



National Audit Office

Undertaking Citizen-Focused Audit – Problems and Practices

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UNDERTAKING CITIZEN-FOCUSED AUDIT – PROBLEMS AND PRACTICES

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For more than 25 years successive governments in the United Kingdom and elsewhere have sought to improve the quality of public services. Indeed, in a world where there are relatively limited differences of position over matters of basic policy, the ability (or the willingness to promise) to deliver “better” services is perhaps the main battle-ground for political parties. Many SAIs have interpreted their remit over the years to include examining the quality of services provided by government to citizens, and the National Audit Office has undertaken many such audits since the late 1980s.

There is a clear link between traditional performance audit criteria – economy, efficiency and effectiveness – and the concept of “quality of service”. No organisation can be said to be providing a “good” service if it is inefficient and wasteful (for example, processing benefits in a way which leads to high levels of error and the need for remedial working). Equally, an ineffective service which fails to lead to the desired outcomes (for example, operations which do not lead to improved health for patients) is also failing to meet any reasonable definition of quality of service. This paper examines:

- the background to a focus on the citizen;
- the barriers to delivery of high quality public services;
- audit work focusing on citizens at the NAO;
- challenges in taking a citizen focused approach; and
- methods used on recent citizen-focused studies.

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Focusing on the citizen

One of the themes that runs through the approach of successive governments in the United Kingdom – whether Labour or Conservative – going back to the start of the 1980s - has been the importance of delivering better quality public services. In the 1980s this was connected with widespread privatisation of state utilities and the creation of executive agencies to deliver specific government services. In the 1990s, the Major government introduced the Citizen's Charter, designed to establish the standards of service customers could expect from Government, whilst performance targets were set and published for schools, hospitals and police forces, amongst others. Council services were competitively tendered and "market tested" and private companies were encouraged to undertake work previously assumed to be inevitably done by the public sector. The assumption with all these initiatives was that competition, transparency and private input would help to drive up service standards.

This has been taken further forward by the Blair government since 1997, for example, with the setting of Public Service Agreements (performance targets for delivery of services by central government departments), and an efficiency drive established following the 2004 Gershon review. This requires departments to make substantial savings (often through reductions in staff), whilst maintaining the same quality standards. Against this background, the quality of services in key parts of government has been a controversial issue. Since 2001, significant sums of additional money have been invested by government in health and education. Despite this, there is considerable debate as to whether services are improving. We have also seen an increasing willingness on the part of individuals to complain – with a growing recourse to law – not just about their bin collection service or holes in the road, but also about their doctor or surgeon. And the media is more willing to platform these personal grievances than was the case in previous generations.

The focus on service quality has been challenging for other reasons. No government is entirely free as to the scope and nature of the services it provides. Firstly, every administration inherits the legacy of past developments which means that service provision is always created piecemeal. Secondly, much available public expenditure is already committed; for example, pensions and benefits must be paid to those eligible. Thirdly, as generations of politicians have found to their cost, attempts to make major changes to key services – the NHS is a classic example – are fraught with difficulty, and commitments to specific groups or to particular ways of delivering services (such as through post offices) are major constraints on radical reform. Finally, expectations are high and at times, unrealistic. As Mulgan (2006) puts it “The ideal service for most people is closer to the ones that are available to the wealthy, whether in private hospitals, or from tailors, lawyers and financial planners. These services are human, immediate, personalised and rich in communication, anticipating need rather than just meeting it and going the extra step.” Governments are thus always at risk of disappointing those they seek to help since such standards can never be afforded.

Barriers to delivery of high quality public services

All governments face barriers to delivering high quality public services. In 2006, the Committee of Public Accounts (2006) reported on the problems they identified in delivering services. They concluded:

People want public services that work. They want them to be easy to find out about, simple to use and responsive to their needs. They want them to deal with their requirements, preferably in one go. If they can't do this, they want to know by when they will be dealt with. They do not want to be passed between different offices or handled by staff who know little or nothing about them.

It is also clear that citizens want public services to be cost-effective and they want to pay a 'reasonable' amount for them in a manner they deem 'fair'. They want to see resources used on services for public benefit and not wasted through poor management. They do not want more spent on public services without demonstrable improvements in quality.

Figure 1 summarises what people value and dislike about public services, based on discussions NAO held with representatives of a wide range of organisations in 2006.

