Management Committee. The Audit and Risk Committee has oversight of the control environment, including the integrity of performance information and reporting. The Supervisory Board and Management Committee approve the Department's Business Plan before it is published; but there is scope for it to improve its oversight of the indicators by obtaining adequate assurance on the quality of the data it reviews and the degree to which it can rely upon source data as being accurate, complete and timely.
- 10** In some cases the Department could do more to understand the risks associated with data providers systems. Where data is collected externally, the Department could tighten its procedures by undertaking risk assessments and then prioritising further assurance work after consideration of the proportionality of any additional checks. The key principle, however, is that the Department should understand both the adequacy and effectiveness of the checks in place of the providers.
- 11** Roles and responsibilities for the collation and analysis of data are generally clearly defined and communicated within the Department. However, no central team has responsibility for ensuring there is adequate assurance over data quality, for example by obtaining assurance from data providers over source data.
- 12** Our key recommendation is that the Department should review its oversight of data from external providers with a view to considering whether further proportionate interventions are appropriate.

Figure 1

A summary of the results of our validation exercise

Score	Meaning	Indicators we reviewed that received this score
4	The data system is fit for purpose and cost-effectively run	One Business Plan indicator Farmland Birds.
3	The data system is adequate but some improvements could be made	Three Business Plan indicators Cost of Local Authority Waste Management per Household. Household Recycling rates. Productivity of the UK Agricultural Industry.
2	The data system has some weaknesses which the Department is addressing	Seven workforce and estates indicators Total office estate. Total cost of office estate. Estate cost per full-time equivalent. Estate cost per square metre. Payroll staff (full time equivalents). Average staff costs. Contingent labour (full time equivalents).
1	The data system has some weaknesses which the Department must address	No indicators
0	No system has been established to measure performance against the indicator	No indicators

Source: National Audit Office analysis