



The Insolvency  
Service

# **Insolvency Statistics: Administrative Data Quality Assurance and Audit Arrangements**

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## Introduction

The [Insolvency Statistics](#) are compiled from a number of different administrative sources, as described in the Statement of Administrative Sources. These data have been captured as part of operational / service delivery processes, with statistics being a secondary use of the data.

All data used in the *Insolvency Statistics* undergo checks by the statistics team prior to publication. Data from each source also go through certain validation procedures prior to being supplied for publication. Some validation also occurs at the point the data is created.

This document explains how the data passes through the stages of initial collection, data entry, storage and analysis; and the checks that are made on the data at each stage. This enables users to judge for themselves the quality of the resulting statistics.

Further information on the *Insolvency Statistics* can be found in:

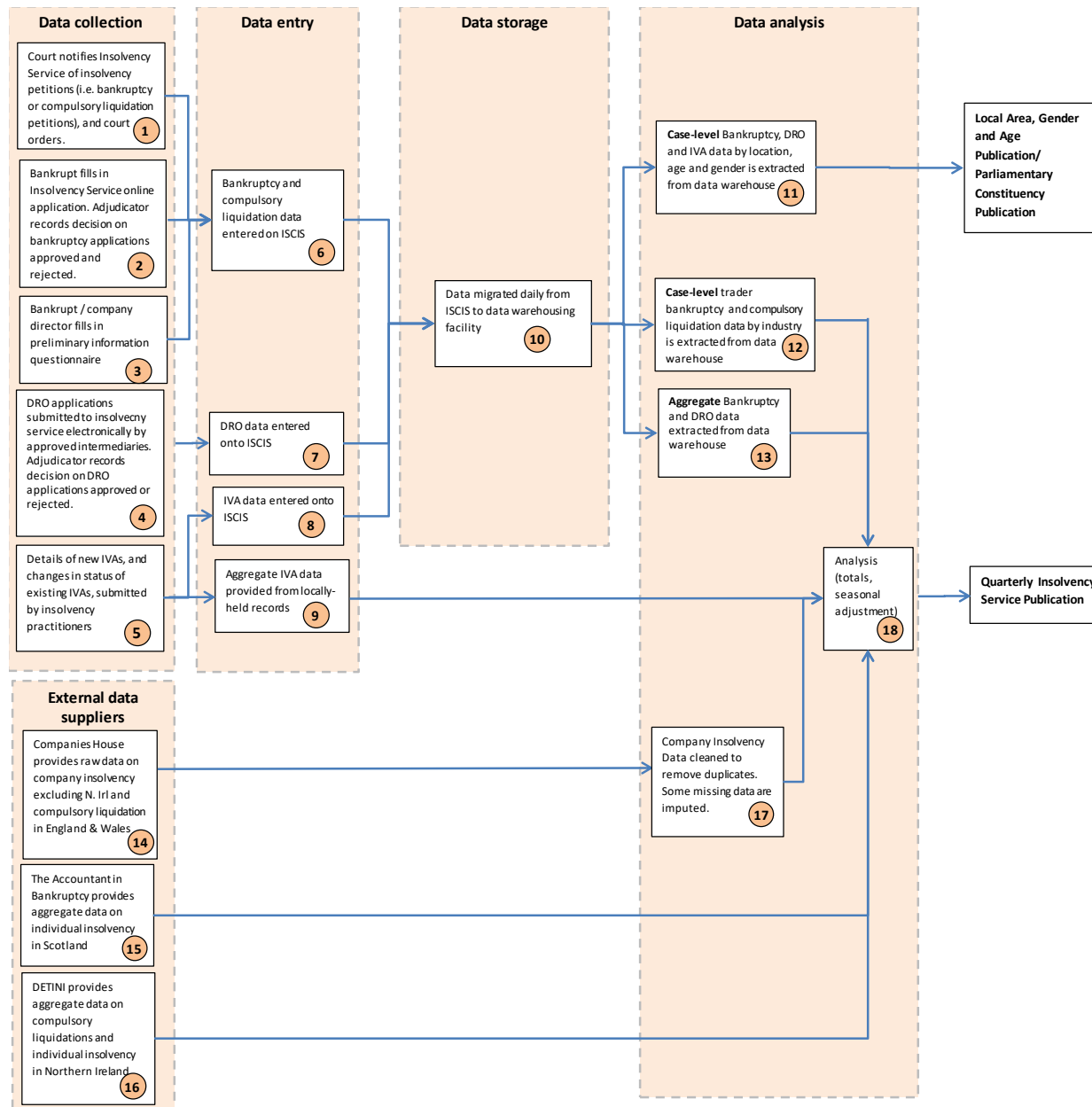
- the [Guide to Insolvency Statistics](#), which explains the types of insolvency, the “journey” that insolvent companies and people go through, and data collected during those journeys;
- the [Statement of Administrative Sources](#), which provides information on the operational datasets used to compile the statistics;
- the [Methodology](#), which describes the steps taken in compiling the statistics;
- the [Revisions Policy](#), which sets out the Insolvency Service’s policy for planned and unplanned revisions to the data; and
- the [Statement on Quality Strategy, Principles and Processes](#), which states what users of the statistics can expect for each dimension of quality.

