

Internal Audit Report

Attendance Management

9 December 2024

CD2404

Overall Assessment	Reasonable Assurance
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2024/25 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2024. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Global Internal Audit Standards (UK Public Sector) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings have been raised with senior management and elected members as appropriate.

Executive Summary

Overall
Assessment

Reasonable
Assurance

Overall opinion and summary of findings

The design of the Council's control framework for managing attendance is generally sound, with some opportunity to introduce improvements such as:

- updating guidance to provide clarity for managers on sickness absence recording, the application of discretion and recording return to work conversations and reasonable adjustments
- reviewing referral categories within the OHIO system and the timeliness of and options for Occupational Health (OH) appointments to support managers and colleagues
- promoting early referrals to OH, reasonable adjustments and tools such as the Health Adjustment Passport to support colleagues to remain in work
- considering system based enhancements to improve attendance management actions and central recording of decisions and actions.

Review of control effectiveness within services has highlighted the following operational areas for improvement which if not addressed may result in increasing absence, impact the Council's organisational culture and reduce productivity, service delivery levels and customer satisfaction:

- ensuring accurate and timely recording of all absences and management of absence in line with the relevant Council policy
- ensuring all required formal sickness absence meetings take place, are recorded and all documentation and correspondence is stored within the HR system
- holding return to work conversations where required and appropriately recording agreed actions, interventions and reasonable adjustments
- ensuring colleagues complete relevant sickness absence related learning, induction materials are appropriate, and that learning is regularly refreshed





- ensuring that occupational health referrals take place at the earliest opportunity and reporting of reasonable adjustments and actions arising from OH assessments is consistent
- managing unauthorised absence and welfare checks consistently and in line with guidance and requirements supported by ensuring contact details remain up to date
- establishing monitoring and assurance processes in services to ensure compliance with policy requirements including data recording and reporting
- identifying and recording sickness absence related risks and mitigating actions including establishing plans and processes for services with high levels of sickness absence.

Areas of good practice identified

- a suite of guidance, e-learning and templates are available on the Orb to support managers and colleagues in managing absence
- sources of information and support are provided such as Occupational Health services and an Employee Assistance Programme
- case management support is provided by HR to people managers for managing specific cases as required
- monthly reporting is in place to support senior officers to identify sickness absence issues where further action may be required
- quarterly workforce dashboard reporting to Committee includes time lost to sickness absence and the top 5 reasons for short and long term absence
- absence management is a key indicator within the People Strategy with dashboards and support for people managers currently being developed and enhanced to allow local actions and interventions to be implemented.

Audit Assessment

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Audit Areas	Control Design	Control Operation	Findings	Priority Rating
1 and 2. Policy and procedures design and adherence			Finding 1 – Policy, procedures and guidance	Medium Priority
			Finding 2 – People manager application of policy and guidance	Medium Priority
			Finding 3 – Learning and induction	Medium Priority
3. Governance, Oversight and Risk Management			Finding 4 – System functionality and data quality	Medium Priority
			Finding 5 – Service sickness absence / workforce related risks	Medium Priority

Management Response to Executive Summary

This is a key priority area of focus for the City of Edinburgh Council just now and this was a welcomed audit particularly in respect of scope and timing. Findings will support ongoing activity and improvements in this area and help to strengthen guidance and overall governance as arrangements continue to be reviewed during 2025.

Background and scope

In line with the [Employment Rights Act 1996 \(section 88\)](#), the employer is liable to pay sick pay benefit or statutory sick pay to an employee who is incapable of work due to sickness or injury. The [Health and Safety Executive \(HSE\)](#) expects employers to have policies and procedures for managing sick leave and return to work. The City of Edinburgh Council's (the Council's) sickness absence is managed through the [Sickness Absence Policy](#) and [related guidance](#) for managers and colleagues is available on the Orb.

The Council's Human Resources team are responsible for authoring and updating the sickness policy, procedures and provide associated guidance. The line managers across services are responsible for recording and monitoring sickness absence for their teams. It includes managing absence thresholds, return to work meetings, absence review meetings, obtaining medical certificates, making referrals to occupational health, and implementing actions from the occupational health referrals to support colleagues to remain in work. Short-term sickness absence is defined as absences of less than four continuous weeks and long-term sickness absence is absences of four or more continuous weeks.

