



National Audit Office

DATA ASSURANCE SUMMARY REPORTS

Department for International Development

Background and scope

1 In 2012, the government published updated departmental business plans. These focused on coalition priorities and are monitored by a set of input and impact indicators. Departments are expected to publish performance against these indicators quarterly. In addition, the Civil Service Reform Plan, published in June 2012, set out additional requirements for departments in sharing management information on back-office functions such as estates, HR or finance.

2 The National Audit Office has undertaken to review the input and impact indicators systems of all central government departments and a sample of back-office and operational information. Our first review was carried out in 2011-12, and a summary report was published on each department.¹ This report covers our second review on the Department for International Development (DFID).

3 DFID faces some unique challenges when attempting to collect reliable data for its indicators, due to the nature of its activities and the challenging conditions in which it operates. It delivers projects and programmes across the world, working in countries that do not have well developed systems and governance structures; and working with a wide variety of different partners.

¹ Available on the National Audit Office website at: www.nao.org.uk/search/pi_area/data-assurance-summary-reports/type/report

4 DFID has identified groups of indicators, at different levels in the business, which it intends to report on and these fall into the following four categories:

- Level 1 – Progress on key development outcomes: at this level DFID focuses on progress to achieve the Millennium Development Goals (MDGs).
- Level 2 – DFID results: at this level DFID measures the outputs it funds through both its bilateral and multilateral funding. There are two suites of indicators that fall into the level 2 category; 25 DFID bilateral indicators and 27 DFID multilateral indicators. DFID business plan impact indicators are a subset of these bilateral indicators. In addition, progress against the 24 results commitments (derived from a number of statements beginning 'we will') – published by DFID in March 2011 within the *UK aid: Changing lives delivering results* paper – is assessed by DFID using the majority of the bilateral indicators and some of the multilateral indicators.
- Level 3 – Operational effectiveness: these indicators are to be reported to DFID senior management within the Quarterly Management Report, replaced by the departmental board report from December 2012. They aim to provide management with a better indication of real time performance and likely results. These fall under four main headings: Structural Reform, Portfolio Quality, Pipeline Delivery, and Monitoring and Evaluation.
- Level 4 – Organisational effectiveness: these indicators relate to the Common Areas of spend that every department uses to measure how efficiently they are running. These indicators cover each of the main corporate services areas: human resources, finance, procurement and estates and environment.

5 The choice of indicators selected for review for this report were selected through a review of the different categories discussed above, and with consideration to the prior year report. We felt it was important to gain further coverage over the business plan indicators, as methodologies in the prior year were only in draft form when reviewed. We also felt that coverage of other levels of the results framework were required in order to obtain a wider view of DFID's reporting framework.

6 This report provides an overview of the results of our assessment. It does not provide a conclusion on the accuracy of the outturn figures included in the Department's performance statements. This is because the existence of sound data systems reduces but does not eliminate the possibility of error in the reported data. We have assigned each indicator a numerical score, 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.

Our findings on completeness of information

7 In the prior year we reviewed whether DFID's business plan indicators had sufficient coverage of Structural Reform Priorities (SRPs). Our findings were that these covered each reform to differing degrees with no specific indicator for covering 'Introducing transparency in aid'. The indicators which cover 'strengthening governance and security in fragile and conflict-affected countries' and to 'lead international action to improve the lives of girls and women' were partial.

8 In response to this, DFID has amended its elections indicators to show that coverage is gained here, in line with a prior year NAO recommendation. DFID has also set out each of its structural reform priorities and shown how indicators are matched against these.

9 We note that the priority that has now changed to 'Drive transparency, value for money and open government'² does not have a business plan indicator attached, but DFID has shown in its business plan that other key data provides coverage over this. Our prior year finding regarding the 'lead international action to improve the lives of girls and women' remains.

10 When looking at whether there is adequate information on major areas of spend for the department, an analysis of the multilateral indicators has taken place. From this we found that of the 39 multilateral bodies shown as funded in the 2012 MAR report, a number of these are not measured by any indicator. We estimate that around 30 per cent of total DFID multilateral funding goes to these bodies. While we are aware that Table E of the annual report discusses these organisations, no indicators are identified against these.

Our findings on information strategy

11 In 2012, DFID prepared an Open Data Strategy which sets out its plans to improve the flow of published data to assist transparency. It refers to the dimensions of data quality, based on Audit Commission guidance, and is supported by a Transparency Data Quality Improvement Plan.

