



National Audit Office

INFORMATION ASSURANCE SUMMARY REPORTS

Department for Work and Pensions

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 principal findings 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 22 indicators – ten input and twelve impact indicators – and five other data sets covering its key priorities.

6 We examined 16 data systems in our review, of which nine were Business Plan and Quarterly Data Summary indicators. We also reviewed seven indicators relating to the Department's workforce and estates, which are reported in the Department's Quarterly Data Summary alongside the Business Plan indicators and a range of other measures. 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.

7 The Department's Business Plan impact indicators and other data sets align with its key priority areas, and the input indicators assess the efficiency with which these are delivered.

8 We found that four of the indicators were fit for purpose and cost-effectively run. For a further ten indicators, the data systems were judged to be adequate although some improvements could be made. Two data sets were identified as having weaknesses which either were, or should be, addressed.

9 In some cases the Department relies on external bodies for the provision of data with limited assurance on the reliability, completeness and accuracy of the data provided. However, these bodies represent a relatively small proportion of overall spend. The Department is aware of these weaknesses and has plans to address them, for example, through further commissioning of Internal Audit to review the management of key risks to the integrity of source data. **Figure 1** summarises our assessment of the Department's indicator data systems.

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	<p>Four Business Plan indicators</p> <p>Proportion of households that are workless¹</p> <p>Young people not in employment or full-time education</p> <p>Total cost to the taxpayer of fraud and error for benefit claims</p> <p>Number of employees in a pension scheme sponsored by their employer</p>
3	The data system is adequate but some improvements could be made	<p>Four Business Plan indicators and six workforce and estates indicators</p> <p>Cost of maintaining each existing claim for state pension</p> <p>Cost of maintaining each existing claim for state pension credit</p> <p>Overall Department for Work and Pensions productivity measure</p> <p>Public opinion of DWP service levels</p> <p>Total office estate</p> <p>Total cost of office estate</p> <p>Estate cost per full-time equivalent</p> <p>Estate cost per m²</p> <p>Payroll staff (full-time equivalents)</p> <p>Average staff costs</p>
2	The data system has some weaknesses which the Department is addressing	<p>One workforce indicator</p> <p>Contingent labour (full-time equivalents)</p>
1	The data system has some weaknesses which the Department must address	<p>One operational indicator</p> <p>Proportion of JSA and state pension applications completed online</p>
0	No system has been established to measure performance against the indicator	<p>No indicators</p>

¹ This is not yet a Business Plan indicator. It was agreed as an indicator in September 2011 for Quarterly Data Summary purposes.

10 In addition to the published indicators, the senior management team receives a monthly monitoring report that contains more data including details of actions towards strategic priorities, and a range of financial information. These comprehensive performance management reports should provide the information the Department needs to manage its business effectively. There should be a reference in the reports to the degree of reliance that can be placed on the data.

11 For the majority of indicators, the internal controls for the data systems have been assessed as 'adequate'. The Department could do more, nevertheless, to understand the risks associated with data providers' systems. Where data are 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.

12 Roles and responsibilities for the collection and analysis of data are generally clearly defined and communicated within the Department. The Department has a central planning and performance team which seeks to ensure that data for each Business Plan indicator has been quality assured and signed off by an agreed data owner. However, this central team does not have responsibility for reviewing evidence of the integrity, completeness and accuracy of source data for all the indicators.

13 A number of the indicators in the Department's Business Plan are national or official statistics and the Department relies on the quality assurance processes inherent in these indicators to ensure data quality.

14 Overall we found that each indicator we reviewed had a data system established to measure performance against the indicator. Our principal findings are:

- Where the Department uses information from across the organisation, its arm's-length bodies, and contractors, it does not always have adequate oversight of the data collection or quality assurance procedures, increasing the risk to the reliability of the data.
- For three impact indicators, (total cost to the taxpayer of fraud and error for benefit claims, public opinion of DWP service levels and the proportion of JSA and state pension applications completed online), there are inconsistencies between the title of the indicator and the information reported by the Department in the Quarterly Data Summary which could lead to readers misinterpreting the information.
- There is scope to improve the assurance framework for source data given the volume and complexity of some of the Department's data streams.

15 The Department has indicated that it is actively addressing these findings.