

FROM: Audit and Risk Manager

TO: Head of Corporate & Community Services
Human Resources and Organisational Development Manager

C.C. Senior Human Resources Officer (CB)
Chief Executive
Deputy Chief Executive (AJ)
Deputy Chief Executive (BH)
Head of Finance

SUBJECT: Employee Absence Management

DATE: 28 March 2013

1. INTRODUCTION

- 1.1. In accordance with the Audit Plan for 2012/13, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.
- 1.2. Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. SCOPE AND OBJECTIVES OF AUDIT

- 2.1. The purpose of the audit examination was to report a level of assurance on the adequacy of structures and processes in place to support effective absence management across the Council.
- 2.2. An evidential risk-based evaluation was undertaken focusing on the following areas:

- § Strategies and Policies
- § Roles and Responsibilities
- § Policy and Procedural Compliance
- § Absence Monitoring and Reporting
- § Information Assurance.

- 2.3. The findings are based on consultations and discussions with key staff contacts and examination of relevant documentation and records. The overall framework for absence management was evaluated with reference to good practice sources, the main ones being:

- § Chartered Institute of Personnel and Development (CIPD);
- § CIPFA Systems Based Auditing Control Matrices;
- § Health and Safety Executive.

2.4 The recommendations from the previous audit dealing with absence monitoring were reviewed to ascertain current relevance and implementation status.

2.5 The principal contacts for the audit were:

§ Karen Warren, Human Resources and Organisational Development (HR & OD) Manager

§ Catherine Bick, Senior Human Resources Officer.

3 FINDINGS

3.1 Recommendations from Previous Audit

3.1.1 The four recommendations from previous audit undertaken in 2008 (all rated medium risk) were as follows:

§ A consistent approach should be adopted to the issuing and monitoring of self certification forms in that Personnel should issue them for every service area;

§ The procedures for the collection of absence information should be reviewed in order to achieve a greater degree of consistency and uniformity;

§ The backlog of recent outstanding self certification forms, particularly in Finance and Environmental Health, should be addressed.

§ Senior Managers and all those involved in the provision of information to Personnel should be reminded of the need to ensure that all information is complete, accurate and promptly supplied.

3.1.2 What became clear early on in the examination is that the first and second recommendations above have since been overtaken by events. Interestingly, the recommended approach of central issue of self-certification forms by Human Resources was implemented but later abandoned following the Support Services Review under Fit for the Future.

3.1.3 Two key influences behind this effective reversion were lean systems thinking and the anticipated advent of 'self-service' facilities in the human resources management IT application for staff and line managers.

3.1.4 The final two recommendations were addressed at the time by e-mails to Service Area Managers. However, as will be seen, they represent issues that have been shown to prevail still.

3.2 Audit Findings - General Comments

3.2.1 In its annual absence management survey for 2012, the CIPD reported an average of 8 working days lost through sickness absence per employee per year in the local government sector. The median average cost of absence

per employee per year for public sector respondents was estimated at £647.

- 3.2.2 The latest available information shows the equivalent average days lost figure for Warwick District Council as just below the above figure at circa. 7½ days, although this is a two-year old figure and therefore should be treated with caution. An equivalent cost figure for Warwick District Council is not available as no calculation is made for reporting or comparison.
- 3.2.3 The CIPD cites effective absence management as involving 'finding a balance between providing support to help employees with health problems stay in and return to work and taking consistent and firm action against employees who try to take advantage of organisations' occupational sick pay schemes'
- 3.2.4 The impression gained is that the Council has a well established framework in place clearly aligned with the above principles and supported by policies, procedures and guidance that harmonise well with most of the key elements of the 'good practice' sources referred to.
- 3.2.5 There are, however, certain distinct exceptions which are discussed further below under their respective themes.

3.3 Strategies and Policies

- 3.3.1 Linkage with the People Strategy is evidenced through a provision in the supporting Action Plan with a commitment to 'manage absence' and 'emphasise wellbeing'. There is a reference here to monitoring absence trends and agreeing action at a 'local level'.
- 3.3.2 From the samples seen, the favoured approach of many local authorities is to combine policy provisions, statements of roles and responsibilities, procedures and guidance into one long document labelled 'policy'. The Warwick District Council approach has long been to have a one-and-a half page overarching policy document referenced to other documents containing more detailed responsibilities, procedures and guidance.
- 3.3.3 This approach has the advantage of presenting the Council's expectations on attendance and actions to be taken in case of sickness absence in a more digestible and targeted manner. However, it also relies on maintaining an accessible and coherently structured information resource for both employees and line managers, especially when any of the documents are revised.
- 3.3.4 While there is resource available on the Council's Intranet, it has become fragmented and has to be retrieved by 'A to Z' reference from the Human Resources Handbook and even then needs a search by both 'A' and 'S' to find all relevant documentation. Other observations on the resource include:

§ the emphasis on wellbeing indicated in the People Strategy Action Plan does not show through clearly – the framework appears to be almost wholly focused on the 'reactive' rather than the 'proactive' (or

'preventative') when the clearly stated strategic aim to is reduce absence.

