

ABERDEEN CITY COUNCIL

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| COMMITTEE | Audit, Risk and Scrutiny Committee |
| DATE | 12 February 2024 |
| EXEMPT | No |
| CONFIDENTIAL | No |
| REPORT TITLE | Internal Audit Report AC2411 – Attendance Management |
| REPORT NUMBER | IA/AC2411 |
| DIRECTOR | N/A |
| REPORT AUTHOR | Jamie Dale |
| TERMS OF REFERENCE | 2.2 |

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Attendance Management.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.
- 2.2 Committee notes that the activities required to review and update the Supporting Attendance Management and Wellbeing Policy are well underway. People and Organisational Development will submit the updated policy to the Policy Group and Risk Board meetings in April 2024 with submission to Staff Governance Committee for approval thereafter.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Attendance Management.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

| Assessment | Outcome |
|---------------------------|---|
| Impact Assessment | An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| Privacy Impact Assessment | Not required |

10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

11.1 Internal Audit report AC2411 – Attendance Management

12. REPORT AUTHOR CONTACT DETAILS

| | |
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Internal Audit

Assurance Review of Attendance Management

Status: Final

Date: 22 November 2023

Risk Level: Corporate

Report No: AC2411

Assurance Year: 2023/24

| Net Risk Rating | Description | Assurance Assessment |
|-----------------|---|----------------------|
| Moderate | 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. | Reasonable |

| Report Tracking | Planned Date | Actual Date |
|------------------------|--------------|-------------|
| Scope issued | 08/09/2023 | 08/09/2023 |
| Scope agreed | 15/09/2023 | 14/09/2023 |
| Fieldwork commenced | 02/10/2023 | 02/10/2023 |
| Fieldwork completed | 13/10/2023 | 13/10/2023 |
| Draft report issued | 03/11/2023 | 25/10/2023 |
| Process owner response | 24/11/2023 | 15/11/2023 |
| Director response | 01/12/2023 | 22/11/2023 |
| Final report issued | 08/12/2023 | 22/11/2023 |
| Committee | 01/02/2024 | |

| Distribution | |
|---------------|--|
| Document type | Assurance Report |
| Director | Andy MacDonald, Director of Customer |
| Process Owner | Kirsten Foley, Employee Relations and Wellbeing Manager |
| Stakeholder | Lindsay MacInnes, Interim Chief Officer, People & Organisational Development and Customer Experience |
| *Final only | Sharon Robb, Employee Relations Casework Lead |
| | Vikki Cuthbert, Interim Chief Officer – Governance* |
| | Jonathan Belford, Chief Officer - Finance* |
| | External Audit* |
| Lead auditor | Jamie Dale, Chief Internal Auditor |

1 Introduction

1.1 Area subject to review

Attendance Management is important to the Council because staff absence affects the ability to deliver. The success of Aberdeen City Council is dependent upon employees maintaining the required standards of attendance in order to deliver services effectively.

Based on the current available figures, absence across the Council, including comparisons, is as follows:

| Year | ACC non-teaching average days per annum | Scottish Local Gov mean non-teaching average days per annum | ACC teaching average day per annum | Scottish Local Gov teaching average days per annum |
|---------|---|---|------------------------------------|--|
| 2020/21 | 10.32 | 9.71 | 4.16 | 4.16 |
| 2019/20 | 11.30 | 11.90 | 5.37 | 6.35 |
| 2018/19 | 11.87 | 11.49 | 4.87 | 6.23 |

Where the responsibility for individual Attendance Management cases is the responsibility of line management, within the Council, the People & Organisational Development Cluster has responsibility for second line oversight.

Reporting is facilitated through PowerBI reports made available to Management, with six monthly updates being presented to the Staff Governance Committee, and performance reports also being presented to other relevant committees.

1.2 Rationale for the review

The objective of this audit is to obtain assurance that controls in this area are designed and operating effectively and to determine whether the Council's Absence Improvement Plan is having a positive impact on attendance.