12 This Open Data Strategy sets out the need for timely information to allow decisions to be made on a routine basis, using up-to-date information. This strategy also adequately calls for more active leadership management of the strategy. The strategy sets out governance around transparency but does not cover governance of wider data management.

13 DFID has published a transparency guarantee, which states that DFID will publish detailed information about all its new projects and programmes on its website in a comprehensive, accessible and comparable manner.

14 With regard to the burden on front-line staff of data collection for its indicators, DFID reports it feels in a much better position than this time last year, with the process now far more intuitive. Last year, the process was used for the first time.

Our assessment of data systems

15 We examined 11 data systems in our latest review, of which eight were business plan indicators and three were operational data sets.

16 The table in **Figure 1** overleaf summarises our assessment of these data systems.

² Previously this was defined as 'Introduce transparency in aid'.

Figure 1

A summary of the results of our data assurance exercise

Score	Meaning	Indicators we reviewed
4	The indicator's data system is fit for purpose	Performance against structural reform plan
3	The indicator's data system is fit for purpose but some improvements could be made	<p>Elections Impact: Number of people who vote in elections supported by DFID (including share of people in fragile and conflict affected states)</p> <p>Education Impact: Number of children supported by DFID in primary education (per annum)</p> <p>Financial services Impact: Number of people with access to financial services as a result of DFID support</p> <p>Pipeline delivery</p> <p>Monitoring and evaluation</p>
2	The indicator's data system has some weaknesses which the Department is addressing	<p>Bed nets Impact: Number of insecticide-treated bed nets distributed with DFID support</p> <p>Bed Nets Input: Average unit price of long-lasting insecticide-treated bed nets procured</p> <p>Financial Services Input: DFID programme spend on improving access to financial services</p> <p>Education Input: Cost per child supported in primary education</p>
1	The indicator's data system has weaknesses which the Department must address	Elections Input: DFID spend on elections (including share in fragile and conflict affected states)
0	No system has been established to measure performance against the indicator	

Source: National Audit Office

17 Our review of the indicators identified a number of common areas for improvement, as follows:

- DFID procedures in some cases need to be better documented. The data assurance process completed by the Finance and Corporate Performance Division (FCPD) team is a key control in ensuring that the reported data is accurate. However, the assurance process is not formally documented. This process is applied to the individual indicators and this should be formally documented in order to ensure business continuity when staff leave or are absent. The procedure for collating the data for each indicator should also be documented as we found on occasion there was very limited knowledge held by teams.

- DFID reporting of performance could be improved. When indicators are reported upon online, there are no links to the methodologies and the commentary provided to explain movements in the indicator is minimal or non-existent. We have also noticed inconsistencies between the way DFID reports on its results within the Annual Report. The indicator results are reported in tables within two locations³ of the report, with the main difference between these tables being the comparative figure. Having two different baselines makes it difficult for the reader to understand the indicators and form judgements on the performance of the department. We understand there are valid reasons for these differing comparatives, but feel more explanation is required in the Annual Report.
- Indicators are not always capable of showing DFID's achievements. We have reviewed the coverage of indicators in relation to their potential usefulness to DFID. In some cases we have found that the indicators being reported do not provide sufficient information for the purpose of stakeholders to be able to hold DFID to account.
- DFID have not published all its methodologies. We note that, while impact indicator methodologies had been published on the DFID website, input indicator methodologies had not. The methodologies contain essential information that enable the user to fully understand how the indicator has been derived.

Key Recommendations

18 Our key recommendations are:

19 DFID should consider whether all priorities have sufficient coverage in future developments of its indicator set.

20 DFID should continue to press multilateral organisations to provide better quality data on results and costs.

21 The assurance process applied to the individual indicators should be formally documented, in order to ensure business continuity when staff leave or are absent. The procedure for collating the data for each indicator should also be documented.

22 Commentary should be included for each indicator so that the user can clearly understand the reported results.

23 If DFID feel that two different methods of reporting its results in the Annual Report are justified, it should explain its reasoning and look to combine the two into one consistent reporting template.

24 While we appreciate DFID's efforts in attempting to link input to impact indicators, the indicators reported by DFID should still be relevant and should reflect DFID performance.

25 DFID should publish all its methodologies on the DFID website.

26 More detailed recommendations regarding the specific indicators reviewed have been made directly to DFID.

³ Pages 22 and 40 of the Annual Report.