Figure 1: What people value and dislike about public services

What do people want a good public service organisation to be like ?	What kind of service do people want from public sector service providers ?	How do people want to be treated ?
<p>A good public service organisation should:</p> <ul style="list-style-type: none"> • be well organised • be transparent • be accountable, especially where there are discretionary decisions to be made • understand the needs of all its customers • show respect • display trust • seen to be fair • reward responsible use 	<p>A service that:</p> <ul style="list-style-type: none"> • is efficient • is effective • is swift to respond • is reliable • is timely • has a high quality of outcome • is consistent • is responsive • is easy to use • has appropriate levels of discretion 	<p>People value services:</p> <ul style="list-style-type: none"> • that involve human contact • that are personalized and treat them as individuals • that are clear about requirements • where staff have sufficient knowledge • where staff are motivated • that don't involve being passed around • that are jargon free in their communication
<p>How does a poor public service organisation operate ?</p>	<p>What kind of service do people not want to receive ?</p>	<p>How do people not want to be treated ?</p>
<p>A poor public service organisation:</p> <ul style="list-style-type: none"> • is unfair • presents only a façade of helpfulness rather than making it real • allows the most able to take advantage • lacks transparency • denies the availability of discretion in particular situations • has inadequate means for putting things right • makes the same mistakes repeatedly • fails to co-ordinate properly with other service providers 	<p>A service that:</p> <ul style="list-style-type: none"> • is wasteful • involves contradiction in decisions between cases and over time • is incompetent • involves disproportionate effort to use • has disproportionate penalties for non-compliance • is complex and bureaucratic • is costly • does not answer the phone • does not ring back when promised • involves forms that are difficult to complete • requires information to be provided more than once • doesn't explain what is happening with their case 	<p>Services where staff or procedures:</p> <ul style="list-style-type: none"> • are unhelpful • lack empathy • are impersonal or too familiar • are rude • confuse • are dishonest • are inflexible • patronize • stigmatize or make people ashamed to make use of them • produce letters full of 'gobbledegook' they can't understand • produce leaflets which are incomprehensible

There are multiple barriers to delivering high quality services. Based on our audit work over the years some of the problems include a lack of customer focus, poor understanding of customer needs, poor accessibility of services, complexity in the ways services are

delivered, poor communications about services and blockages in service delivery mechanisms. There are others but Figure 2 provides a number of examples which cover many of the factors that we have seen in our work.

Figure 2: Barriers to delivery of quality public services

Problem	Examples
Lack of customer focus	<ul style="list-style-type: none"> • no philosophy of “getting it right first time” • failure to gather information once • no culture of innovation • services designed around producers not users • lack of consultation with customers
Poor understanding of customer needs	<ul style="list-style-type: none"> • lack of segmentation of customer base • lack of forecasting of demand • failure to collect feedback or learn from it where collected
Poor accessibility of services	<ul style="list-style-type: none"> • services determined by location - a “post-code lottery” • additional barriers due to education, poor language skills • failure to design services which provide for those with disabilities
Complexity in the way services are delivered	<ul style="list-style-type: none"> • multiple organisations involved • long delivery chains • long, drawn out processes
Poor communications	<ul style="list-style-type: none"> • poor quality information on customers • call centres unable to handle volumes of calls • literature hard to obtain and difficult to understand
Blockages in service delivery	<ul style="list-style-type: none"> • poor co-ordination and planning (eg between different services within hospitals) • failure to resource services at right time • overlapping responsibilities

Audit work focusing on the citizen

For many years, audit has taken a wider focus on services to the citizen than just looking at their efficiency or the costs, important as they are. Firstly, an additional angle has recognised that many users of public services have little or no choice in what they receive. Thus, we can look at the way in which government as a monopoly supplier – for example, in paying benefits - treats its customers. Secondly, citizens may be easily excluded through an inability to interact easily with government, perhaps because

services are not tailored to their needs or they are unaware of what is available. Where the barriers to the use of a service are well known, we can assess how successfully government is tackling the barriers and whether it is doing enough given what it knows. Thirdly, audit has also looked at citizens as “consumers” (often of utilities such as gas, water and electricity). Much of the NAO’s work on the privatised utilities, for example, has drawn attention to weaknesses in the way in which customers are treated and has generated advice and guidance on how to secure improved service. We have even gone as far as providing citizens with guides on how to choose their utility supplier. Finally, attention has also been on the capacity of public services to deliver effectively – for example, whether they are sufficiently “joined-up” - or whether staff have the information, skills and training to provide an appropriate service. Figure 3 summarises different types of customer-focused study.