A [Wellbeing and Absence Deep Dive](#), presented to the Finance and Resource Committee in September 2022, found that the Council had seen an increase in employee absence particularly related to psychological conditions such as stress, depression, and anxiety. It was acknowledged that a focus was needed on prevention through taking a wellbeing centric approach to manage absence and wellbeing. The [People Strategy 2024-27](#) sets out how the Council will invest in colleague and future colleague experience, happiness and growth.

The Council's Workforce Dashboard presented to the Finance & Resources (F&R) Committee in [September 2024](#) noted that 49,014 days were lost to sickness absence during Q1 2024/25. During the same period, the Council employed an average of 15,516 full time equivalent staff (excluding agency), with monthly pay totalling £47.6m (excluding flexible workforce).

In [Q1, 2024/25](#), the top five reasons for short term absence were infection, stress, Musculo skeletal (MSD), gastrointestinal and ENT/dental. The top five reasons for long term absence were stress, MSD, cancer, gastrointestinal and heart.

Sickness absence is monitored as part of the Council's [Planning and Performance Framework](#), is scrutinised at the Corporate Leadership Team quarterly and reported quarterly to the F&R Committee. Employee absence is also a key performance indicator for the [Local Government Benchmarking Framework](#).

During 2023/24, a new HR system, Oracle Fusion, was implemented to replace the previous iTrent system which included myHr and myPeople. The new system was rolled out in October 2024.

Alignment to Risks and Business Plan Outcomes

The review also provided assurance in relation to the following Corporate Leadership Team risks:

- Financial and Budget Management
- Health and Safety
- Resilience
- Service Delivery
- People
- Regulatory and Legislative Compliance
- Reputational Risk
- Fraud and Serious Organised Crime

[Business Plan Outcomes:](#)

The Council has the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure cross directorate adherence to the Council's Sickness Absence Policy and supporting guidance including managing thresholds, return to work conversations, formal review meetings, referrals, and provision of support.

The audit reviewed key policies, procedures and absence data for the period April 2023 to March 2024. The audit utilised data provided by the change and delivery team. Quantitative data in the findings of this report are based on full Council data.

Testing for absences and walkthroughs of key processes across a sample of four Council services with the highest number of absences was also performed to determine compliance with controls and to assess control effectiveness.

Limitations of Scope

The following areas were excluded from scope:

- review of sickness absence documents directly attributable to an individual colleague
- the accuracy of sickness and ill health redundancy payments, and
- design and effectiveness of the People Strategy 2024-27

The audit was completed during development of the new HR system (Oracle Fusion) and as this was a compliance review providing historical assurance, data from the previous system was used to assess compliance. The previous system was closed down between September and October 2024 to allow time for transitional activities, therefore some audit testing was limited.

Reporting Date

Testing was undertaken between 1 August 2024 to 25 September 2024.

Audit work concluded on 16 October 2024 and the findings and opinion are based on the conclusion of work as at that date.

Findings and Management Action Plan

Finding
Rating

Medium
Priority

Finding 1 – Policy, procedures and guidance

As a 'second line' function Human Resources (HR) are responsible for developing and updating policy and guidance to support attendance management which services are then responsible for applying.

Absence thresholds: Guidance on [the Orb](#) states that when a colleague exceeds a sickness absence threshold, managers may arrange a formal absence meeting. The [sickness absence policy](#) allows managers to apply discretion with the aim of giving managers flexibility. While this is recognised, in practice, this can result in varied and inconsistent decisions and actions for formally managing attendance across the Council. For example, discussions with the services sampled highlighted discretion is used for absence related to pre-planned operations, family illness or caring for dependents. There is also no central recording mechanism for discretionary decisions taken by services to enable monitoring of its application.

Return to work conversations are informal conversations that should take place following each instance of short-term absence at the earliest opportunity as outlined in [guidance](#) and the sickness absence e-learning module.

When a manager uses discretion not to proceed to a formal absence meeting, in line with the guidance, they are required to [keep records of return to works](#) and support/adjustments, however the managers interviewed as part of audit fieldwork were not aware of this requirement.

