Causeway Coast & Glens Borough Council

INTERNAL AUDIT REPORT – ABSENCE MONITORING/SICKNESS

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<u>Distribution:</u>	Audit Committee Chief Executive Director of Corporate Services Head of OD/HR Org Dev/HR Manager
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All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

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Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2018/19. This report summarises the findings arising from a review of Absence Monitoring/Sickness which was allocated 7 days.

Through the audit I found the following examples of good practice:

- CCAG have absence Notification Procedures together with relevant forms for completion when required and these have been communicated to staff.
- The roles and responsibilities of management and staff for managing attendance are clearly set out within the guidelines.
- Notification of sickness absence is made by the employee in line with the guidelines.
- There is adequate security maintained over the sickness records of employees.
- Return to work interviews are conducted in a timely manner after the person returns to work.
- Any support identified for the employee (e.g. Occupational Health referral) is put in place.
- Trigger points have been set by CCAG to identify frequent periods of absence.
- Absence rates are monitored to identify staff who have reached the trigger points.
- Overall absence and sickness rates are reported to and monitored by management.

Two areas (Priority 2) where controls could be enhanced was noted during this review.

The following table summarises the total number of recommendations from our audit (all recommendations being accepted by management):

Risk	Number of recommendations & Priority rating		
	1	2	3
CCAG may not maintain appropriate sickness and absence policies and procedures resulting in a failure to provide quality services efficiently and effectively.	-	1	-
Periods of sickness absence may not be properly recorded and not supported by appropriate documentation leading to a risk that sickness leave is inappropriately taken, and that sickness pay is not appropriately paid	-	-	-
Reports on sickness absence may not be received and reviewed regularly and/or no follow up action may be taken leading to poor management of staff with serious sickness concerns and increased risk of inappropriate use of sickness leave	-	1	-
Total recommendations made	**-**	**2**	**-**

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

ODHR have made exceptional progress in relation to streamlining sickness absence for legacy councils onto PAMS (Personnel Administration Management System) resulting in carrying out their function more efficiently, effectively, economically and securely.

1.   Objective

The overall objective of this audit is to consider the main risks in relation to Absence Monitoring/Sickness and to review the key systems and controls in place to address these.

2.   Background

The Council employs 693 members of staff on a full-time, part-time and casual basis (543 FT and 148 PT; and 2 casual staff). Each Head of Service is responsible for monitoring the absence and sickness rates within their staff teams. Human Resources provides an important central function for the monitoring of absence and sickness procedures across the Council. A new absence policy for Council has not yet been agreed, however new absence notification procedures were issued in February 2018 which apply to all employees with effect from March 2018. Guidelines for both employees and line managers in relation to absence have been issued together with relevant forms for completion when required.

The Council is committed to promoting the health and wellbeing of all employees. The guidelines aim to promote supportive and effective management of absence due to ill-health (commonly known as sickness absence) and that any support is considered as early as possible. The guidelines also aims to maximise employee attendance while recognising that there are occasions when employees may be unable to attend work due to their own ill-health. The main purpose of these guidelines is to provide a clear framework for reporting and recording sickness absence and outlines the fair and consistent management of short and long-term sickness absence across the Council. It also ensures that employees have the support they need from their managers, as well as access to support services provided by the Council.

3.   Risks

The risks identified relating to the Absence Monitoring/Sickness and agreed with management are as follows:

1. CCAG may not maintain appropriate sickness and absence policies and procedures resulting in a failure to provide quality services efficiently and effectively.
2. Periods of sickness absence may not be properly recorded and not supported by appropriate documentation leading to a risk that sickness leave is inappropriately taken, and that sickness pay is not appropriately paid.

3. Reports on sickness absence may not be received and reviewed regularly and/or no follow up action may be taken leading to poor management of staff with serious sickness concerns and increased risk of inappropriate use of sickness leave.

4. Audit Approach

The audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Head of ODHR
Org Dev/HR Manager
L&D HR Business Partner
ES HR Business Partners
Corporate/Performance HR Business Partner
Finance/Planning HR Business Partner

5. Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Policies and Procedures

Absence Policy
a) **Observation-**   It was noted during the audit that new absence notification procedures were issued in February 2018. However, a new absence policy for Council has not yet been agreed.
b) **Implication-** Failure to provide quality services efficiently and effectively.
c) **Priority Rating- 2**
d) **Recommendation 1-** Council should agree a new absence policy.

e) **Management Response-** Council has commenced work on a new policy. It is anticipated a draft policy will be prepared by the end of March 2019. The policy will have to undergo consultation and negotiation with the Trade Unions.
Responsible Officer & Implementation Date- Head of OD/HR June 2019

5.2 Risk 2 – Recording of Sickness Absence

Audit has no findings or recommendations to make in relation to this risk area.

5.3 Risk 3 – Reports on Sickness Absence

Completion of Return to work interview form (N2) and Phased return to work form (N3)
a) **Observation-** It was noted during the audit that HR did not receive a completed return to work interview form or phased return to work form for one environmental services employee despite several attempts.
b) Implication- Poor management of staff with serious sickness concerns and increased risk of inappropriate use of sickness leave.
c) **Priority Rating- 2**
d) **Recommendation 2 –** The current guidelines for line managers in relation to absence due to sickness/industrial injury should be adhered to by Management on all occasions.
e) **Management Response-** OD/HR have implemented a system whereby the absence of forms is escalated as follows • Email to the line manager, • No response, email again to line manager with Head of Service copied in • No response, email again to line manager with Head of Service and Director copied it • In addition, HR Business Partners bring to the attention of Managers / Head of Service / Director at their regular meetings.
Responsible Officer & Implementation Date- SMT – the procedure has been implemented, ongoing review and reminders to HOS/Line Managers

6.   Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

7.   Appendix II: Summary of Key Controls Reviewed

Risk	Control issues
CCAG may not maintain appropriate sickness and absence policies and procedures resulting in a failure to provide quality services efficiently and effectively.	• CCAG has an absence policy • The policy and any related procedures have been communicated to staff • The roles and responsibilities of management and staff for managing attendance are clearly set out within the policy
Periods of sickness absence may not be properly recorded and not supported by appropriate documentation leading to a risk that sickness leave is inappropriately taken, and that sickness pay is not appropriately paid	• Notification of sickness absence is made by the employee in line with the policy and recorded • Notification of prolonged sickness absence is made by the employee in line with the policy and recorded • Self-certification forms are completed by staff and sent to human resources • Additional medical certification is provided by staff where required by the policy • The appropriate documentation is completed and maintained on staff files • Given their personal and sensitive nature, there is adequate security maintained over the sickness records of employees
Reports on sickness absence may not be received and reviewed regularly and/or no follow up action may be taken leading to poor management of staff with serious sickness concerns and increased risk of inappropriate use of sickness leave	• Return to work interviews are conducted in a timely manner after the person returns to work • Return to work interviews are recorded and any further actions required noted • Any support identified for the employee (e.g. Occupational Health referral) is put in place • Trigger points have been set by CCAG to identify frequent periods of absence • Absence rates are monitored to identify staff who have reached the trigger points • Follow-up (e.g. counselling interviews) are held with staff who reach the trigger points • Overall absence and sickness rates are reported to and monitored by management. • Council reviews its performance against other Council benchmarks e.g. reports made to SMT or Committee