Figure 3: Types of VFM study taking a user focus

Category	Examples of NAO reports
Citizens as service users	<ul style="list-style-type: none"> • Tackling cancer: Improving the patient journey (HC288 2004-05) – examined patients’ experiences’ of cancer services, based on a national survey. The NAO survey found that patients were generally more positive about their experience than in 2000, although it identified that some patients – notably in London and those with prostate cancer – were less positive. The report also identified aspects of the experience that were still not good including the communication of information, symptom relief and the lack of options in the final days of life.
Citizens as consumers	<ul style="list-style-type: none"> • Ofgem Social Action Plan and Household Energy Efficiency (HC 878 2004-05) – examined efforts made by Ofgem to help vulnerable consumers, such as the elderly and those on benefits. The report found that many consumers could save money by switching from pre-payment meters to monthly direct debit. But most people on pre-payment meters didn’t realise they were paying “over the odds”. • Helping consumers benefit from competition in the telecommunications market (HC 768 2003-04) – examined steps taken by Oftel to improve consumer awareness in the fixed line telecommunications market to help consumers take advantage of the choices available. The report found that consumers are benefiting from Oftel's work to improve

	<p>competition by investigating and addressing anti-competitive behaviour but Ofstel could focus more sharply its efforts to raise consumer awareness so that more consumers can realise savings.</p>
<p>Citizens with special needs</p>	<ul style="list-style-type: none"> • Gaining and retaining a job: the Department for Work and Pensions' Support for Disabled People (HC455 Session 2005-06) – examined support for disabled people to help them find and retain a job. It found that the array of programmes were quite confusing and although many benefited from involvement, the quality of training was not always high quality and there was less attention paid to helping those who developed disabilities whilst in work.
<p>Client groups</p>	<ul style="list-style-type: none"> • Tackling the barriers to the employment of older workers (HC1026 2003-04) – examined the services available to help people over 50 find work including examining the barriers to employment. This highlighted the barriers to older people working including lack of skills and age discrimination. It looked at the assistance available to them and how successful it was proving. • Developing effective policies for older people (HC518 2002-03) – an overview of the development of policies for older people, including how government consults with this group and understand their needs. This report looked at the efforts across government to consult with older people in developing services, to research and understand their needs and design services in the light of this understanding.
<p>Services for customers</p>	<ul style="list-style-type: none"> • Filing of Income Tax self-assessment Returns (HC74 2005-06) – examined efforts to ease the burden on taxpayers and improvements in processing. The report found that the Department had arranged for around one million taxpayers with very simple financial affairs not to have to file Self Assessment returns. The Department has also moved around a further 1.5 million taxpayers on to a short tax return to make it quicker and easier for people with simple tax affairs to complete. These measures should reduce compliance costs for taxpayers and the Department, but there is also scope to improve communications with taxpayers to help them submit prompt and accurate returns.

Audit can and does support citizenship in a number of other ways. As well as selecting known topics of importance to citizens or taking a citizen-focused perspective, we can also *involve citizens and their representatives in aspects of our work*; for example, through focus groups or consultations. Thirdly, auditors can ensure they *attend to the risks of social exclusion* and inaccessible public provision, drawing attention to

shortcomings which increasingly are considered discriminatory and which in some cases may be breaches of anti-discrimination legislation. Fourthly, they can *encourage informed public discussion about services* through dissemination of findings beyond formal accountability processes (for example, recent guidance on how to fulfil their role was issued to governors of 23,000 schools following an audit on school performance. Fifthly, auditors can work *with definitions of value for money wider than the traditional “3Es”*; for example, giving attention to innovation and change, to whether government is making the most of opportunities to enhance its capacity to deliver services. Audit reports provide the opportunity to highlight innovative service provision. Finally, audits can *examine and report on the quality of interactions between the citizen and the state*, assessing whether the demands on citizens are reasonable (for example, in terms of providing information) or whether redress and compensation mechanisms are effective.

Audit also has a crucial role in *ensuring that the public interest – defined in terms of the common shared interests of citizens – is not subverted* in a range of ways. *In extremis*, this means helping to guard against corruption and fraud; more mundanely, by preventing the errors and mistakes that undermine confidence in public provision. It also means highlighting the risk of conflicts of interest – particularly important where so much public work is done under contract – or where overwhelming complexity jeopardises effective administration. These are all matters that impact on citizens.

A second aspect is in helping to counteract the decline in trust amongst citizens in government. It is useful to remind ourselves why this might have occurred. I suggest five reasons. Firstly, cynicism has developed around performance claims – official figures are often simply not believed by citizens. Secondly, a view has developed that – notwithstanding the increased amount of “accountability related activities” – paradoxically, there is relatively little genuine holding to account (Bemelmans-Videc, Lonsdale and Perrin 2007). Thirdly, trust is undermined by specific examples of dishonesty or manipulation (eg hospital waiting list figures, ambulance response times)

in public life. Fourthly, it is undermined where some citizens feel others are benefiting from services at their expense (and possibly going unpunished). Fifthly, trust is affected by poor understanding of rules and expectations, often due to their complexity, and finally, there is disillusionment due to unresponsive redress and compensation mechanisms. Overall, this results in a diminution of credibility of government in the eyes of citizens, with a real danger in extreme case that whole systems fall into disrepute (for example, the UK child maintenance system which is now being radically reformed).