Occupational Health: Managers refer colleagues to Occupational Health (OH), through the 'OHIO' system. Some managers in the services sampled advised the 'referrals' system headings are unclear, so it is difficult to refer for the most appropriate issue. Guidance is provided for 3 of the 5 referrals in the system.

Managers also advised it can take some time to get an appointment, and most appointments are via the telephone, so it can be difficult to fully assess physical issues. Management information is provided by the supplier however this does not include timescales for referrals and appointments.

In addition, to support colleagues absent with or diagnosed with stress or Musculo skeletal disorder (MSD), managers are required to make early referrals to OH. However, while the return to work conversation guide includes a section on absences related to these discussions, there are no manager actions noted to ensure that an OH referral has been discussed and made. This is at odds with other sections of the guide which include clear manager actions.

Reasonable adjustments are [measures](#) to support colleagues to return to or remain in the workplace. Guidance on reasonable adjustments is provided on the [Orb](#), however, there is no requirement in the Council's Sickness Absence User Guide to formally record reasonable adjustments and actions following advice and recommendations from OH reports are not formally recorded. On occasions where absence letters were issued, adjustments were recorded in the letter. A [Health Adjustment Passport and toolkit](#) is provided on the Orb to record discussions and actions, however, there is limited manager awareness and utilisation of this.

Risks

- **Service Delivery /Health and Safety** – if outcomes and actions are not recorded and stored, measures taken to assist colleagues to remain at work may not be accessible and may result in further absence, impacting service delivery
- **People** – if records of conversations, outcomes and actions are not stored, information may not be accessible when required to support both managers and colleagues
- **Reputational** – potential reputational and cultural impacts from inconsistent absence management across services.

Recommendations and Management Action Plan: Policy, procedures and guidance

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
1.1.1	HR should consider providing guidance on the application of management discretion with the aim of ensuring it is applied appropriately across the Council and in line with the relevant policy for example the Council's Special Leave policy.	The HR Team will consider review of guidance in respect of discretion alongside People Management Training that is delivered to all Managers	Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR	31/07/2025
1.1.2	The Council should consider implementing a central process to enable managers to record decisions where manager's discretion has been applied and a decision not to proceed through the formal absence process has been taken.	The HR Team will investigate system capabilities to determine what might be feasible.	Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR	31/07/2025
1.2.1	OHIO guidance should be updated to provide guidance to support managers when creating new referrals for the remaining two headings on the system.	The HR Team will review guidance and if appropriate will update on Inspiring Manager Hub as hot topic.	Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR	31/07/2025
1.2.2	HR should request that the occupational health provider provides regular performance information on timeliness of referrals and appointment times to enable management to consider where improvements are needed.	HR have monthly meetings with PAM, the Council's approved Occupational Health and Employee Assistance Provider. These meetings focus on performance and areas for improvement. It should also be noted that referrals can also be requested from colleagues and requests for face to face appointments. HR run "Making a good occupational health referral workshops" for managers which are well attended, with further scheduled through MyLearning Hub.	Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR	31/12/2024
1.2.3	The Return to Work Conversation Guide should be updated to include manager actions for absence related to stress or Musculo skeletal disorder including recording discussions / referrals to OH and actions/reasonable adjustments agreed.	The HR Team will review guidance and if appropriate will update on Inspiring Manager Hub as hot topic.		31/03/2025

1.3	<p>HR should consider ways to increase manager awareness of:</p> <ul style="list-style-type: none"> • use of health adjustment passports • requirement to keep records of return to work conversations when discretion not to proceed to formal absence meetings is applied. 	<p>The HR Team will review guidance and if appropriate will update on Inspiring Manager Hub as hot topic.</p>	<p>Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR</p>	<p>31/03/2025</p>
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Finding 2 – People manager application of policy and guidance

Finding
Rating

Medium
Priority

Absence Letters: The Council's Sickness Absence User Guide states absence meeting invites and [outcome letters](#) should be uploaded to myPeople. However, some managers save letters locally on council network drives or in paper personnel files.

Absence recording: Review of absence for the period April 2023 to March 2024 noted a delay in recording absence, with 6% of absence recorded 15 days or more after the absence start date. 3% of absence was recorded prior to absence occurring which could affect the accuracy of payroll entries. It will be appropriate for some absences to be recorded in advance - for example when individuals have scheduled treatment.