The Insolvency Service welcomes feedback on this document. Please send comments to [statistics@insolvency.gov.uk](mailto:statistics@insolvency.gov.uk)

## Quality assurance and audit procedures

Figure 1 below shows the outline process map for the production of the *Insolvency Statistics*, with further detail on quality checks and data validation routines at each stage described in Table 1.

**Figure 1: outline process map for production of Insolvency Statistics**



**Acronyms on this diagram**

**DRO:** debt relief order

**IVA:** individual voluntary arrangement

**ISICIS:** Insolvency Service case information system

**DETINI:** Department for Enterprise, Trade and Investment in Northern Ireland

**Table 1: Insolvency Statistics data quality checks**

No.	Validation processes
1	<p>Parties who wished to make an individual bankrupt or who wished to compulsory liquidate a company are required to make a petition to the court.</p> <p>When a court receives an insolvency petition (i.e. for creditor petition bankruptcies, company winding-up petitions and, prior to 6 April 2016, debtor petition bankruptcies), the court sends details of the petition, to the either the Birmingham or Croydon offices of the Insolvency Service. If a court order is subsequently made, details are sent separately on a case by case basis and the case is then allocated to the insolvency service office nearest to the debtor or company director.</p>
2	<p>Online debtor bankruptcy application forms are sent by individuals to Insolvency Service . When they are received the adjudicator within the Insolvency Service (normally within 2 days) makes a decision on whether to approve the application. Prior to 6 April 2016, individuals were required to petition the court to make themselves bankrupt.</p>
3	<p>A Preliminary Information Questionnaire (<b>PIQ</b>) is required to be completed by creditor petition bankrupts and company director of companies subject to compulsory liquidation; debtor petition/application bankrupts can occasionally be asked to complete a PIQ. The information in the form is generally presumed by the Insolvency Service to be accurate, though each examiner will discuss and challenge the information presented, including at an interview, if they deem it appropriate.</p> <p>A trustee for creditor petition bankrupts or compulsory liquidations can request a Statement of Affairs (<b>SoA</b>)<sup>12</sup>. This will detail all assets, debts and type of debts (i.e. secured and unsecured) that exist.</p> <p>Details of from PIQs, interviews and SoAs, are recorded on ISCIS.</p>
4	<p>Individuals who wish to receive a debt relief order must make application through an approved intermediary who completes the debt relief order (DRO) application based on information provided by the individual.</p> <p>The individual is asked to bring evidence of debt, assets income and expenditure, which are discussed and challenged as appropriate by the intermediary. It is in the individual's interest to provide a true record, because if the application is refused following checks made by the Insolvency Service the fee of £90 will not be repaid.</p> <p>The application is completed electronically on a standard form, and submitted electronically to the Insolvency Service.</p> <p>There are currently 1,320 approved intermediaries, authorised by one of 12 competent authorities.</p>

<sup>1</sup> Prior to 6 April 2016, Individuals who used a court debtor petition to make themselves bankrupt filled in a Statement of Affairs (**SoA**) after the court order.