- § the managers' 'front page' document (containing basic notification requirements and the only one with hyperlinks to the other policy and procedure documents) does not show prominently as such;
- § reference in the Sickness Absence Policy to two appendices which are now separate documents differently titled;
- § some inconsistency in requirements between employee and manager procedure documents;
- § provisions on absence due to stress make no reference to the Stress at Work Code of Practice contained in the corporate Health and Safety Policy.

3.3.5 **Risks**

- § ***Line managers may take inappropriate measures in reaction to absences.***
- § ***Absences are not properly notified.***
- § ***Failure to promote awareness of procedures may jeopardise disciplinary cases against employees not complying with them.***

Recommendations

- (1) The Intranet information resource on absence management should be revised and repositioned to make it more prominent and coherent (including cross-referencing to the Stress at Work Code of Practice).**
- (2) The Sickness Absence Policy should be revised to make it more in line with the aims of the People Strategy (including 'wellbeing' emphasis).**

3.4 Roles and Responsibilities

- 3.4.1 Policies in respect of staff employment matters have to be approved by the Employment Committee. As the current Sickness Absence Policy dates from 1998, it is assumed that it was approved under the constitutional arrangements that existed at the time.
- 3.4.2 The Sickness Absence Policy and related procedures outline the respective responsibilities of employees who take sickness absence and line managers in both instilling expected standards of attendance and dealing with employees when they take sickness absence.
- 3.4.3 What does not come across with great clarity is the role of Human Resources in all this (except in dealing with workplace stress as manifest in the Stress at Work Code of Practice). Observations and test findings discussed under the Policy and Procedural Compliance section below suggest that understanding of management responsibilities, and support

- that can be expected from Human Resources, may not be universally understood among line managers.
- 3.4.4 This is particularly so in the case of servicing the absence recording and monitoring process (including documentation requirements under the Statutory Sick Pay regulations).

Risk

Lack of understanding of line manager responsibilities may result in absence not being recorded or properly dealt with.

Recommendation

A statement setting out the respective responsibilities of employees, management and Human Resources in managing absence should be prepared and referenced from the Sickness Absence Policy. Preferably, the statement should be approved by Senior Management Team.

3.5 Policy and Procedural Compliance

- 3.5.1 In any management system where responsibilities are widely dispersed, key elements to ensuring effective compliance with established procedures include communication and awareness promotion. Changes made to absence recording procedures two years ago removed a reminder process previously initiated by Human Resources and placed reliance on the Service Areas accessing electronic form templates on a weekly basis to log staff absence.
- 3.5.2 This was initially seen as an interim arrangement pending implementation of self-service features in the Oracle HRMS system that replaced the Snowdrop system in 2011. However, recent developments have put this eventuality in doubt.
- 3.5.3 Although no generally available procedure notes could be found explaining the current recording system, it has been advised that Human Resources undertook was a phased roll out of training and understanding service by service in 2011 by. Nevertheless, awareness among named officers given access to the templates was found not to be universal with the result that not all incidences of absence were being captured, although it is believed that only occasional instances of short absence periods are being missed.
- 3.5.4 The system operates through secured folders in the shared network drive representing each of the Service Areas. Access details obtained show 123 employees given absence entry access rights (approximately one for every five employees at the Council).
- 3.5.5 There is a wide disparity between the larger Service Areas with ratios ranging from one in eight (Cultural Services and Finance) to one in three (Development Services and Neighbourhood Services). The approach to delegation is also shown to vary with some Services concentrating on section heads, team leaders and senior team members while others show a concentration of more junior personnel including administrative staff.

- 3.5.6 To have so many employees designated to enter weekly absences is seen as excessive and not conducive to orderly operation of the recording system.
- 3.5.7 Additionally, review of recent completed absence returns showed a significant instance of procedures for correct entry, especially on continuing absence, not being followed.

Risks

- § ***Inappropriate disclosure of absence information.***
- § ***Confusion over responsibility for completing absence returns and correct procedures may result in errors and omissions.***

Recommendations

- (1) Service Area Managers should review the identities of staff with absence return entry rights and ensure that only the minimum necessary to ensure that all absences are recorded have access.**
- (2) Service Area Managers should ensure that all staff designated to complete the weekly absence returns on their behalf are appropriately briefed on the responsibilities and procedures.**
- 3.5.8 Sample tests on absences over a range of types, duration periods and Service Areas showed a surprisingly poor record of completed self-certifications and (where required) fit notes being promptly passed to Human Resources. The test showed a failure rate of 50 per cent in both cases.
- 3.5.9 Although a sickness 'evidence' logging facility exists in the Oracle HRMS, it could not be used to ascertain with certainty whether the test result is representative of the wider picture (it had been reported that a system fault loss of data which has still to be fully rectified). In post-audit discussions, the HR & OD Manager and Senior HR Officer expressed the opinion that the sample 'fail' rate is representative. Another confirmatory indication comes from a report run from HRMS of absences over the past twelve months showing the absence reason field populated in only 50 per cent of cases.
- 3.5.10 This is seen as demonstrating an extensive lack of commitment among line managers to ensuring that absence procedures are followed and a need for corporate leadership on the matter. It is partly with this in mind that Senior Management Team approval of a statement of responsibilities has been recommended above.
- 3.5.11 Another observation from the test which touches on the issues raised above on awareness and the information resource is the significant use of obsolete self-certification forms instead of those currently retrievable from the Intranet.
- 3.5.12 Absence management has featured in training sessions given by Human Resources over the past three years and the subject is also again covered as part of a suite of workshops in 2013. It is felt that other avenues should

be explored to raise the profile of absence management policy, procedures and resources (e.g. Core Brief, Senior Officers' Forum).