Current guidance requires a return to work conversation to be held for every absence on the first day back or earliest opportunity, however there may be instances where these do not require to be formally recorded for example one-off short term absence. The guidance should be reviewed to ensure clarity on this.

When colleagues reach a sickness absence threshold, managers may arrange a [formal absence meeting](#). From April 2023 - February 2024, there were 3478 recorded absence instances where a threshold was reached. Of those, 1562 had formal absence meetings recorded in myPeople. 40% of the meetings took place prior to the absence ending, and 26% were recorded more than 30 days after the absence ended. For all absences between April 2023 to March 2024, 31% of colleagues had a formal sickness meeting recorded in myPeople. It is recognised that some individuals may be very ill and near end of life and it is not appropriate to take them through formal meetings. The process allows flexibility for this to progress as required and to support families and individuals with death in service payments etc. Guidance should be reviewed to clarify this.

Colleague contact details and emergency contact details should be kept up to date. Schools carry out an annual data check, however, some services use paper files which may be out of date. Following the launch of the new HR system in October 2024, a request was issued via [NewsBeat](#) for colleagues to update essential personal data including emergency contact details.

Unauthorised absences: [Guidance](#) is available for managers to follow in sequence in cases of unauthorised absence. However, services do not follow the process consistently - some services will continue to attempt contact via telephone, while others carry out a home visit following no response, and others go directly from attempting to contact via the telephone to phoning police to carry out a welfare check. Managers did advise, however, that there was usually contact from an employee following a phone call or text message.

Quality Assurance (QA) Processes: Policy adherence is delegated to managers, however there are limited formal QA activities carried out in services to ensure compliance including ensuring managers are recording sickness absence correctly. Monthly emails with sickness absence data are issued to senior officers, and some services then relay this to Heads of Services to check for accuracy and other services have in person meetings to discuss absence trends and thresholds.

Good practice to support attendance management was noted, HR Case Consultants specifically employed to monitor long term absence reports, support with complex cases, providing advice, guidance and coaching, attendance at absence meetings - essentially providing dedicated resource to support absence management procedure implementation across the organisation.

Monthly variance checks are carried out for payroll, however, if managers have not input the correct data, the system will continue to pay colleagues which results in overpayments which need to be recovered.

Risks

- **Financial and Budget Management** – if absence is not recorded accurately and timely, overpayments may be made
- **People** – lack of up to date data may result in failure to take effective actions
- **Regulatory and Legislative compliance** – if formal meetings do not take place or are not recorded, further action may not be possible without evidence.

Recommendations and Management Action Plan: People manager application of policy and guidance

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
2.1	<p>CLT and Directorates should establish processes to provide assurance that there is consistent compliance across their services with the sickness absence policy requirements and guidelines. Assurance received should include confirmation on compliance with the following (this could be via a self-assurance checklist completed by managers):</p> <ul style="list-style-type: none"> uploading formal absence invites and letters to the system in line with Council guidelines recording and ending sickness absence on the system in a timely manner recording formal absence action dates within the HR system referring colleagues to Occupational Health when required discussing and recording reasonable adjustments to enable colleagues to remain in work <p>In addition, in line with recommendation 4.3.2 and 4.3.3 following issue of monthly reports, directorates should undertake a review to rectify any data quality issues associated with HR data.</p>	<p>CLT are reviewing the framework in respect of workforce governance. New arrangements will commence in 2025 whereby Services will present assurance reporting to CLT meetings on all matters relating to workforce key performance indicators. Will be led by HR Directorate.</p>	<p>Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR</p>	31/03/2025
		<p>2.1a CEJS directorate will agree processes to further enforce compliance across Divisions with sickness absence policy and guidelines. Progress planning around Workshops on attendance management for Managers. Promotion of Absence Panels across the Divisions. Build in quarterly reporting for SMT on attendance management recording/compliance (reliant on new HR data to progress). To review new absence reports created using the new HR system when these become available to address any quality assurance issues (reliant on completion of Children’s Services Review and the Education Inclusion Review along with new HR data to progress).</p>	<p>Owner: Executive Director, Children, Education and Justice Services Lead Officers: Service Directors, Operations Managers</p>	30/06/2025
		<p>2.1b Place directorate will develop guidance for managers on the sickness absence policy, with biannual sample testing being implemented to monitor compliance. Additionally, in line with recommendation 4.3.2 and 4.3.3, the Directorate will initially engage with Corporate Services colleagues to establish if managers can be notified directly of data quality issues in their respective service areas. If not, alternative processes will be explored.</p>	<p>Owner: Executive Director, Place Lead Officers: Operations Managers</p>	31/10/2025

