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Dacorum Borough Council

Assurance Review of Absence Management

2021/22

August 2021

Executive Summary

OVERALL ASSESSMENT

REASONABLE ASSURANCE

Adequate & effective governance, risk and control processes

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Sickness absence can have a big impact on both performance and costs to the organisation and therefore needs to be managed in a consistent, supportive and effective way so that operational and service levels are maintained. (IIA)

SCOPE

The review considered whether there is an Absence Management Policy which is reviewed periodically; related procedures have been documented, are up to date and made available to all staff; Line Managers are managing attendance effectively and in accordance with required procedures; all employees are aware of their related responsibilities; management are notified of all absences within the required timeframes and statements of fitness for work certificates are produced, covering applicable complete absence periods; 'Return to Work' interviews are carried out after every instance of absence; and that absence is monitored and reported on, on a regular basis.

KEY STRATEGIC FINDINGS

Testing of a sample of sickness absence cases identified issues around non-compliance, for example, absence dates not correctly recorded on certificates, Return to Work interviews not completed within the prescribed timeframes and long-term sickness reviews not being held.

The 'Sickness Absence Management Policy and Procedures' is dated August 2018 and is subject to biennial review, which is now overdue.

Documents/ information was held inconsistently on FirstCare and other related systems including Payroll and Information at Work , for example Fit notes and evidence of keeping in touch, was held in various locations which is contrary to Policy.

GOOD PRACTICE IDENTIFIED

Sickness absence due to COVID does form part of monitoring.

A Sickness Scrutiny Group meets monthly to independently review sickness absence management and provides a consistent approach across the Council.

ACTION POINTS

Urgent	Important	Routine	Operational
0	4	1	2

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Testing identified in two of ten instances, the correct absence dates were not recorded on the Fit note. Both noted a gap of one day, as follows: • The last day of absence was not recorded. The Auditor was advised absence dates would be corrected on FirstCare. • The first day of medically certified absence was not recorded on the fit note. Evidence was provided that demonstrated there was a GP assessment undertaken on the day. The Fit note was however effective from the day after.	Management to iterate to all staff the need to ensure that accurate and complete information is noted on the Fitness for Work Statements and management should check this accuracy. In order to ensure that staff are correctly undertaking this task, Human Resources to perform spot checks, periodically throughout the year, and outcomes to be reported to Management.	2	*Agree.* *Action: Spot checks will be undertaken as part of SSG monthly meetings.* *Action: Management communications on the importance of accuracy on fitness for work statements is an accepted recommendation.* *Comment:* *On one case there appears to have been a GP administrative error, the fit note should have stated 7/01/21, but the GP added 8/01/21.*	*Commencing August 2021 and then monthly.* *September 2021*	*Matt Rawdon (Group Manager – People)* *Priti Gohil (HR Team Leader)*

PRIORITY GRADINGS

1	**URGENT**	Fundamental control issue on which action should be taken immediately.
2	**IMPORTANT**	Control issue on which action should be taken at the earliest opportunity.
3	**ROUTINE**	Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	Review and testing of a sample of 10 sickness episodes, identified that in two instances, Return to Work interviews had not been conducted and the prescribed timeframe had now passed.	Return To Work interviews be completed within seven days after returning to work, in accordance with the Absence Management policy.	2	*Agree.* *Action: Review RTW reports at monthly SSG to highlight and address any non compliance* *Action: Continue to send HR monthly emails to managers on outstanding RTW and ask for reason why they are late.* *Comment: We already adopt a practice where HR send monthly emails to Managers on outstanding RTW's monthly and ask for the reason why the RTWI was late. The two late cases were in Waste Services and upon chasing they have now been completed.*	*Commencing August 2021 then ongoing* *Ongoing*	*Priti Gohil (HR Team Leader)* *Priti Gohil (HR Team Leader)*
4	Directed	Review and testing of a sample of 5 long-term sickness cases, identified that: • In one instance, the review meeting was planned for 27th April 2021, however did not take place. An update from the manager provided during the audit advised that the meeting was being re-arranged (June 2021). • In one instance, employee went absent during a work shift due to work related	Management to iterate to all Managers, the importance of adhering to the Absence Management policy with regards to conducting sickness review meetings. More importantly Managers and HR must strengthen their review and monitoring process of staff, who are consistently absent, by way of introducing triggers.	2	*Agree.* *Action: Send communication reminder to all managers of the absence management policy timelines and processes* *Action: HR Team to carry out audit checks on First Care Portal to ensure*	*Ongoing from September 2021* *Ongoing from September 2021*	*Priti Gohil (HR Team Leader)* *Priti Gohil (HR Team Leader)*

