



Internal Audit Report  
All Services  
Managing Sickness Absence 12-07  
October 2012

## Final Report

Chief Executive's Service  
Finance Division  
Perth & Kinross Council  
2 High Street  
Perth PH1 5PH



## Background and Introduction

This assignment forms part of the Internal Audit plan for 2012/2013, as approved by Audit Sub-Committee on 27th March 2012.

The Maximising Attendance Policy was included within the suite of HR Policies submitted to the Strategic Policies & Resources Committee of the Council for approval in December 2010. The Employee Health and Attendance Procedure which is currently still applicable to teachers was submitted to the Strategic Policy & Resources Committee of the Council for approval in September 2007.

## Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Chief Executive's Human Resources and Finance Divisions and all services during this audit.

## Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that managers are aware of the key management activities associated with maximising attendance	
Auditor's Comments: The information on the new policy which was effective from 1 March 2011 was issued on the council's intranet (Eric) as an alert. This alert also advised that the new Maximising Attendance e-learning course for managers was now available.  The key management activities associated with maximising attendance are clearly signposted and summarised on Eric. There is a checklist of the key activities and some of the key activities have links which take you to more detailed guidance and information. In order to ensure that all schools have access to the relevant information, the Health and Attendance policy and guidance for teachers is published on the national intranet site for education, GLOW.	
Strength of Internal Controls:	Strong

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Control Objective: To ensure that support is available as appropriate to managers in managing sickness absence	
<p>Auditor's Comments: The support available to managers is clearly set out on Eric.</p> <p>Testing provided evidence that briefings and workshops on maximising attendance and teachers health and attendance had been delivered in all services, and that e-learning has been utilised. Testing provided evidence that ongoing support is being provided to managers.</p> <p>There is a sickness absence management improvement plan progress report from May 2012 which forms part of the report by the Head of Human Resources to Executive Officer Team on 10 July 2012. In this report three areas of support are identified namely Learning &amp; Development Administration, Management Information and Monitoring and Professional Advice and Guidance.</p> <p>The sickness absence improvement plan is still in the process of being implemented. The electronic system improvements are subject to the delivery of a working self service functionality in MyView, part of the integrated Human Resources &amp; Payroll system. These improvements will provide all managers with the ability to electronically record sickness absence dates and mandatory meetings through MyView, which in turn will improve the quality of data that the management reports are based upon by avoiding delays in internal mail for sickness related documentation with the consequential effect on making output reports and trigger emails more accurate.</p>	
Strength of Internal Controls:	Moderate

Control Objective: To ensure that the sickness absence procedures are implemented throughout the Council;	
<p>Auditor's Comments: Whilst employee sickness records provided evidence that the sickness absence management procedures were implemented through out the council, these are not consistently applied.</p> <p>It was clear that the procedure had been followed in a third of cases, however in two thirds of files tested there was no documentary evidence to provide assurance to the Council that welcome back discussions, attendance meetings or issue of improvement notices had taken place. In addition, the management activity relating to the implementation of sickness absence procedures had not been formally monitored at senior manager level.</p>	
Strength of Internal Controls:	Weak

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Control Objective: To ensure that the sickness absence procedures are monitored to ensure that they deliver on their objectives	
<p>Auditor's Comments: There is evidence that each of the services has recognised that managing sickness absence is a priority. The Service Management Teams of each service have been receiving regular information regarding sickness absence.</p> <p>The Corporate Management Group received a progress report on the sickness absence improvement plan which was then reported by Head of Human Resources to the Executive Officer Team on 10 July. It is planned to take an updated report to the Executive Officer Team in November 2012</p> <p>Sickness Absence Reports of average days lost per employee over the last 4 years indicates an improving position in each of the services.</p> <p>Whilst one of the top 4 reasons given for sickness absence is 'other', there is evidence to support that this is being addressed by Human Resources and there should be a reduction in the absences described as 'other' in future reports</p>	
Strength of Internal Controls:	Strong

### Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

### Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

## Distribution

This report has been distributed to:

B Malone, Chief Executive

D Burke, Executive Director (Housing and Community Care)

J Fyffe, Executive Director (Education & Children's Services)

J Valentine, Executive Director (Environment)

J Walker, Depute Director, Housing and Community Care

H MacKenzie, Head of Human Resources

J Symon, Head of Finance

K Donaldson, Personnel Manager

E Sturgeon, Chief Exchequer Officer

P Dickson, Complaints & Governance Officer

M Kay, Senior Committee Officer

External Audit

## Authorisation

The auditor for this assignment is M Morrison. The supervising auditor is J Clark.

This report is authorised for issue:

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Jacqueline Clark  
Chief Internal Auditor  
Date: 30 October 2012

## Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Health & Attendance Policy for Teachers	Medium
2	Records Management	High
3	Records Management - Filing	High
4	Monitoring the management of sickness absence	High
5	Monthly Sickness Absence Report	Medium





## Appendix 2: Action Plan

### Action Point 1 - Health and Attendance Procedure for Teachers

The sickness absence management improvement plan sets out a range of improvement activities in relation to learning and development, administration, management information and monitoring, professional advice and guidance and management action.

The purpose of the plan is to ensure that support arrangements for managing health and attendance are effective so that sickness absence is reduced, thereby enhancing capacity and improving organisational performance.