		A biannual attendance management report will be presented at Place SMT which will include the sickness absence sample testing results and any data quality trends.		
		<p>2.1c EHSCP will design and implement an assurance process requesting that Heads of Service provide assurance that they are complying with all matters noted and in line with agreed policy and process. The assurance process and outcome will be reported to the appropriate governance meeting for consideration and review.</p> <p>Once the improved monthly sickness absence reports are available the Partnership will undertake a review of the information available and where issues with data quality are identified these will be followed up with both the services impacted / relevant Heads of Service.</p>	<p>Owner: Chief Officer, EHSCP</p> <p>Lead Officers: Operations Manager</p>	30/06/2025
		<p>2.1d Corporate Services will design and implement a Quarterly assurance process requesting that all Divisions and Services provide assurance that all matters noted, as well as any other identified issues relating to absence and absence management, are fully considered, reviewed and implemented according to agreed Council policy and process. These Quarterly assurance checks will be reported to the Corporate Services Directorate Management Team for consideration and review.</p>	<p>Owner: Executive Director, Corporate Services</p> <p>Lead Officers: Operations Manager</p>	31/05/2025
2.2	Directorates should consider whether holding paper records with emergency contact/next of kin details is appropriate, and where it is deemed to be, implement processes to ensure these are reviewed and updated.	<p>2.2a CEJS directorate will issue a directorate wide communication to determine where local records are held and that a process is implemented to ensure they are reviewed and update bi-annually.</p>	<p>Owner: Executive Director, Children, Education and Justice Services</p> <p>Lead Officers: Service Directors, Operations Managers</p>	30/06/2025
		<p>2.2b Place directorate will engage with the information governance team on the appropriateness of holding paper records of emergency/next of kin details. The response will be escalated to Heads of Service to remind their teams on the responsibilities in respect of holding personal information.</p>	<p>Owner: Executive Director, Place</p> <p>Lead Officers: Operations Managers</p>	30/07/2025

		<p>2.2c EHSCP will cascade communications asking colleagues to ensure that their emergency contact / next of kin details are updated on the Myhr system. Where services felt papers records of Next of Kin / emergency details is necessary, heads of services will be responsible for ensuring compliance with the relevant information governance arrangements in respect of personal information</p>	<p>Owner: Chief Officer, EHSCP Lead Officers: Operations Manager</p>	30/06/2025
		<p>2.2d Corporate Services will cascade a communication to all Divisions and Services within the Directorate asking that managers consider holding such information offline, and that where this is agreed to be necessary that appropriate procedures are designed and implemented to ensure that this information is managed and maintained.</p>	<p>Owner: Executive Director, Corporate Services Lead Officers: Operations Manager</p>	28/02/2025
2.3	HR should review return to work conversation requirements and if it is deemed appropriate that a conversation is not required following a short absence, the sickness absence user guide should be revised and communicated.	The HR Team will review guidance.	<p>Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR</p>	31/03/2025
2.4	HR should review absence meeting 3 criteria in relation to ill-health retirement and individual circumstances.	The HR Team will review guidance.	<p>Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR</p>	31/03/2025

Finding 3 – Learning and induction

Finding
Rating

Medium
Priority

E-Learning: Colleagues are required to complete the sickness absence e-learning module on employment. The module provides detailed information on managing sickness absence and scenarios to assist managers and colleagues in applying this practically. A completion report for the module shows that 13,955 colleagues have completed the module since August 2021 (when the My Learning Hub system was launched). It is recognised that this learning should be completed on employment and therefore completion for colleagues whose employment pre-dates this will not be recorded in My Learning Hub. HR provide training to People Managers, which includes sickness absence, reasonable adjustments and wellbeing and this has been attended by 500 managers since its introduction one year ago. Waste and Cleansing also hold workshops for managers and supervisors.

As part of sample testing, Waste & Cleansing advised that operational staff (grades 3,4 & 5) do not complete sickness absence e-learning, though an overview is provided in 'toolbox talks.'