In December 2022, the Audit, Risk and Scrutiny Committee reviewed an Internal Audit Report on Attendance Management. This report set out how assurance had been obtained over compliance and reporting for Attendance Management, however, following consultation with Management, it was recognised that improvement work was ongoing to address absence levels across the Council, which according to the most recently available data was higher than the Scottish local Authority mean figure of 9.71 days per employee, with the ACC figure sitting at 10.32 days per employee and changes in the context of working post COVID-19. This work included a full review of the Supporting Attendance Policy. It was determined that the best use of resources was to gain the assurance over compliance and reporting and then collaborate with People & Organisational Development going forward, with a full review to be included in the 2023/24 Internal Audit Plan.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

| Net Risk Rating | Description | Assurance Assessment |
|-----------------|---|----------------------|
| Moderate | 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. | Reasonable |

The organisational risk level at which this risk assessment applies is:

| Risk Level | Definition |
|------------|--|
| Corporate | This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level. |

2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to Attendance Management.

The Council operates a supporting Attendance and Wellbeing Policy; approved by the Staff Governance Committee in November 2018 and implemented in January 2019. The Policy applies to all Council employees and covers any sickness absence, regardless of the reason(s). The Policy sets out the responsibilities of different stakeholders and sets out the procedures across areas such as: Reporting and Recording Sickness Absence, Return to Work, Medical Referrals, Absence Triggers and Procedural Changes. Recording and monitoring of attendance and application of the Policy is through CoreHR

The Policy, although comprehensive and still relevant, is meant to be reviewed every three years. No formal review has been concluded, and as such, no formal consultation arrangements or reporting to Committee on the Policy has taken place since 2018. Management has advised that this is because of the wider work ongoing with regards to the Absence Improvement Project. There was however no workstream identified to review the Policy as part of plans.

This Project began in September 2023, under the revised project charter, and is due to finish in April 2024, but review of the current Draft Project Plan indicates limited results being achieved or tasks being completed to date. The Project Charter only contains timescales across August 2023 and September 2023, with two elements of the work (implementing and sustaining changes that demonstrate improvement and spreading change) having no identified timescale. This aligned with the Draft Project Plan that only saw one workstream complete (Review of Manager Training) and all others as either in progress or not started.

The audit identified issues with regards to demonstrating compliance with key elements of the Policy: lack of records on the HR system of Return to Work (RTW) discussions taking place; no RTW forms, a mandatory aspect of the Policy, being completed; an instance of an employee returning to work but the absence still being open on the system; and instances where individual line managers across the Council did not respond to the requests of Internal Audit with regards to evidence and as such no assurance can be taken over these.

These results highlight that whilst the controls are generally designed effectively, there are inconsistencies in their application. Management advised that in addition to the overall Policy, guides are available for using CoreHR and an Outcomes for Supporting Attendance Online Course is available.

However, since its introduction in 2020, it has only been completed 129 times. There may therefore be a lack of understanding and awareness of responsibilities and requirements.

In addition to the results, a general review of the HR system and discussions with individual line managers highlighted varying approaches with regards to updating the system, retention of documentation, a lack of understanding if the Policy was applicable, and an instance where Management advised an absence was not being managed through the Supporting Attendance and Wellbeing Policy and that this decision had been made at a local level. General issues with the quality of data available through the HR system were also noted, including: historical issues with regards to absence logging and reporting errors following restructuring, and individuals moving roles or having more than one position. These will have an impact on the accuracy of reporting across Management and to Committee. Management advised they were aware of these data issues and would be working on remedial action.

Flexibility is necessary within the bounds of the Policy given the varying types of sicknesses and periods, but there is a risk that current application of the Policy is inconsistent, with the potential for absent employees not to be given the support they need, and a resulting impact on service delivery. It is vital that all absences are treated and recorded to a minimum standard, for the benefit of supporting employees returning to work, to facilitate accurate reporting, and also to provide an evidence base should there be challenge to how an instance was managed.

Recommendations have been made to address the noted points, specifically: reviewing the Policy, either as a standalone task or as part of the Absence Improvement Project; reviewing the Project Charter and Draft Project Plan to ensure they are as accurate, complete and realistic as possible; and strengthening the understanding of the Policy at an operational level, including the establishment of a minimum standard to which individual line managers should be held to account. A final recommendation has been made for Management to develop stronger second line oversight of Attendance Management across the Council and a means of gaining feedback from managers and those employees who have been through the Attendance Management process.

