

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 28th September 2017
Report of: Corporate Manager Governance and Audit
Title: Update on Air Quality Data Internal Audit Report
Portfolio Holder: Councillor Rachel Bailey

1.0 Report Summary

- 1.1 This report provides the Audit and Governance Committee with details of the management actions agreed following the Internal Audit review of Air Quality Management.

2.0 Recommendation

- 2.1 That the Committee:
- i) is asked to note the management actions agreed following the review; and
 - ii) notes that an update on progress in implementation will be provided as part of the interim report Internal Audit will provide to the December 2017 meeting.

3.0 Reasons for Recommendation

- 3.1 Receiving this update aligns with the Audit and Governance Committee's terms of reference in considering reports on the effectiveness of internal controls and requesting summaries of specific internal audit reports.
- 3.2 This update should provide assurance to the Committee that the learning points arising from the internal audit review can be effectively implemented and monitored, to improve future working practices.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Wards Affected

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Not applicable.

7.0 Financial Implications

- 7.1 There are no direct financial implications arising from this report. The Council has already incurred the cost of the internal and external

investigations, plus the additional resource in identifying the accurate data and updating the necessary returns.

8.0 Legal Implications

- 8.1 Aside from the issues raised in the review and subsequent investigations, which have been separately addressed, there are no further legal implications arising from this report.

9.0 Risk Management

- 9.1 A number of risks have been identified in the review and the management actions seek to mitigate these. The key risk remaining is failure of implementation of the agreed actions, which could result in outcomes not being achieved, lack of financial control, further reputational damage and loss of public confidence.
- 9.2 The 2017/18 Internal Audit Plan already included a review on Performance Management and Reporting for Adult Social Care. The scope of this review will be widened to review arrangements for all statutorily required performance returns and review the effectiveness of the processes undertaken in preparing, reviewing and monitoring such returns.

10.0 Background

- 10.1 During the preparation of the Air Quality Annual Status Report (ASR) for submission in 2016, anomalies were discovered by management, between the data recorded on the Council's systems and the source data provided by the laboratory that analyses the monitoring equipment. Initial analysis identified multiple anomalies in the 2016 figures, and also in those used to complete the previous return. The Chief Executive then requested that Internal Audit carry out a review of data returns, and the processes in place for the monitoring, recording and dissemination of air quality data.
- 10.2 Internal Audit carried out a review of the policies, systems and procedures in place to provide assurance that the following key risk is being managed effectively:
- Failure to accurately record air quality data resulting in:
- Inaccurate statutory returns submitted to DEFRA
 - Inaccurate information provided in relation to planning applications
 - Failure to carry out appropriate mitigating actions to address air quality issues
 - Provision of inaccurate information in correspondence such as FOI, MP enquiries, Member enquiries, customer complaints and press releases
- 10.3 The review looked at the source data received from the laboratory and used this information to reproduce air quality monitoring spreadsheets for 2013, 2014 and 2015. These were then compared to those produced by the Air Quality Team and the level of error identified. These verified figures were then used to populate the appropriate section of the ASR which was shared

with the Air Quality Team to enable them to progress the production of this statutory return. Discussions were also held with key members of the team to identify the policies and procedures in place to direct the work of the Air Quality Team and ensure that Cheshire East Council fulfils its statutory requirements in this area.

- 10.4 The data verification exercise undertaken for 2013, 2014 and 2015 identified a significant numbers of errors between the air pollution figures received from the laboratory and those recorded on the air quality spreadsheet maintained by the team. As the air quality spreadsheets were used to populate the figures in the ASR to DEFRA, there were therefore also significant errors in the information provided as part of the statutory reporting process. The review has confirmed inaccurate data was included in the returns submitted to DEFRA in 2013, 2014 and 2015 and further work has been carried out to determine whether this is also the case for previous years.
- 10.5 The audit did not identify any reason as to why the errors may have occurred. However, a review of the figures revealed patterns with regards to the same sites being subject to repeated and regular reductions in recorded NO₂ levels of either 10 or 20 µg/m³. This suggests that the errors may not have been random or as a result of human error.
- 10.6 It is important to acknowledge that whilst the review has identified errors in the recorded levels of NO₂ around the borough, there is no evidence to suggest that this has been as a result of an attempt to mask levels of pollution that would pose a risk to the health and wellbeing of the public. DEFRA has produced an Air Quality Index for Hourly NO₂ levels that classifies pollution into High, Medium and Low categories with each of these categories split into a further three sub categories. There is also associated health advice for both the general population and at risk individuals.
- 10.7 This advice states that for the Low category, which ranges from 0-200 µg/m³, both the general population and at risk individuals should “Enjoy your usual outdoor activities”. EU directives state that sites should not exceed an hourly average of 200 µg/m³ on more than 18 occasions per year. Cheshire East Council’s real time analysers have recorded no breaches of this limit for 2013, 2014 and 2015. By contrast, Putney Bridge in London exceeded this limit on 19 occasions in the first week of 2016.
- 10.8 The audit review concluded that there has been a failure to ensure that effective Air Quality Management policies, procedures and quality assurance mechanisms are in place and communicated to staff, resulting in a significant number of errors in the reporting of statutory air quality data to DEFRA and other stakeholders, both internal and external, for a number of years.
- 10.9 The review also concluded, that given the nature and extent of the errors and on the balance of probabilities, it is unlikely that they are random or as the result of human error. As such, further investigation was required to establish whether this was the case.
- 10.10 Due to resource issues within Internal Audit at the time, and the technical nature of the subject, it was recommended that an independent investigation be commissioned to determine the following:

- The reason for the errors and who is responsible
- Whether it is appropriate for any further action to be taken against anyone found to be responsible
- The full impact and implications of the errors that have been made and the actions required to ensure that CEC is fulfilling its statutory responsibilities with regards to air quality

- 10.11 The technical phase of the investigation, to identify the full impact and implications of the errors made have completed, and the outcomes have been published, and are available on the Council's [website](#);
- 10.12 The phase of the investigation regarding responsibility for the errors is ongoing. As such Internal Audit has not formally undertaken a follow up of progress in implementing the recommended actions.
- 10.13 However, assurance has been sought and provided by senior management that action has been taken to address the identified control and governance issues. Further to this assurance, a follow up review will be undertaken and the outcomes reported back to the December Audit and Governance Committee, as part of the Internal Audit Interim Report.
- 10.14 As Members will be aware, this matter is now the subject of a formal police investigation and further updates will be provided as appropriate.
- 10.15 The Findings and Action Plan from the review, complete with management responses, is included in Appendix A.

11.0 Access to information

The background papers relating to this report can be inspected by contacting the report writers:

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