Special Schools and Additional Support for Learning (ASL) advised that the sickness absence e-learning module is in their induction checklist, however, completion is not recorded within the system and therefore, there is limited oversight of completion.

Induction: As some colleagues do not complete the sickness absence module and some do not have access to the Orb for guidance, they are provided information during induction. However, some induction guides are out of date and could be enhanced to include information on sickness absence and tools to prevent absence.

Risks

- **Service Delivery** – if managers and colleagues are unaware of support available, colleagues may be absent when there are alternative options available to support them to remain in work and continue service delivery
- **People** – lack of up to date and relevant documentation may mean managers and colleagues are not aware of guidelines and their respective roles, duties, responsibilities and rights.

Recommendations and Management Action Plan: Learning and induction

Ref.	Recommendation	Agreed Management Action	Action Owner/ Lead Officers	Timeframe
3.1	HR should review role specific learning requirements related to sickness absence and provide clear instruction on which learning is for colleagues, and which is for People Managers. Consideration should be given to whether People Managers complete relevant learning, including the sickness absence e-learning module on a regularly refresher basis (such as every 3 years), particularly where some colleagues completed the training on employment several years prior.	HR transformation piece and also review underway of People Manager learning and role specifics. This will be considered as part of this piece of work.	Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR	30/06/2025

3.2	Directorates should establish an understanding of service specific induction materials used within services for all new colleagues and ensure that these are up to date and include relevant information and guidelines on sickness absence.	<p>3.2a CEJS directorate will review all Divisional Induction Materials to ensure they are update to date and include Organisational information and guidance on sickness absence.</p>	<p>Owner: Executive Director, Children, Education and Justice Services Lead Officers: Service Directors, Operations Manager</p>	30/06/2025
		<p>3.2b Place directorate will establish which service specific induction cover information and guidance on sickness absence. Where this exists, directorate will ensure that the material reflects the corporate information and guidance.</p>	<p>Owner: Executive Director, Place Lead Officers: Operations Manager</p>	30/07/2025
		<p>3.2c EHSCP Heads of Services to ensure where service specific induction materials are used, these are updated and include information and guidelines of sickness absence and subject to regular review.</p>	<p>Owner: Chief Officer, EHSCP Lead Officers: Operations Manager</p>	30/06/2025
		<p>3.2d Corporate Services will carry out a review to identify any services using induction materials not hosted on the myLearning Hub and where required these materials will be reviewed to ensure that they are fully aligned with the current information and guidelines.</p>	<p>Owner: Executive Director, Corporate Services Lead Officers: Operations Manager</p>	31/03/2025

Finding 4 – HR System functionality and data quality

Finding
Rating

Medium
Priority

Threshold triggers: when a colleague is absent due to sickness, managers are expected to check the number of absences and number of days in the 12 months prior to confirm if any absence thresholds have been reached or exceeded. Managers are required to do this manually as there is no functionality for automatic trigger notifications in the HR system. However, a report is available from the system which lists absences, and monthly directorate reports are issued which highlight % of breaches at divisional level.

Data input and quality: The previous HR system allowed absence to be recorded prior to occurring. Between 1 April 2023 to 31 March 2024 there were 27,009 absences recorded. 775 (3%) of those were input prior to the absence occurring (with the absence period prior to the absence ranging from 1-604 days). This affects both pay and absence actions.

In addition, managers could override and delete fields within myPeople resulting in negative data, and fields could be left blank therefore information and reporting may not be accurate. Errors and anomalies were noted in the HR system data provided, including duplicate records and blank fields (data input errors). Additionally, reporting only picked up the most recent sickness absence action for example if a colleague had an absence meeting 3, reporting may not have picked up absence meetings prior to this.

The new Oracle HR system went live in October 2024, and the Strategic Change and Delivery team have advised they are working through some initial data recording and reporting issues following roll-out.

OH referrals: the HR system is used for recording sickness absence and OHIO is used to refer and follow up Occupational health referrals. However, the systems do not link, therefore there is no overview to confirm those absent (for example with MSD/Stress) are being referred appropriately to OH for support to assist them to return to or remain in work.