<sup>2</sup> Online debtor bankruptcy applications incorporate a Statement of Affairs (**SoA**).

No.	Validation processes
5	<p>Individuals who wish to enter an individual voluntary arrangement (IVA) must make application through an Insolvency Practitioner (IP). An IP is responsible for contacting creditors and gaining approval for an IVA proposal</p> <p>IPs notify the Insolvency Service when creditors approve proposals, by either submitting a form (a <a href="#">standardised spreadsheet</a>) or sending a letter to the Insolvency Service. They also send a registration fee in respect of each IVA included in the form / letter. IVAs are only registered when the fee has been paid.</p>
6	<p>The Insolvency Service has a network of 17 'commands' in England and Wales, each with a number of examiners and administrative staff overseen by the Official Receiver in that command. Training and desk notes are provided on the case administration process, but in practice small elements of this process vary between locations.</p> <p>Administrative staff at the Insolvency Service manually create a new record on ISCIS when a creditor petition bankruptcy or company winding-up petition is presented to the court. A process is in place which checks whether the individual or company already exists on the database, either for this insolvency, or a previous insolvency.</p> <p>The exception is cases heard in the High Court, the County Court at Central London, or the District Registries of the High Court. A data file is provided each day in a specified format and uploaded overnight into ISCIS – this creates new cases. After the file has been uploaded, an exception report is generated detailing which cases have not met validation criteria (for instance, using the wrong format in the address field). These cases are input manually.</p> <p>Case records are then updated if a court order is subsequently made, usually within 24 hours of receipt of the court order. Manual checks are made at this stage of: names, addresses and dates of birth of individuals; and names, addresses and company reference numbers of companies. Any discrepancies between the information on the court order and on ISCIS are queried with the court and rectified if necessary.</p> <p>For bankruptcies and compulsory liquidations, a deposit must be made at the same time as the court order, which contributes to the Insolvency Service's administration costs. Numbers of new cases are checked by the financial accounting team against the value of deposits received. Any discrepancies are queried by the financial accounting team, though these can sometimes be due to a time lag between a court order being made and the money being received.</p> <p>At interview, information from the online application/SoA/PIQ is checked by the examiner (for example confirming name, address and date of birth). Information from the online application/SoA/PIQ is manually entered on ISCIS by examiners and administrative staff. There are a number of validation rules built in to ISCIS and certain tasks must be completed before further data can be entered, or the case closed. On occasion, some processes are bypassed for operational reasons.</p>

