



INTERNAL AUDIT

FINAL REPORT

Title: Sickness Absence Management

Report Distribution

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EXECUTIVE SUMMARY

Introduction

The authority has a Sickness Absence Management Policy in place. The policy outlines the methods adopted to manage sickness absence, the key aims being:

- To ensure there is a consistent approach to sickness absence management across all Departments,
- To ensure that each individual case is dealt with fairly with due regard to individual circumstances,
- To confirm that unless there is evidence to the contrary every occasion of absence is considered to be genuine.

Any abuse of the sickness absence scheme is dealt with under the appropriate disciplinary / conduct procedures. This active method of performance management is designed to assist the council in achieving its Key Performance Indicator for sickness absence, which for the year 2006-07 was set at 9.5 days, Full Time Equivalent (FTE). The national longer-term target is lower than this figure.

The outturn figure for 2006-07 was 10.16 (FTE). This represents an approximate cost of £309,609 to the authority.

The policy, along with a Managers Guide and supporting documents, is available on the authority's intranet site. Training on the policy and supporting guidelines was delivered to management during 2006-07.

Heads of Services receive monthly monitoring reports for incidents of sick absence within their respective Department. These reports identify individuals reaching defined trigger points, and which require management review and action.

Principal Findings

	High	Medium	Low
Number of recommendations	0	1	1

The detailed findings and associated recommendations are provided in the second part of the report. The medium risk recommendation relates to:

- A lack of central recording and monitoring of individuals reaching trigger points outlined in the Sickness Absence Management policy.

Assurance Statement

Internal Audit can provide **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed.

INTRODUCTION

Objective & Scope

The purpose of the audit review was to ensure the authority has a comprehensive sickness absence policy, which is consistently applied across the organisation.

The key risks associated with the system objectives are:

- Inadequate reporting arrangements for sickness absence and inconsistent application of the policy across the authority, resulting in
- Failure to minimise sickness absence costs,
- Potential litigation costs,
- Poor service delivery.

The control areas included within the scope of the review are:

- Management arrangements of the sickness absence policy and procedures,
- Appropriateness and effectiveness of management reporting, both centrally and within respective departments,
- Review of the consistency of application of the policy across the authority.

This audit report is presented on an exception basis. The detailed findings include only those areas where controls should be enhanced to improve their effectiveness and mitigate the risks that affect the authorities objectives for the system reviewed.

Acknowledgement

A number of staff gave their time and co-operation during the course of this review. We would like to record our thanks and appreciation to all the individuals concerned.

DETAILED FINDINGS

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 1 – Trigger Points (Central Monitoring) Level of Risk - Medium</p>			
<p>Monthly monitoring reports are provided to all Heads of Services, outlining incidents of sickness in each Department. These reports identify individuals progressing through each trigger point in the absence process.</p> <p>Managers are required to review each instance of individuals progressing through trigger points and record action taken. Details of action taken and supporting letters issued are required to be for copied to Personnel.</p> <p>Guidance and supporting templates are provided in the manager's guide and on the authorities intranet site.</p> <p>A sample of absences resulting in trigger points being reached was reviewed. A number of examples were identified where no details were copied to personnel regarding action taken.</p> <p>There are no records maintained centrally to record the action taken and identify examples where no action has been taken.</p> <p>This is a fundamental control, which requires central monitoring to ensure compliance and consistency with policy.</p>	<p>Inconsistent application of the sick absence management policy, resulting in potential litigation and failure to minimise sick absence costs.</p>	<p>Individuals reaching trigger points outlined in the sick absence management policy should be centrally recorded.</p> <p>These records should be used to identify and record management action and to ensure consistency in the application of the policy.</p> <p>Instances of management failure to record and report action taken should be identified and followed up.</p> <p>Action: Janet Brothwell – Head of Customer Services & Organisational Development.</p>	<p>Management Comment:</p> <p>There is a central record of individuals reaching all of the trigger points in the sickness absence policy. This 'exception report' is sent to each Head of Service on a monthly basis.</p> <p>The guidance notes which accompany the management information asks Heads of Service to respond to the Head of CSOD within 4 weeks on action taken with respect to those individuals on the 'exception reports'.</p> <p>There are insufficient resources available in Personnel to chase up responses on an individual basis.</p> <p>Planned Corrective Action:</p> <p>Management information reports will continue to be sent out on a monthly basis. The covering email will highlight the requirement to report back to HoCSOD within 4 weeks, along with a reminder to send copies of any correspondence.</p>

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			<p>Personnel will investigate creating an excel report which only identifies new employees on the 'exception reports' each month which will make reporting back to CSOD easier.</p> <p>Reports will be provided on a quarterly basis to the Deputy Chief Executive on any outstanding departmental responses.</p> <p>Timescale: Investigation of simplified exception report – end October 2007 First quarterly feedback to DCE – 31/03/08 (for 4th Quarter 07/08)</p>
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Observation	Risks	Recommendation	Management's Response
<p>Recommendation 2 – Trigger Points (Departmental Recording) Level of Risk - Low</p>			
<p>Details of management action taken in respect of individuals reaching the Sickness Absence Management policy trigger points is recorded within the Department and should be copied to Personnel.</p> <p>A review of records held by section managers within Departments identified a variety of methods with no standard approach.</p> <p>Central recording and monitoring of all instances where trigger points are reached would ensure appropriate and consistent management action is undertaken and recorded.</p>	<p>Inconsistent application of the sick absence management policy, resulting in potential litigation and failure to minimise sick absence costs.</p>	<p>See recommendation 1.</p> <p>Action: Janet Brothwell – Head of Customer Services & Organisational Development.</p>	<p>Management Comment: As above</p> <p>Planned Corrective Action:</p> <p>Timescale:</p>

ANNEX A

Risk & Assurance – Standard DefinitionsAudit Recommendations

Audit recommendations are categorised, depending upon the level of associated risk, as follows:

Level	Category	Definition
1	High	Action is essential to manage exposure to fundamental risks.
2	Medium	Action is necessary to manage exposure to significant risks.
3	Low	Action is desirable and should result in enhanced control or better value for money.

Assurance Statement

Each report will provide an opinion on the level of assurance that is provided with respect the risk emanating from the controls reviewed. The categories of assurance are as follows:

Category	Definition
No	The majority of the significant risks relating to the area reviewed that are not effectively managed.
Limited	There are a number of significant risks relating to the area reviewed that are not effectively managed.
Substantial	The risks relating to the objectives of the areas reviewed are reasonably managed and are not cause for major concern.

What Happens Now?

The final report is distributed to those involved with discharging the recommended action, the Head of Finance, Audit Commission and, where applicable, the relevant Head's of Service.

A synopsis of the audit report is provided to the authority's Audit Sub-Committee. Internal Audit will carry out a follow-up exercise approximately six months after the issue of the final audit report. The on-going progress in implementing each recommendation is reported by Internal Audit to each meeting of the Audit Sub-Committee.

Any Questions?

If you have any questions about the audit report on any aspect of the audit process please contact the auditor responsible for the review or Vince Rimmington, Resource Services Manager on telephone number 0115 9013850 or via e-mail to vince.rimmington@gedling.gov.uk