Audit undertaken by the NAO seeks to serve the public interest by *giving citizens grounds for confidence* in a number of ways. Traditionally, it seeks to provide assurance about the reasonableness of official figures, in particular, those in financial statements that show how public money has been spent. Secondly, it offers confidence in the systems producing data, exemplified by our Public Service Agreement work, where the Comptroller and Auditor General reports to Parliament on the adequacy of systems underpinning the reporting against targets. Thirdly, it offers some confidence in the governance arrangements within public bodies through commenting on the Statements of Internal Control issued by departmental Accounting Officers on their risk management arrangements. Fourthly, on occasions, audit plays a role in providing confidence about key assumptions underpinning proposed decisions or matters of controversy.

The auditors stated aim of encouraging trust has been challenged by those who consider that the expansion of audit from its traditional focus on finances and regularity is an unhealthy sign – in Michael Power’s words, evidence of an “Audit Society” (Power 1997). Although our recommendations can and do lead to additional checks, we can also argue that the audit processes are in the interests of citizens and taxpayers. Checking on the quality of the service provided during medical examinations for disability benefits, for example, (as we did in 2003) is designed to protect patients from poor treatment, the taxpayer from funding unusable medical reports which can delay decisions and cause pain and distress to patients, and the system from levels of appeals

which bring it into disrepute. Drawing attention to the complexity of the benefit systems is an attempt to raise a debate about the apparently inexorable growth in complexity which, far from an academic issue, has been shown to lead, for example, to poor take-up of some means-tested benefits amongst pensioners. The creation of processes to check the accuracy of leaflets was designed to ensure that the citizen could rely on the accuracy and completeness of material on which they must make decisions about their lives.

Finally, audit can play a role in *identifying barriers to effective public policy* development and implementation. A number of areas have been covered in NAO reports in recent years including: whether the joining-up between government bodies is working; how successfully government interacts with the third sector and other non-governmental actors including in the private sector, good practice in aspects of the policy-making process, the use of research in government, the use of new technology, successful consultation with citizens, whether services are being developed in ways which do not exclude particular groups, whether the complexity of systems is being tackled, and whether government is innovating. Failure in every one of these areas can undermine the process for developing good policy in the interests of citizens.

Problems and challenges

So far this paper has summarised developments in government and has examined the value of SAIs taking a citizen-focused approach. This section considers briefly some of the practical problems that auditors face in undertaking citizen-focused work.

1. **Knowing what citizens want.** Any team wanting to do a citizen-focused study faces the problem of trying to establish what citizens want or believe about services. This raises design issues – for example, how to build in evidence gathering which will capture

views; how to know whether the views gathered are an accurate reflection of reality; how to avoid biasing the evidence gathering with leading questions.

2. **Understanding what are reasonable expectations.** There is also the issue of how to assess what are the reasonable expectations of citizens. Demand for health services, for example, is known to be almost unlimited given that it is free at the point of delivery in the UK. How can auditors avoid questioning decisions about levels of provision at a time of stretched resources ? How do auditors avoid challenging policy decisions about resource allocation and priorities ?

3. **Finding the hard to reach.** Another problematic aspect of study design is how to gather the views of “hard to reach” groups; those whose views are often missed or who are not represented, for example, ethnic minorities, the poorly educated and the homeless. Reaching such people may require particular techniques or the use of intermediaries.

4. **Auditor bias.** There is also the risk of teams’ views and perspectives leading to an unbalanced and partial approach. This may be conscious or unconscious but teams need to be wary of being judgemental, of appearing patronising, or of imposing their own views on others. Equally, there may be a danger of teams “going native” and being captured by interest groups and becoming advocates for a particular scale or type of service provision.

5. **Costs.** Gathering appropriate evidence is costly. For example, to be able to make statistically valid observations on different sub-groups or regional populations will require a large (and hence expensive) sample in any survey. Or it may require the use of multiple waves of sampling to capture sufficient relevant people. Finding people not in connection with any state organisation can also be very time consuming.

6. **Ethics.** Dealing with citizens may require auditors to seek sensitive personal information or talk about traumatic events (eg effects of the tsunami in 2005). This raises ethical issues. Citizens may be unsure of the role of audit and so may fear repercussions from what they say or what may happen to the information gathered. Auditors need to

consider how (or whether) they deal with people in these circumstances and what safeguards they put in place.