No.	Validation processes
6 ctd.	<p>Some bankrupts and company directors choose not to co-operate with the process and refuse to provide certain information. This has an impact on the statistics showing compulsory liquidations by industry: in 2019, 21.1% of industry codes were recorded as “unknown” because the director did not cooperate. The Insolvency Service compulsory liquidations data is then matched to companies house data to reduce the number of “unknown” companies by industry sector. This also has an impact on the statistics showing bankruptcies by trading status: in 2013, about 2.2% of bankrupts’ trading statuses were recorded as “non-surrender”.</p> <p>Some bankrupts do not provide a truthful account of their affairs, and in some instances this is never discovered.</p>
7	<p>The Insolvency Service’s DRO Team is located on a single site, in contrast to the national network of Official Receiver locations.</p> <p>The electronic DRO application is loaded directly into ISCIS, where it is subject to automated validation checks to ensure that the individual meets the eligibility criteria. Further checks are made on whether the individual has a bankruptcy order pending, or has been subject to a DRO in the past six years. Where an application is identified as potentially not meeting the eligibility criteria, this is flagged up and reviewed manually by the DRO Team.</p> <p>A further check is made by a credit reference agency which checks the individual’s debts, identification and whether they are domiciled in England &amp; Wales. It is common for a credit reference agency to have an incomplete picture of an individual’s debts, so administrative staff use their judgement when comparing the credit reference agency’s information with that provided in the DRO application.</p> <p>There are desk instructions within the DRO Team for all tasks that involve entering and checking data.</p> <p>For debt relief orders, once the application has been submitted by the authorised intermediary, a fee payment verification step is the next stage in the process. Checks on eligibility etc. do not commence until the payment of the fee has been confirmed.</p>
8	<p>Where IVAs are submitted using the standardised spreadsheet, the data contained in the spreadsheet is uploaded directly into ISCIS. There are validation rules built into the system to ensure that data in the spreadsheet is in the expected format – if there are errors detected then the spreadsheet will be rejected and is checked manually.</p> <p>Hard copy forms received from IPs are entered manually onto ISCIS.</p> <p>For IVAs, new registrations are not entered on ISCIS until the registration fee has been received from the IP supervising the IVA.</p>
9	<p>The data warehouse is updated each day (overnight), capturing all the changes that have been made to ISCIS. An audit script is run and checked to ensure that row counts in the ISCIS database and the data warehouse match. Any discrepancies are investigated and rectified to ensure the data matches (in volume) against both databases.</p> <p>No data validation or cleaning occurs in the data warehouse or as part of the overnight load – it is assumed that the data in ISCIS is mirrored in the data warehouse.</p>

No.	Validation processes
10	<p>Statistics published in the Location, Age and Gender publication are based on case-level individual demographic information.</p> <p>This data undergoes cleaning to remove any duplicate records. Postcode data are cleaned to put them into a format that can be matched against the National Statistics Postcode Lookup.</p>
11	<p>Data used for Individual Insolvency Statistics are extracted from the data warehouse using SAP Web Intelligence software. Reports used in statistics products were developed by the Insolvency Service’s management information team and underwent thorough testing to ensure that the reports tallied with information on ISCIS, and with locally-held records. Duplicate records are identified and removed at this stage where present.</p>
12	<p>Trader bankruptcy statistics and compulsory liquidation statistics for England and Wales published in Quarterly Insolvency Statistics publication are based on case-level information, covering data on industry classification worked in.</p> <p>Statistics on industry classification undergo checks to remove any duplicate records, then industry codes (using the 2003 Standard Industrial Classification) are matched against a lookup table to obtain best-match industry codes based on the 2007 Standard Industrial Classification.</p>
13	<p>Data on company insolvency (excluding compulsory liquidations in England &amp; Wales, and all insolvencies in Northern Ireland) is sourced from an administrative database held by Companies House, named “CHIPS”.</p> <p><a href="#">Companies House’s quality information to accompany its statistical releases.</a></p> <p>Insolvency practitioners send information to Companies House using certain standard forms. A variety of checks are made before the form is accepted:</p> <ul style="list-style-type: none"> <li>• the company name and number is checked at multiple stages to ensure that the information is recorded against the correct company;</li> <li>• a list of visual, manual, inspection checks is displayed (which differ depending on the form. These checks default to ‘pass’;</li> <li>• some rules-based validation checks are displayed, for which pass or fail must be manually selected.</li> </ul> <p>Failure of any checks results in the form being returned to the insolvency practitioner with an explanation of the type of failure.</p> <p>If the form is accepted, the existence of the form is registered on the database, and the form is scanned as an image and stored in the database.</p>
14	<p>As well as checking and validation being prompted on-screen, there are desk instructions within the team dealing with insolvency forms for all tasks that involve entering and checking data.</p> <p>Data on new company insolvencies for a given time period is extracted from CHIPS using SQL scripts agreed between Companies House and the Insolvency Service, on a certain date each month.</p>



<b>No.</b>	<b>Validation processes</b>
15	Insolvency cases are created following the receipt of the relevant order from the court via email. A receipt number is included in this which links to a fee deposit paid to the Insolvency Service in Northern Ireland. Details are input onto a case management system. Data are extracted from this system by running standard reports which were tested by users.