Risks

- **Financial and Budget Management** – if managers do not check thresholds or record absence correctly, colleagues may be paid when they are not entitled resulting in overpayments
- **Regulatory and Legislative compliance** – if managers do not refer colleagues to Occupational Health (OH) to support them remain in work and record outcomes and associated actions, they may breach legal requirements
- **People** – if colleagues are not referred for support, they may not be able to remain in work / return to work or effectively fulfil their duties.
- **Strategic Delivery** – lack of quality data, missing and/ or inaccurate data leading to errors and inaccurate reporting impacting informed and effective decision making
- **Fraud** – if fields can be deleted and overwritten, and limited QA is carried out, the Council could be exposed to potential fraud.

Recommendations and Management Action Plan: HR System functionality and data quality

Ref.	Recommendation	Agreed Management Action	Action Owner/ Lead Officers	Timeframe
4.1	HR should ensure that the sickness absence guide provides sufficient guidance for managers on how they can monitor and manage absence triggers	Management reports are being reviewed following implementation of the new MyHR system in October 2024. This will also include ability for running team	Owner: Executive Director, Corporate Services Lead Officers:	01/04/2025

	including guidance for running reports from the myHR system.	management reports as well as development of wider Service and Directorate Workforce Dashboards.	Service Director – HR	
4.2	HR should consider whether improvements can be implemented to enable correlation of sickness absence data and referrals to Occupational Health to provide assurance that colleagues are being referred appropriately and supported to stay in work.	Guidance will be reviewed in respect of recording and monitoring on MyHR as part of new system functionality.	Owner: Executive Director, Corporate Services Lead Officers: Service Director – HR	01/04/2025
4.3.1	HR should determine which fields in the myHR system are essential for supporting accurate recording such as absence start/end dates and linkage to payroll and explore the feasibility of preventative controls to limit data input errors. Where this is not possible, a reminder should be issued to ensure managers are aware of requirements and impacts.	MyHR currently holds essential fields in respect of absence recording. This will continue to be part of regular communications and training in respect of the new system, but as part of People Manager training.	Owner: Executive Director, Corporate Services Lead Officers: Service Director – HR	31/03/2025
4.3.2	HR monthly sickness absence reports issued to directorates should be enhanced to highlight data quality errors including future absence dates, blank fields and duplicates, these reports should be shared with Directorates so corrective action can be taken.	HR to consider feasibility of quality reports from new system.	Owner: Executive Director, Corporate Services Lead Officers: Service Director, HR	31/03/2025
4.3.3	As part of quality assurance and monitoring at recommendation 2.2, Directorates should implement checks to address and rectify any data quality issues associated with HR data following issue of monthly reports.	N/A refer to 2.1	N/A refer to 2.1	N/A refer to 2.1

Finding 5 – Service sickness absence / workforce related risks

Finding
Rating

Medium
Priority

A review of a sample of risk registers for services where there are high levels of sickness absence highlighted that sickness absence is not consistently included as a specific risk.

This may mean that team and service level workforce risks related to sickness absence are not clearly identified, recorded and discussed by officers including proposed actions to manage the risks to an acceptable level and not escalated to senior management and divisional/directorate level risk registers where required.

There are currently no service specific action plans for sickness absence, however, initiatives are progressing including development of service workforce plans which should detail workforce related risks.

Children’s, Education and Justice Services (CEJS) advised they plan to introduce wellness plans for services with absence over 10% which will monitor and aim to reduce in sickness absence. CEJS include sickness absence on the agenda for senior management monthly performance meetings.

Risks





- **Governance and Decision Making / Strategic Delivery** – risks are not effectively identified and managed impacting informed decision making and strategic planning
- **People** – limited understanding of sickness absence related risks could lead to failure to identify reasons for, and ways to reduce absence levels. Additionally, failure to take appropriate action to manage sickness absence could negatively impact the Council’s organisational culture
- **Resilience/Service Delivery** – lack of contingency planning for sickness absence could result in services being disrupted, poor performance and customer dissatisfaction.

