

EXTRACTS FROM AUDIT REPORTS WITH MODERATE OR LOW LEVEL OF ASSURANCE ISSUED QUARTER 4 2012/13

Housing and Council Tax Benefits – 1 March 2013

1 INTRODUCTION

- 1.1. In accordance with the Audit Plan for 2012/13, an examination of the above subject area has been undertaken 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 the findings and conclusions. 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 audit approach was a departure from the usual annual audit of housing and council tax benefits based on the CIPFA risk-based matrices. In consultation with the Head of Finance and the Benefits and Fraud Manager, the audit approach was modified to focus on the Council's preparations for the forthcoming welfare reform changes.
- 2.2. The purpose of the audit was to report a level of assurance on the adequacy of controls in place to implement in an effective and timely manner the said changes while ensuring proper continuity of existing benefit administration services.
- 2.3. The approach has combined an evaluation of applicable project governance arrangements with some provision of consultancy on detailed work to be undertaken to institute the specific changes due from April 2013.
- 2.4. At the time of this report the some of the consultancy element has been taken up (data analytics to help verify accommodation bedroom numbers loaded into the system in preparation for 'under-occupancy' changes). This report, however, focuses on observations arising from examination of the project management arrangements.
- 2.5. The findings are based on discussion with relevant contacts and examination of relevant supporting documentation. The principal contact was Andrea Wyatt, Benefits and Fraud Manager.

3 FINDINGS

3.1 Background

- 3.1.1 The changes emanate from two key pieces of legislation, namely the Welfare Reform Act 2012 (WRA) and Local Government Finance Act 2012 (LGFA). A letter to all local authority chief executives sent by the Department for Work and Pensions in March 2012 defines five key reforms:
- household benefit cap (instituted by Central Government under WRA powers);
 - localised council tax support schemes (LGFA – these replace council tax benefit for working age claimants);
 - Universal Credit (new benefit for people of working age, part of major transformation of welfare system under WRA);
 - Single Fraud Investigation Service (to be created as part of Central Government strategy and absorb existing local authorities' anti-fraud teams).
 - social sector size criteria (instituted by Central Government under WRA powers).
- 3.1.2 Of the above, the more immediate priority areas are the council tax support scheme for Warwick District and social sector size criteria, both of which are required to be implemented from April 2013.
- 3.1.3 The latter refers to what can be described as an extension of the existing Local Housing Allowance (LHA) system, which currently affects private sector tenant claimants only, to Council and other social housing tenants who are deemed to under-occupy their homes. This has become known as the 'bedroom tax'.
- 3.1.4 Each billing authority is required to design its own local council tax support scheme, although one available interim option has been to adopt the Central Government's 'Default Scheme' in which the allowance will be calculated on the same basis as council tax benefit currently is. Warwick District Council has taken this option for the first year while looking to design one that will be sustainable in the longer term with an implementation target of April 2014.
- 3.1.5 At the time of this report, an ongoing legal challenge to the London Borough of Haringey's consultation on its scheme is receiving high profile press coverage.
- 3.1.6 The Single Fraud Investigation Service (SFIS) is scheduled to come into being from April 2013 as an integrated service working under central direction nationwide. The impact on current staffing in the Council's Fraud Investigation Team will not be immediate as, although the staff

are to become part of SFIS, they will remain in the Council's employ while working to SFIS policies, procedures and priorities.

3.1.7 Next chronologically is the benefit cap which will be piloted at a group of London boroughs from April 2013 and rolled out nationwide over the summer of 2013. This is designed to ensure that households claiming 'out-of-work' benefits do not receive more in overall benefit than they could reasonably expect to earn in employment.

3.1.8 From the Council's perspective, the effect of the cap will be to 'level' the amount of benefit overall for those claimants affected by reducing the housing benefit element. This will be an interim arrangement until Universal Credit is fully bedded in. Information supplied by the Department for Work and Pensions in April 2012 identified 58 claimants in Warwick District that would be affected under their existing circumstances.

3.1.9 Universal Credit (UC) is clearly the most far reaching of the five key reforms. This will take over from housing benefit for most new working-age claims from October 2013. After that, housing benefit for existing claims, new pensioner claims and some new working age claims are expected to migrate nationally in phases over a period of four years or more.

3.1.10 The DWP letter recognises that local authorities will be planning to scale back their benefit services, but also cautions them to be prepared for providing face-to-face support to a significant proportion of UC claimants as well as maintaining existing housing benefit caseload prior to migration.