Risks

§ ***The Council is in breach of regulations relating to sick pay***

§ ***Lack of awareness of responsibilities and resources available to assist in meeting them may prejudice effective management of absence.***

Recommendations

(1) Outstanding self-certifications and fit notes should be followed up and raised, where appropriate, with the respective Service Area Managers.

(2) Responsibilities of line managers and support resources available to them should be clearly presented in training workshops on absence management.

(3) Promotion of absence management requirements through other communication channels (e.g. Core Brief, Senior Officers' Forum) should be considered.

3.6 Absence Monitoring and Reporting

3.6.1 For operational monitoring, especially to ensure that sick pay is correctly applied, absence reports in the Oracle HRMS are duly utilised. Reports are also available to support more general monitoring including long term absences and repeated occurrences of short absences to the 'trigger' level.

3.6.2 Certain reports that could otherwise have been of value (e.g. medical evidence not supplied, stress/depression absences) cannot be utilised at present due to the absence of source data already mentioned.

3.6.3 The Human Resources Administration Officers monitor absence with particular attention on cases becoming long-term (over 4 weeks) or are attributed to stress. The Senior Human Resources Officers work actively with line managers to address such absences on a case-by-case basis.

3.6.4 Major issues concerning the Oracle HRMS system have been communicated to Senior Management Team, one of which relating to self-service functionality has already been mentioned. It was also advised that the accurate statistics for core absence performance measures cannot be produced from the system due to its inability to adjust for part-time working, reduced hours and shift patterns.

3.6.5 It is for this reason that actual outturn on the core measure of working days lost per employee has not been reported to senior management or Employment Committee beyond March 2011.

- 3.6.6 The trend over the last few years has been a steady streamlining of high level performance reporting on sickness absence (and on workforce data generally). Absence rates are included among a schedule of proposed Corporate Measures linked to the Fit for the Future Programme to be reported quarterly to Senior Management Team (although again without outturn figures).
- 3.6.7 An annual workforce data report is submitted to Employment Committee including absence indicators. The last report was in September 2012 and, again, omitted an actual outturn figure on the core indicator for the latest year, although some comparison and trends on long term absence were displayed.
- 3.6.8 At the time of this report, management are considering options to address the issues concerning Oracle HRMS. As part of this, finding a solution to enable performance reporting on absence to be restored is duly prominent among the considerations.

3.7 Information Assurance

- 3.7.1 The core information assets for absence management are in the Oracle HRMS database. The HMRS system was reviewed against the standard CIPFA applications controls assurance model in July 2011. Although this was prior to the human resource management modules being implemented, the key controls over access and operation within the system are known to be essentially unchanged. The issues identified at the time related to partnership matters with Warwickshire County Council, which are beyond the scope of this examination.
- 3.7.2 The absence returns facility is located in a work group folder in the corporate shared network drive with Active Directory security settings restricting access to authorised named users. Examination of the settings through the folder/subfolder/file properties confirmed that only Human Resources staff can create files in that domain while users assigned to Service Area groups can only enter or change data in the files, each within their respective group.
- 3.7.3 Each week the absence returns in the Service Area folders are moved and archived in a folder only accessible to Human Resources staff.
- 3.7.4 Supporting paper records for absences are held together in a filing cabinet located within the Human Resources office area within full view staff and locked out of hours.

4 CONCLUSIONS

- 4.1 The findings give a mixed picture with a well established framework for absence management in evidence that compares mostly favourably with good practice sources used. It is more in the detail that issues start to emerge.

- 4.2 The unavailability of data for high level reporting on absence performance in itself has to qualify the level of assurance that can be reported, although a commitment to address this through a review of system options is acknowledged. There is also concern over evidence of considerable non-compliance with the requirements to supply medical evidence in support of validity of absences.
- 4.3 The latter may be a symptom of line managers not being as engaged in the process as they should be and a measure of corporate leadership being needed.
- 4.4 Other factors may include a lack of awareness and understanding of responsibilities and procedures that should be addressed through training, awareness promotion initiatives and a prominent and coherent information resource.
- 4.5 Delegation of responsibility within the Service Areas for completing weekly absence returns is also an area for concern as there is an inordinately large number of staff who can access them.
- 4.6 A significant factor in addressing the above issues is the decision, yet to be made, on the future shape of information technology support resources.
- 4.7 With the above considerations in mind, we are able to give MODERATE assurance on the adequacy of structures and processes in place to secure achievement of applicable corporate aims and objectives and the effective management of risks.
- 5 MANAGEMENT ACTION
- 5.1 Recommendations to address the issues raised are reproduced in the appended Action Plan for management response.

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