Recommendations and Management Action Plan: Service sickness absence / workforce related risks

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
5.1	<p>A review of risks related to sickness absence should be undertaken across services, and risks identified should be recorded within service risk registers in line with the Council’s risk management framework. This should include consideration of the risks associated with the issues raised in this report.</p> <p>Sickness absence risks should be considered within workforce plans for services and service specific plans for managing areas with high levels of sickness absence.</p>	<p>5.1a CEJS will:</p> <ul style="list-style-type: none"> • reinforce and review of Workforce challenges in Directorate Risk Registers • monitor challenges / early identification of pressures to SMT • undertake assertive management of staff absence by Senior Officers • report performance at SMT and escalation route to CLT • expand on bi-monthly reporting at the Directorate SMT Performance Meetings for Service Directors and 	<p>Owner: Executive Director, Children, Education and Justice Services</p> <p>Lead Officers: Service Directors, Operations Manager</p>	30/06/2025

Where required, risks should be escalated to divisional or directorate level risk committees.	Heads of Service to agree on a management plan suitable across varied Teams (reliant on new HR data to progress).		
	5.1b Place directorate will as part of the quarterly risk committee cycle, remind Heads of Service to ensure that service risk registers are an accurate representation of their current risks, including where relevant, workforce challenges such as sickness absence are included. Where appropriate, this will be escalated to divisional and directorate risk committees.	Owner: Executive Director, Place Lead Officers: Operations Manager	30/07/2025
	5.1c EHSCP will review risk registers and consideration given to include sickness absence risks where appropriate and escalated accordingly. Sickness absence will be scrutinised at the Workforce Board on a monthly basis. Where sickness absence in an area is above 10%, there will be sickness review panels to identify ways to reduce sickness absence levels in line with the Council target.	Owner: Chief Officer, EHSCP Lead Officers: Operations Manager	30/06/2025
	5.1d Corporate Services will ask all Divisions and Services to consider the inclusion of a risk related to sickness absence, or considering the articulation of their workforce risks to include references to this, where this is required. This ask will also be included in the Quarterly assurance reporting that is to be established under management action 2.1 to ensure that this is being regularly reviewed and considered for inclusion in risk registers and in any applicable workforce plans.	Owner: Executive Director, Corporate Services Lead Officers: Operations Manager	31/05/2025

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Areas	Control Objectives
Policy and Procedures	<ul style="list-style-type: none"> • There are clear policies, supporting procedures for the management of sickness absence and associated guidance including provision of tools to support managers and colleagues. These are aligned to relevant legislation and statutory requirements, reviewed and updated on a regular basis with changes communicated to officers and managers. • All managers have completed role specific learning on sickness management policies and procedures, as required.
Adherence to Policy	<ul style="list-style-type: none"> • Managers ensure that colleagues in their team are aware about various available Council tools and resources to support them to remain fit for work and perform regular assessments such as stress risk assessments, display screen assessments etc. Required action is taken to resolve issues noted in these assessments. • Colleagues notify line managers about their sickness on a timely basis and managers record all periods of sickness (including start and end dates) in the system to ensure accurate assessment of sick pay. • All instances of unauthorised absence are managed appropriately including attempting contact with the colleague and undertaking welfare checks as needed. Where appropriate, disciplinary action may be taken for repeated unauthorised absence. • Referrals to Occupational Health (OH) are made promptly in line with the Council’s guidance and recommended support in the OH assessment (including phased return) is provided to the colleague on sickness absence. • Sickness thresholds are monitored accurately and managed in a timely manner, including management of thresholds at appropriate times. • Formal review meetings, including short term absence and long-term absence meetings, take place in a timely manner and are recorded and stored securely by relevant managers. Managers discretion, where applicable, is clearly documented. • Return to work conversations take place promptly to ensure the colleague is fit to return to work and where notes are recorded, these are stored securely by relevant managers. Reasonable adjustments are noted and agreed where appropriate. • When a colleague is no longer fit to do their job, management consults Occupational Health to explore the option of medical redeployment or ill health retirement
Governance, oversight and risk management	<ul style="list-style-type: none"> • Quality assurance controls are performed to ensure Council colleagues and managers comply with the sickness absence policy and procedures. • Robust governance controls are in place to provide centralised oversight and monitoring of Council wide sickness absence data and trends. Findings from the data and trend analysis, including strategic recommendations to improve attendance, is provided regularly to the senior management and executive committees (as applicable). • Risks related to attendance management are identified, recorded and managed within service risk registers, and regularly reviewed to ensure appropriate mitigating actions are in place and remain effective, with escalation to divisional and directorate level risk committees, as required.