3.2 **Current Position**

3.2.1 At the time the audit was undertaken, the Council Tax Support Scheme (drawing on the 'Default Scheme') had been approved by full Council and change control procedures associated with Civica application releases area were duly progressing for implementation of the Scheme and the 'bedroom tax' from April 2013. Process testing had still to be undertaken, some of it dependent on further system releases including those necessary for implementing the benefit cap.

3.2.2 A wider ranging project to deal with the reforms overall was in the process of being put together to be led by the Benefits and Fraud Manager, although a formal comprehensive project framework was still to be established.

3.3 **Project Control Evaluation**

3.3.1 At the stage now reached, preparation for the more immediate changes has become to a large degree a matter of system change control associated with application release. With established change controls proved in previous audit reviews of Civica OPENRevenues, combined with extensive experience in system change acquired over the years,

successful implementation of the 'bedroom tax' and benefit cap is seen as well assured. For the Council Tax Support Scheme, the technical preparations also appear well in hand, although some process design around the system had still to be addressed at the time of the audit.

- 3.3.2 Looking back at the wider preparations for the Council Tax Support Scheme, evidence gaps obscure the picture of the earlier project stages leading up to the first report to Executive in July 2012 which set the stage for statutory consultation. It is assumed that the actual project inception would have been around April 2012 in the wake of the aforementioned DWP letter. What is clear is that extensive analytical work was performed during this initial period.
- 3.3.3 The Benefits and Fraud Manager advised that a project team representing both Members and officers had been constituted and met on a monthly basis to consider a range of scenarios for the Scheme leading up to the ultimate decision. However, no known written records of these meetings were available to aid review.
- 3.3.4 Only from July 2012 do some hallmarks of a managed project start to show through with an outline consultation strategy, internal action plan and some definition of officer powers and responsibilities. However, again, no known documentation exists on progress monitoring and reporting through the lines of management responsibility between the relevant Executive submissions. From the evidence seen, much of the activity has been concentrated on the consultation process including preparing and giving briefings to various interested parties.
- 3.3.5 With the initial objectives all but achieved, the prime concern now is that adequate project governance and risk management are put in place for the wider welfare reform programme. The need to put this on a more formal PRINCE2-based footing has been recognised and some initial documentation has been produced to set the stage.
- 3.3.6 However, at the time of this report much of the overall project framework has still to be clearly established and a key part of this is to translate existing documentation into a Project Initiation Document that follows the corporate PRINCE2 template.

4 CONCLUSIONS

- 4.1 The review has come at a time when the new interim Council Tax Support Scheme and other reforms scheduled for April 2013 are nearing implementation and a project to deal with the wider welfare reforms is at its inception stage. Preparations for the April 2013 implementations are seen as well in hand.
- 4.2 For the wider welfare reform project, governance arrangements appropriate to its impact and complexity have yet to be clearly defined. This in itself has to qualify the overall level of assurance that can be given at this point in time.

- 4.3 In the light of the above, we are only able to give **MODERATE** overall assurance that adequate controls are in place and that the applicable risks are managed effectively.
- 4.4 It is not considered appropriate to make specific recommendations here as it is expected that actions to establish project governance based on PRINCE2 will automatically follow and a further review is anticipated in due course.

Corporate Property Repair and Maintenance - 26 March 2013

1 INTRODUCTION

- 1.1 As part of the 2012/2013 Audit Plan, an audit has recently been completed on the systems and procedures in place to manage the repair and maintenance of the council's corporate property.
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2 SCOPE AND OBJECTIVES OF THE AUDIT

- 2.1 The audit was undertaken in order to establish and test the controls in place over the management of corporate property repairs and maintenance (CPR&M).
- 2.2 An audit programme identified the expected controls and the possible risks arising in the absence of those controls.
- 2.3 Specifically the control objectives examined were as follows:
- 2.3.1 Arrangements are in place for the overall management of corporate property.
- 2.3.2 All corporate property is defined and identified.
- 2.3.3 Properties are maintained both responsively and in a programmed/preventive manner.
- 2.3.4 Expenditure is approved and controlled.
- 2.3.5 Works of a responsive nature are based on a schedule of rates wherever possible.
- 2.3.6 Programmed works are ordered in accordance with the Code of Procurement Practice.

- 2.3.7 Tenants' responsibilities for repairs are clear, recorded and complied with.
- 2.3.8 Access to the repairs system and the privileges within it are controlled, recorded and reviewed regularly.
- 2.3.9 The risks associated with CRP&M are identified, recorded and managed.