2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

| Ref | Severe or Major Issues / Risks | Risk Agreed | Risk Rating | Page No. |
|-----|--|-------------|-------------|----------|
| 1.2 | <p>Policy Application and Recording – The Council has in place a Supporting Attendance and Wellbeing Policy. Testing of key elements identified issues with regards to:</p> <ul style="list-style-type: none"> No records on the CoreHR system of Return to Work (RTW) discussions taking place. No RTW form, a mandatory aspect of the Policy, being completed. An instance of an employee returning to work but the absence still being open on the system. Instances where individual line managers did not respond to the requests of Internal Audit with regards to evidence and as such no assurance can be taken over these. <p>The above results highlight inconsistencies in approach. Management advised that in addition to the overall Policy, guides are</p> | Yes | Major | 10 |

| Ref | Severe or Major Issues / Risks | Risk Agreed | Risk Rating | Page No. |
|-----|---|-------------|-------------|----------|
| | <p>available for using CoreHR and an Outcomes for Supporting Attendance Online Course is available. However, since its introduction in 2020, it has only been completed 129 times. There may therefore be a lack of understanding and awareness of responsibilities and requirements.</p> <p>In addition to the results noted above, a general review of the HR system and discussions with individual line managers highlighted varying approaches with regards to updating the system, retention of documentation, a lack of understanding if the Policy was applicable, and one instance where Management advised an absence was not being managed through the Supporting Attendance and Wellbeing Policy and that this decision had been made at a local level. General issues with the quality of data available through the HR system were also noted, including: historical issues with regards to absence logging and reporting errors following restructuring, or individuals moving roles or having more than one position. Management advised they were aware of these data issues and would be working on remedial action.</p> <p>Although it is inevitable that the Policy may be applied differently given the varying types of sicknesses and periods, there is a risk that the current application of the Policy is inconsistent, with the potential for absent employees not to be given the support they need, and a resulting impact on service delivery. It is vital that all absences are treated and recorded to a minimum standard, for the benefit of supporting employees returning to work but also to provide an evidence base should there be challenge to how an instance was managed.</p> | | | |

2.4 Management response

The Absence Improvement Project, which started in September 2023 following a revision of the Project charter and is due to end in April 2024, should address the issues identified.

Manager training is being reviewed with an increased emphasis on the importance of compliance with the policy provisions and absence recording.

The issue with regard to the accuracy of the absence data has been recognised and work is underway to complete a full data cleanse.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

| Ref | Description | Risk Rating | Moderate |
|---|--|-------------|----------|
| 1.1 | <p>Supporting Attendance Management and Wellbeing Policy and Wider Absence Improvement – The Council has in place a Supporting Attendance and Wellbeing Policy; approved by the Staff Governance Committee in November 2018 and implemented in January 2019. The policy applies to all Council employees and covers any sickness absence, regardless of the reason(s). The Policy sets out the responsibilities of different stakeholders and sets out the procedures across areas such as: Reporting and Recording Sickness Absence, Return to Work, Medical Referrals, Absence Triggers and Procedural Changes.</p> <p>The Policy includes a requirement that it should be reviewed every three years. No formal review has been concluded, and as such, no formal consultation or reporting to Committee on the Policy has taken place since 2018.</p> <p>Management has advised that this is because of the wider work ongoing with regards to the Absence Improvement Project. The aim of this work is:</p> <ul style="list-style-type: none"> • <i>“To reduce the number of absences extending beyond six months through supporting employees back into the workplace or progress through ill health retirement/capability”.</i> • <i>“To reduce the number of employees hitting short term absence triggers (three occasions or more in 12 months)”.</i> • <i>“To improve overall employee mental health and wellbeing in the workplace, creating a sense of belonging and inclusion, alongside fair work practices”.</i> <p>This Project began in September 2023, under the revised project charter, but review of the current Draft Project Plan shows limited results being achieved or tasks being completed to date. The Project Charter only contains timescales across August 2023 and September 2023, with some elements of the work (implementing and sustaining changes that demonstrate improvement and spreading change) having no identified timescale. This aligned with the Draft Project Plan that only saw one workstream complete (Review of Manager Training) and all others as either in progress or not started. There was also no workstream identified to review the Supporting Attendance and Wellbeing Policy, which Management advised was a part of the work. Similarly no workstream was included to cover the work on data. Where this was included heavily in the Project Charter and Management advised of known issues e.g. data cleansing requirements for older absences and reporting classifications, it would be expected for dedicated workstreams to be in place.</p> <p>There is a risk that the current approach to the Absence Improvement Project may not yield the desired results or meet the established aims. Where Management has advised they will be progressing the Project, a recommendation has been made to track implementation, specifically around the review of the Policy, working on the known data issues, and any other workstreams that Management may wish to feed in as a result of the recommendations of this audit.</p> | | |
| IA Recommended Mitigating Actions | | | |
| <p>Management should review the Supporting Attendance and Wellbeing Policy, either as a standalone task or as part of a dedicated workstream within the Absence Improvement Project.</p> <p>Management should review the Absence Improvement Project Charter and Draft Project Plan to ensure it is as accurate and complete as possible. The review should ensure that realistic</p> | | | |