The sickness absence management improvement plan progress report states that the review of Health and Attendance Procedure for Teachers has been postponed by Education and Children's Services as the service did not want to review it in the timescales initially set due to other conditions of service being amended and implemented.

Although this policy is similar to the Maximising Attendance Policy there is no requirement within the current Health and Attendance Procedure for a formal attendance meeting to take place when the triggers have been met. However, the procedures do state that a meeting should take place after every absence. This may lead to an inconsistent treatment of sickness absence.

### Management Action Plan

The Human Resources Team Plan includes an action for a review of the Health and Attendance Procedure with a view to ensuring consistency between the policies.

Importance:	Medium
Responsible Officer:	K Donaldson, Personnel Manager
Lead Service:	Chief Executive's Service
Date for Completion (Month / Year):	January 2013
Required Evidence of Completion:	Outcome of the review

### Auditor's Comments

Satisfactory

## Action Point 2 - Records Management

It is clearly stated within the guidance and on all model letters that copies of paperwork should be sent to the Employment Services Team (EST). This is to ensure that personal files are up to date and contain all relevant information.

There is an inconsistent approach to holding these records in that some of the paperwork, where completed, is retained by the manager, and some is sent into EST. Of the 30 sickness absences tested, supporting paperwork was held in EST for 8 cases, and supporting paperwork was held by managers for a further 2.

Of the remaining 20 tested, 4 'return to work' meetings had taken place; and in 14 cases, triggers had been met but no formal attendance meeting had taken place.

### Management Action Plan

A generic reminder will be sent to all managers encouraging them to ensure they follow the procedure and submit paperwork to EST each time a member of their team is absent through sickness.

Importance:	High
Responsible Officer:	E Sturgeon, Chief Exchequer Officer
Lead Service:	Chief Executive's Service
Date for Completion (Month / Year):	December 2012
Required Evidence of Completion:	Reminder

### Auditor's Comments

Satisfactory

### Action Point 3 - Records Management - Filing

Within Employment Services, there is a backlog of filing which became apparent when carrying out testing of the employees who returned from sickness to work in May. Many of the records required to be examined as part of the audit sample had not been filed within the employees' file.

#### Management Action Plan

The backlog of filing within the Employment Services Team will be cleared to ensure that personal files are up to date and contain all relevant information.

Importance:	High
Responsible Officer:	E Sturgeon, Chief Exchequer Officer
Lead Service:	Chief Executive's Service
Date for Completion (Month / Year):	31 December 2012
Required Evidence of Completion:	Filing up to date

#### Auditor's Comments

Satisfactory

## Action Point 4 - Monitoring the management of sickness absence

The sickness absence management improvement plan progress report states that reports to allow ongoing monitoring of managers activity are yet to be developed and will be addressed with the implementation of Sickness Absence Module on Resourcelink due to be introduced in 2013.

The interim measure pending the system development included in the improvement plan is to carry out spot checks. It was intended that the Service would review a number of personal files each month for evidence of managers following the key management activities. However these spot checks have not been carried out.

A third of the sickness absence records tested were supported by evidence which proved that the relevant policy was being implemented.

The Service states that monitoring of management activity has occurred within Services when senior managers, supported by Human Resources, interview service managers, team leaders etc regarding their performance in managing sickness absence in accordance with the Maximising Attendance Policy.

There is a risk that the delay in the implementation of formal monitoring of management activity will result in the policy not being correctly and consistently implemented by managers.

## Management Action Plan

1. Once the personal files have been brought up to date and are maintained (see Action Point 3), spot checks will be undertaken to ensure that managers have undertaken the relevant key management activities in accordance with the policy.
2. The Personnel Manager will liaise with Executive Directors who will remind their managers of their responsibilities to carry out the key management activities required under the Maximising Attendance and Health and Attendance Policies.
3. Service Management Teams will monitor the management activity within their Services relating to the implementation of the Maximising Attendance and Health & Attendance Policies.

Importance:	High
Responsible Officer:	1. & 2. K Donaldson Personnel Manager 3. Service Management Teams
Lead Service:	Chief Executive's Service
Date for Completion (Month / Year):	1. To commence January 2013 2. November 2012 3. January 2013
Required Evidence of Completion:	1. Outcome of spot checks undertaken 2. Evidence of reminders 3. To be provided

## Auditor's Comments

Satisfactory

## Action Point 5 - Monthly Sickness Absence Report

In addition to providing trends over the rolling 12 month period, the Monthly Sickness Absence Reports identify the main reasons given for the absence period. The top 4 reasons are identified and one of these is 'other'.

There is a risk that due to lack of sufficient detailed information, the support arrangements for managing health and attendance may be less effective.

There is evidence to support that this is being addressed by Human Resources and Employment Services and there should be a reduction in the absences described as 'other' in future reports.

In addition HR advised that, due to timing delays in information being received and processed by Employment Services Team, the information used to prepare the Monthly Sickness Absence Reports is not always up to date.

## Management Action Plan

1. The percentage of absences described as "other" will reduce in future monthly sickness absence reports.
2. In order to provide the most accurate information, the monthly sickness absence reports will be issued 6 weeks after the end of the month to which they relate to ensure all relevant information is captured.

Importance:	Medium
Responsible Officer:	K Donaldson, Personnel Manager
Lead Service:	Chief Executive's Service
Date for Completion (Month / Year):	November 2012
Required Evidence of Completion:	Sickness Absence Report

## Auditor's Comments

Satisfactory