3 BACKGROUND

- 3.1 Corporate property encompasses all land and buildings that are held for operational purposes e.g. offices, leisure centres, parks and for non-operational or investment purposes e.g. shops, offices, clubs. It also includes items such as monuments, statues and public art.
- 3.2 The Council's statement of accounts for 2011/12 shows that at the year end operational land and buildings were valued at £54.11m and non-operational property was valued at £9.22m.
- 3.3 CPR&M is managed by Housing and Property Services and predominantly the Building Surveying team which is headed by the Building, Construction and Surveying Manager. His line manager is the Property Manager who has been on sick leave for most of the year and is about to leave the Council's employment.
- 3.4 The original budget for CPR&M in 2012/13 was £1,234,600 and this has been revised to £1,465,300.

4 FINDINGS

- 4.1 In overall terms, the audit concluded that there are reasonable controls in place over the management of CPR&M, as would be expected given the long standing nature of the activity.
- 4.2 However, as is generally known, there have been issues this year with the budget for CPR&M and the reasons, possible causes and measures being explored to address the situation will be expanded on later.
- 4.3 In respect of the control objectives listed at 2.3 the findings are as follows:
- 4.4 **Overall management of corporate property**
- 4.4.1 Property is a vital component of service delivery so it is important that it is fit for purpose and that the number of properties held are appropriate for current and future needs.
- 4.4.2 Accordingly there are various measures in place to manage property both strategically and operationally. The most recent example being the creation of the Limited Liability Partnership which will assist the council to manage its assets at the very highest level.

- 4.4.3 In terms of dealing with more immediate issues but which include the acquisition or disposal of property, there is a Strategic Asset Group (SAG) which comprises senior managers.
- 4.4.4 Below that but still comprising very senior staff and Service Heads is the Corporate Property Improvement Board (CPIB). This deals with more immediate operational issues and also budget monitoring and budget preparation.
- 4.4.5 The Code of Financial Practice makes numerous references to responsibilities for both the management and control of corporate property and for its repair and maintenance.
- 4.5 **Identification of corporate properties**
- 4.5.1 Details or lists of corporate properties exist in a number of different locations, in different formats and for different purposes eg insurance, capital, accounting, portfolio management, income, repairs etc. Suffice to say that they will all differ slightly but given the size of the authority and the relatively small number of operational properties, which attract most of the attention and resources, this is not a significant risk.
- 4.5.2 The number of operational properties remains fairly static with few acquisitions or disposals.
- 4.6 **Responsive and preventive maintenance**
- 4.6.1 It is widely accepted that the sensible approach to building maintenance is an ongoing, programmed approach as opposed to a bare minimum or last minute approach. This is the course that the council has followed over the years and why corporate property is generally held to be in good repair.
- 4.6.2 In order to be able to take this route there needs to be fairly regular inspections and site visits in order to assess the medium to long term repair needs of a property.
- 4.6.3 This is carried out in two ways. Firstly all corporate properties have a designated Building Surveyor assigned to them and they will meet with the building manager each month to consider any immediate repairs and the potential for any future improvements or maintenance.
- 4.6.4 Secondly the broader approach is to undertake a stock condition survey of all corporate property in order to identify any short term problems and the remaining useful life of the individual components of the building so that a programme of future works can be prepared and prioritised.
- 4.6.5 The latest survey was undertaken by E C Harris toward the end of 2012 with a report being issued in January 2013. Included in the report are

	forecasts of the likely expenditure needed on individual properties over the next 30 years.
4.6.6	Overall the message from the report is that corporate property is in a fair condition as a result of having been well maintained over the years. This assessment applies mainly to the fabric of the buildings and not to the mechanical and electrical plant which in most cases is operational but nearing the end of its useful life.
4.6.7	Responsive repairs will nearly always have to be carried out on the grounds of public safety and service delivery. Whenever they are required the building manager will refer them to the designated building surveyor who will arrange the work as appropriate.
4.7	Expenditure is approved and controlled
4.7.1	The budget for CPR&M has in the past, including the current year, enjoyed something of a unique status in that it was in effect approved twice by Executive. It was approved as part of the annual Budget and Council Tax setting process and also under a separate report.
4.7.2	The reason for this is not crystal clear but is said to be due in part to serious overspends in the past generating interest from members, the size of the budget and its relevance to overall service delivery and in order to give the whole process a greater degree of transparency. Also presenting the proposed programme of works to members allows them the opportunity to comment and possibly reprioritise the projects.
4.7.3	After the budget (£1,335,400) was approved, the usual actions followed in that it was signed off by the appropriate budget holders and then published in the Detailed Budget Book 2012/13.
4.7.4	In the Budget Book the budget is presented in considerable detail and broken down over around 45 headings so that regular routine work on such areas as alarms, lifts, access systems etc can be easily identified rather than lost in one block allocation.
4.7.5	By various means the budget is then monitored as the year progresses in order to ensure, as far as is possible, that there are no significant overspends and that any potential or projected problems are identified early and then mitigated.
4.7.6	As mentioned earlier in this report, managing or containing the budget for 2012/13 has been a serious problem and a report to SMT on 30 January 2013 was forecasting an overspend of £436,000 which, by deferring some planned works and utilising savings in other areas, could be reduced to £146,000.
4.7.7	The report to SMT indicated that the problem was due in part to exceptional items such as asbestos removal. There was a budget for asbestos removal which was utilised on a number of jobs but around £100,000 was spent at the Royal Pump Rooms on asbestos removal for

which there was no budget.