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		stress. The Return to Work had not been completed neither had a long-term sickness review. It was also noted that regular Manager and HR review was not evident. This employee's record showed absence of 57 days over 10 spells in the last 12 months.			*comments are being added to cases to show progress and communication maintained during periods of absence* *Comments: In the first case, the review meeting did take place with the supervisor and staff member. The staff member decided to leave the meeting before its conclusion. The meeting is re-arranged for August, the time delay between these meetings is due to the staff member being medically suspended and annual leave commitments.* *In the second case, a sickness capability hearing was arranged for 06/05/21, but the employee did not attend, which has now been re-arranged. This negated the need for the informal sickness review meeting. This case has been regularly managed in the past, the employee has been issued with a formal written warning and was set attendance targets in line with the policy.*		

PRIORITY GRADINGS

| 1 | URGENT | Fundamental control issue on which action should be taken immediately. | 2 | IMPORTANT | Control issue on which action should be taken at the earliest opportunity. | 3 | ROUTINE | Control issue on which action should be taken. |

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	Testing of staff absence records identified that information held on FirstCare, Information at work and Payroll systems differed. A lack of consistency and compliance with policy. For example: • Not all Fit notes were recorded on FirstCare for four sickness episodes; and • In four instances, long-term sickness episodes did not have supporting notes of manager's regular contact recorded on FirstCare.	Management to iterate to all staff and managers, the need to ensure that documents/ information on FirstCare, Information to Work and Payroll systems, are per the requirements of the Absence Management Policy. In order to ensure that staff/ managers are uploading the required documents/ information, Human Resources to perform spot checks, periodically throughout the year, and outcomes to be reported to Management.	2	*Agree.* *Action: Appropriate Communications will be produced for managers and spot checks to be completed by HR on Long term sickness cases when reviewing cases at SSG.*	*September 2021*	*Priti Gohil (HR Team Leader)*
1	Directed	The Council's 'Sickness Absence Management Policy and Procedures' were dated August 2018. It was noted that the document is subject to review every 24 months. Review of the Policy, identified that the content requires updating, in particular: • Reference to the former EIS system, • To reflect KPIs/ metrics and how, by whom and when these are reported; and, • Changes in practice relating to Coronavirus exemptions.	Sickness Absence Management Policy and Procedures be reviewed and updated, with the ratifying group stated on documentation.	3	*Agree.* *Action: Review and update Policy* *Comment: HR work had to be re-prioritised during the pandemic response and this review was pushed back a year. We will be reviewing the policy during 2021.*	*October 2021*	*Priti Gohil (HR Team Leader)*

PRIORITY GRADINGS

1	**URGENT**	Fundamental control issue on which action should be taken immediately.
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Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Delivery	Testing of sickness absences, highlighted that two sickness episodes are merged on behalf of managers on the FirstCare system. This effectively cancels one of the two episodes and deletes the associated notes and attachments, resulting in a gap in the sickness records.	To remind line managers to be mindful that once continuous absence episodes are merged, records and supporting evidence are appropriately retained, and not lost when one of the episode is cancelled.	*We are now aware of this, this does not happened very often. Will add to our management communications.*
2	Delivery	It was noted that minutes are not maintained for the Sickness Scrutiny Group meetings however actions are recorded, but not robustly.	Sickness Scrutiny Group actions to be recorded in accordance with the acronym 'SMART'. To strengthen the robustness of current arrangements.	*All updates/actions are recorded on a monthly spreadsheet. We oppose of carrying out minutes of the SSG meeting as this would add more work to the process and duplicate the notes that are already recorded.*

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings

Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	**Governance Framework**	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	1	-
RM	**Risk Mitigation**	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	**Compliance**	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	2, 3 4, & 5	-

Other Findings

The Council has a joint 'Sickness Absence Management Policy and Procedures' document in place, which is available to all staff and can be accessed via the intranet.

The Council uses Nurse Led absence management services and an online administrative portal system provided by an external organisation, FirstCare. The Council had a five year contract with FirstCare, which commenced on 27th April 2015. The contract has been extended for a further year, from 1st November 2020 to 31st October 2021, in considering the sickness module on iTrent. The HR & OD Team Lead has stated this may be delayed by twelve months due to COVID placing other demands on the Human Resources (HR) service.

Supporting flowcharts are in place which outline the process to be followed when managing short and long-term sickness absence.