7. **Effects on staff.** Linked to this is the effect on audit staff in undertaking certain types of work. Recent NAO studies have, for example, required staff to talk to patients in the final stages of treatment for cancer and to interview prisoners. As a good employer, an SAI needs to consider how to make appropriate arrangements to protect staff.

Practices

Unlike the audit of financial statements, performance audits tend to be individually designed, drawing on a wide range of methods. Addressing subjects that matter to citizens require us – even more than usual - to select our work carefully, to choose appropriate methods for gathering relevant evidence, and to report in ways which are clear and balanced. This section considers the methods used in recent NAO citizen-focused audits.

In general, tackling citizen-focused studies may involve making use of routine evidence gathering and analytical techniques such as document examination, interviews and data analysis. A common approach is to survey users about their views on the quality of service received. We have also made extensive use of focus groups and done our own analysis of the data from government customer satisfaction surveys. Often these are on a scale we could not consider – for example, the tax authorities survey 19,000 customers annually. In addition, recent NAO studies have utilised a number of new approaches designed to capture information about the customer experience. A number of examples are described below.

SMOG testing – A significant concern in a number of recent NAO reports has been the quality and accessibility of literature produced by government bodies. Failure to understand government literature may result in citizens making poor decisions about their future (eg pension planning) or in their failure to take advantage of available services and entitlements (take-up of services). SMOG (Simple Measure of

Gobbledegook) testing is an acknowledged method of testing the complexity of text by analysing the number of multi-syllabic words and converting this into a readability score. In our report on the leaflets of the Department for Work and Pensions we used it to show that people needed a reading age of the equivalent of five years of secondary schooling to understand basic leaflets. Many of the targeted audience were therefore potentially unable to use the literature aimed at them.

Testing leaflets on citizens – A variant on using focus groups has been to get groups of people to undertake tests to explore the ease of access to information. By asking people to answer particular simple questions using selected leaflets we were able to identify how poorly designed they were, how misleading indexes and content pages could be, and to identify how different people interpreted ambiguous instructions.

Mystery shopping – A key way of assessing the quality of services provided is mystery shopping. We sent researchers from a market research company to 100 benefit offices and 100 other public offices to gather leaflets, to assess whether offices had the latest versions, whether the offices were easily accessible and to see how promptly their requests were resolved. We have also tested the quality of service offered by the tax authorities by telephoning order-lines to obtain forms.

GIS mapping – One effective approach to analysing and presenting data on the take-up of services is GIS mapping. In our report on “Progress in tackling pensioner poverty” we used data on the take-up of benefits amongst pensioners and presented it in map format. We have also used it to illustrate the variations in distance travelled to jobcentres by customers and the variations in availability of childcare between localities.

Website accessibility checks – A number of our studies have assessed how easy Departments’ websites – increasingly a key source of information for citizens - are to navigate. We have been able to assess against best practice guidelines and advice from the Royal National Institute for the Blind, as well as recommendations from our own past

studies. We have also used taxpayers to undertake real life queries, using government portals to identify weaknesses.

Direct contact – One way of interacting directly with customers for our report on the accessibility of government e-services was through a facilitated “web-chat” with users of services. Whilst not in any sense representative it did help us to explore issues arising for older users of e-services.

Telephone monitoring – To assess the accuracy and completeness of the information provided to customers over the telephone, we have shadowed a Department’s own call monitoring processes. This allowed us to comment on whether citizens were receiving appropriate advice.

Conclusions and the future of citizen-focused work

I believe we have come a long way in making the citizen more central to our VFM work. We are aware that audit can be seen as dry and technocratic and to counter this we have sought to capture and represent the views of users of public services more routinely than in the past. In developing this work we need to:

- keep citizens’ interests in focus throughout the audit process from study selection and design, through to reporting;
- be aware of the risk of bias and inadvertent discrimination at all stages of our work and ensure that we reflect the growing diversity of our society in our evidence gathering and reporting;
- find new ways of having direct contact with citizens, avoiding only going through representative bodies;
- focus on problems and issues that stretch beyond individual organisations and programmes in order to pick up, for example, the problems of lack of collaboration and consistency which are often what frustrate citizens most;

- seek to provide enlightenment and education about complex matters – for example, through our work helping to improve understanding of where taxes are spent and how different levels of government fit together, explaining systems and processes that currently confuse and alienate citizens; and
- be alert to the ethical issues associated with contact with citizens, both for citizens and also staff.

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