- 4.7.8 In addition around £88,000 was spent on refurbishing the old Sea Cadets building in order to accommodate a new tenant, Hybrid Arts, again where there was no budget.
- 4.7.9 These are just two examples of why an overspend has occurred and there are other specific areas in addition to some unavoidable overspends on routine responsive repairs. Needless to say the situation has not gone unnoticed and officers in Finance and Housing and Property Services are working closely to look at the causes and more importantly to examine ways of improving budgetary control and monitoring.
- 4.7.10 An examination of minutes for the Property Services Budget Review Group suggests that as well as work being carried out where there is no budget, the overspend situation is not being helped by possible miscodings, inadequate budgets in the first place, inexperience of budget monitoring and forecasting and use of Total, and lack of resources.
- 4.7.11 Budget management and budgetary control has always been an important area for the council and for around the last ten years it has been managed corporately on a far more formal basis than before. There are currently some issues with the budget for CPR & M and improvements are needed but the situation is being investigated and staff in Housing and Property Services and Finance are working closely together to implement the necessary improvements.

Risk

Ineffective budgetary control or disregard for the proper procedures creates unnecessary additional pressures, wastes staff time and may require the transfer of resources from other budgets.

Recommendation

Stricter control needs to be exercised over the Corporate Property Repair and Maintenance budget in order to avoid future overspends of the level encountered this year.

4.8 Schedule of rates

- 4.8.1 Some of the work under CPR&M is of a regular nature that will involve planned service and inspection visits and often call outs to remedy individual faults e.g. alarms, access controls, lighting, ventilation. This work is normally let and managed in a contract situation.
- 4.8.2 The day to day responsive repairs are in the main all carried out by one contactor who submitted a schedule of rates that was judged to offer the best value and service to the Council.

4.8.3 The present contractor is operating under a fairly short term contract (20 months) and there was no provision in it for rates to be reviewed during the course of it.

4.9 **Programmed works**

4.9.1 The overall CPR&M budget comprises responsive repairs and programmed works. Programmed jobs are normally let under the Code of Procurement Practice and the building surveyors are familiar with its requirements.

4.9.2 In the current climate there are very few programmed jobs due to take place and the only one of significance this year, the Newbold Comyn Leisure Centre flume replacement, was granted an exemption from the Code.

4.10 **Tenants' responsibilities for repairs**

4.10.1 The non-operational or investment corporate properties mainly comprise shops, offices and clubs, and the responsibilities for repairs are detailed in the terms and conditions in the lease.

4.10.2 In most cases the tenant is responsible for internal repairs and decorations, with the Council taking care of the outside.

4.10.3 Repair requests are normally directed in the first instance to the Estates Manager in Economic Development and Regeneration, who will refer them to a building surveyor in most cases.

4.10.4 Until recently the Valuation Office carried out inspections of non-operational properties to ensure that the terms and conditions of the lease were being complied with. This would have included an assessment of the state of the internal repairs but the service has been cancelled on the grounds of cost.

4.11 **Access to the repairs system**

4.11.1 Responsive repairs are all channelled through the Building Surveyors who will process the order through the repairs module of Active H. Other members of staff in Housing and Property Services can also raise orders if necessary. Building managers are not able to access ActiveH to raise their own orders.

4.11.2 A review is carried out annually of the users of Active H and their privileges. A Business Application audit of Active H is carried out periodically and this will include the appropriateness of access and privileges.

4.12 **Risk register**

- 4.12.1 There are numerous risks associated with corporate property such as funding, payment of rent, staffing, contractor availability, systems etc but they are generally not specific to corporate property and will apply equally to HRA property.
- 4.12.2 They are all included in the H & PS risk register but mainly under the activity heading "General".

5 CONCLUSION

- 5.1 The audit concluded that there are reasonable controls in place to manage CPR&M but that poor performance in budget management needs to be addressed in order to improve control.
- 5.2 The audit can therefore give a **MODERATE** level of assurance that the systems and procedures in place are appropriate and working effectively.

Employee Absence Management - 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 that 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.