Dedicated HR Leads and Advisors provide support to line managers across the Council, with the absence management process.

Other Findings

Testing confirmed staff notify FirstCare of absences within the prescribed timeframes and where there were delays, these were adequately explained. For example, for three of the ten sickness episodes tested which were recorded as being reported after the start of a shift, information was provided which demonstrated each delay was reasonable, i.e. sickness absence occurring during a shift that was attended, an emergency medical procedure or administrative reason to merge two continuous episodes.

Review and testing of a sample of ten sickness absence episodes, identified that official 'Statements of Fitness for Work' (Fit note) certifications had been issued where required, including multiple Fit notes to cover the complete absence period, with the exception of two instances, where a gap of one day was noted between the absence period and shortfall in the certification. The absence period recorded on the system still stood therefore there did not appear to be a pay related impact.

Review and testing of ten sickness absences episodes, identified that in eight instances, 'Return to Work' interviews had been completed and for eight these were conducted within the seven day timeframe, in accordance with the Policy. The two overdue Return to Work interviews had either been held or arranged following the audit testing. There is evidence of HR proactively following up with managers to complete outstanding Return to Work interviews and status is regularly monitored and reported.

During testing, it was noted that Occupational Health were considered and involved in each of the ten cases reviewed. There was evidence of effective assessments leading to the following types of support:

- restricted duties;
- formal adjustments; and
- phased return, to enable suitable return to work and the management of risks to individuals and the Council so that neither are exposed.

It is understood a new Optimal Health portal was in place for managers to request for an Occupational Health review. Support is also being provided through the Council's Employee Assistance Programme.

Absence is regularly monitored and reported to the Sickness Scrutiny Group. Figures available to staff on the Council's performance information system Rocket were provided.

The Sickness Scrutiny Group meets monthly to review cases that have hit trigger points, have patterns or emerging concerns and for updates on the formal processes being undertaken. Review of Sickness Scrutiny Group monitoring records, for the sample of 10 cases reviewed, highlighted that process appeared to be working as expected and in accordance with policy requirements, including regular meetings, having plans for support and the issuance of written outcome letters and formal warnings for the period subject to review.

Good practice was noted, as emerging matters relating to the sample tested were highlighted by the Human Resources and Organisational Development Lead Officer, to relevant HR leads to ensure awareness and that these are raised at future Sickness Scrutiny Group meetings due to timing differences. At the time of time of audit, it was stated that absence information relating to May 2021 had been reviewed at the Sickness Scrutiny Group meeting held on 1st July 2021.

Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	**Performance Monitoring**	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
FC	**Financial Constraint**	The process operates within the agreed financial budget for the year.	Out of scope	-	FC -
R	**Resilience**	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	1, & 2

Other Findings

There is evidence of formal reporting of absence data to the Finance and Resources Overview and Scrutiny Committee. Quarterly Performance, People & Innovation Reporting is in place which contains six sickness related KPIs. Reports are publicly available on to the internet. Relevant statistics on sickness absence are collected and analysed by HR.

Coronavirus related absences were exempt from formal sickness triggers and audit testing confirmed exclusions were being applied for the review processes examined.

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	27th April 2021	28th April 2021
Draft Report:	13th July 2021	10th August 2021
Final Report:	11th August 2021	

Client:	Dacorum Borough Council				
Review:	Absence Management				
Type of Review:	Assurance	**Audit Lead:**	Principal Auditor		

Outline scope (per Annual Plan):	Rationale: If an organisation does not manage absence in an effective and appropriate manner, this may lead to high operational costs Scope: The review considered whether: • There is an Absence Management Policy which is reviewed periodically; • Procedures in relation to managing attendance have been documented, are up to date and made available to all staff; • Line Managers are managing attendance effectively and in accordance with required procedures; • All employees are aware of their responsibilities in relation to managing attendance; • Management are notified of all absences within the required timeframes and statements of fitness for work certificates are produced, where applicable, to cover complete absence periods; • 'Return to Work' interviews are carried out after every instance of absence; and • Absence is monitored and reported on, on a regular basis.

Detailed scope will consider:	Directed Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register. Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Delivery Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. Financial constraint: The process operates with the agreed financial budget for the year. Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.
Requested additions to scope:	N/A	
Exclusions from scope:	N/A	

Planned Start Date:	12/05/2021	**Exit Meeting Date:**	01/07/2021	**Exit Meeting to be held with:**	Group Manager – People, HR&OD Lead and HR Officer

SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N