**Initial validation checks**

Companies House provides a quarterly dataset containing all corporate insolvencies registered in that period, including the company reference number and name, Standard Industrial Classification codes (where known: companies provide this when submitting their first annual return), the type of insolvency, and the date the insolvency started (which is usually earlier than the registration date). It is the case start date, not the registration date, which is used in the statistics.

Derived variables are calculated to assist with validation checks. Another derived variable calculates the number of quarters between the insolvency starting, and it being registered. A value of zero means that the case started and was registered in the same calendar quarter, a value of one meaning it was registered in the subsequent quarter and so on.

The Insolvency Service performs initial validation checks on the data, by comparing the dataset against documents available for free at [Companies House's website](#). Checks include:

- **Checking blank or 9999 case start dates.** These occur for some creditors' voluntary liquidations (CVLs). Companies House expects three documents when a CVL is registered: the statement of affairs; form 600 (appointment of a liquidator); and a document stating that the company directors have made a resolution to wind up the company. If the latter form is not received by Companies House, the case start date is not filled in. The Insolvency Service fills in this field using data from the Statement of Affairs and/or form 600 as appropriate. In 2017 this affected 231 CVLs.
  - For some cases (where the company was dissolved prior to 2013, and therefore the documents are not available on the Companies House website), the Insolvency Service has used [imputed](#) dates. The average time in days from case start date to registration date is calculated, and this time is subtracted from the registration date. In the calendar year 2010, 63 CVLs had imputed dates (about 0.5% of cases).
- **Manually checking cases where the registration date was over 90 days after the case started.** Most cases are registered by Companies House either in the same quarter as the case start date, or in the following quarter. This check is to make sure that the date has not been manually entered on the Companies House database incorrectly. In 2017, 231 cases (about 1.2% of the total) were flagged as being registered over 90 days after they started, which following manual checks led to four dates being changed.
- **Manually checking cases where the registration date was before the case started.** This occurs for some compulsory liquidations in Scotland, where the first form registered with Companies House related to the company going into provisional liquidation. Where the company is subsequently wound up by a court order, the case start date is changed to the date of that order. This affected (60cases in 2017about 12% of such cases), but only one case start date was changed after manual inspection.

**Secondary validation checks**

The latest dataset is loaded into an Access database and combined with previously validated data from earlier time periods. Checks are made to:

- **Remove duplicates** – cases with the same case type, start date and company number (one was removed for the calendar year 2014).

No.	Validation processes
	<ul style="list-style-type: none"> <li>• <b>Restrict companies to one liquidation</b> – in rare cases, companies can come out of liquidation (for example, if a court order to wind up a company was subsequently rescinded). If they go into liquidation on a later date, that company would be counted twice. As liquidation is a terminal procedure for a company, the Insolvency Service has decided to count only the most recent liquidation in the statistics. 69 liquidations were removed from the 2008 to 2014 dataset as a result of comparing 2014 cases with data for earlier periods.</li> </ul>
17	<p>There are desk instructions for all stages of the production process for the Insolvency Statistics, and a list of actions which is checked off as they are completed.</p> <p>Aggregated and case-level data are totalled for the relevant time period (quarter or calendar year).</p> <p>Seasonal adjustment is conducted on some time series data. Each seasonal adjustment model is reviewed annually. See the latest <a href="#">seasonal adjustment review</a> for more information.</p> <p>Before writing commentary on the statistics, the latest data are examined to see whether changes fit in with trends. Unusual or otherwise unexpected figures are queried with the relevant supplier (or where possible verified by examining ISCS records).</p>

## Data from external suppliers

The Insolvency Service plans to have service level agreements in place with its external data suppliers, detailing:

- key contacts in each organisation and their responsibilities;
- data specifications;
- the format of the data; and
- the frequency and timeliness of data supply.

The agreements are reviewed regularly.



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