| Ref | Description | Risk Rating | Moderate |
|-----|---|--|-----------------|
| | timescales are in place for all workstreams and that these are monitored and reported throughout the lifecycle of the Project. | | |
| | Management Actions to Address Issues/Risks | | |
| | <p><i>Policy review was an area of work which was put on hold during the COVID pandemic, thus resulting in a backlog of policies requiring review, and work is underway to clear this backlog. The review of the Supporting Attendance Policy is scheduled for the summer of 2024, with the revised policy being on the agenda for Staff Governance Committee in November 2024.</i></p> <p><i>There have been a number of unavoidable delays in progressing the Absence Improvement Project, however the actions are now being progressed and recorded against the Project Plan, with progress being reported in through the Performance Board. The actions that are being trialled through the project should address the issues identified within the audit report.</i></p> | | |
| | Risk Agreed | Person(s) | Due Date |
| | Yes | Employee Relations & Wellbeing Manager | April 2024 |

| Ref | Description | Risk Rating | Major |
|-----|---|-------------|-------|
| 1.2 | <p>Policy Application and Recording – As noted at 1.1 above, the Council has in place a Supporting Attendance and Wellbeing Policy. The key elements of this process that were tested are as follows:</p> <ul style="list-style-type: none"> • Line managers must record every absence on the HR/Payroll system with the start date and sickness reason as soon as they are informed of an employee’s absence. • Upon return to work, the employee’s absence must be closed on the HR/Payroll system. • On each occasion an employee returns to work following a sickness absence, their Line Manager must arrange to discuss that absence with them, including completion of a Return to Work (RTW) form. • In order to manage absence there are triggers levels that, if met, place the employee into the formal Supporting Attendance and Wellbeing procedure. The triggers are as follows: 10 days or more of absence in any 12-month period, or three occasions or more of absence in any 12-month period. <p>Results of this work identified:</p> <ul style="list-style-type: none"> • From a sample of 25 absences to ensure they were recorded timeously: <ul style="list-style-type: none"> ○ All were either recorded on the day of the absence or within a few days the instance. • From a sample of 25 absences to ensure that RTW discussions had taken place: <ul style="list-style-type: none"> ○ 16 (64%) - No record on the system of a RTW discussion taking place. Management advised it is possible that these may have taken place and not been marked on the system by individual line managers, however there is no assurance over this. ○ 9 (36%) - The HR system had been updated to record that a RTW discussion had taken place, however: <ul style="list-style-type: none"> ▪ Only one (12%) Line Manager was able to provide a completed RTW form. ▪ Four (44%) - Management confirmed they did not have the required completed form and that they had either input notes on the system or that the RTW was informal. Where informality is allowed under the Policy, it is mandatory that a RTW form be completed. Discussions with Management highlighted ambiguity where some | | |

| Ref | Description | Risk Rating | Major |
|-----|--|-------------|-------|
| | <p>individual managers will use the notes function instead of the required form. Management advised they will review the Policy in relation to this reporting to ensure clarity, with the notes function being seen as proportionate going forward.</p> <ul style="list-style-type: none"> ▪ Four (44%) - Individual line managers did not respond when asked to provide the completed RTW form and as such no assurance can be taken that these actually took place. Please note that this was individual managers across the Council and not within P&OD; the Cluster responded to all requests, made their staff available throughout the review and also supported with obtaining responses from individuals. <ul style="list-style-type: none"> • From a sample of 10 absences that were still active on the HR system i.e. the person has not been recorded as returning to work: <ul style="list-style-type: none"> ○ Two (20%) - Enquiries of Management identified that the individual had returned to work but this had not been closed on the system. ○ Eight (80%) - Enquires of Management identified that the individual had not returned to work and this was a valid absence. <ul style="list-style-type: none"> ▪ In each of the eight cases, discussions were held with Management and evidence obtained that the Supporting Attendance and Wellbeing Policy was being followed e.g. discussions with individuals, Occupational Health Referrals etc. • From a sample of 10 absences that would meet the triggers for appropriate action under the Attendance and Wellbeing Procedures (10 days or more absence in any 12 month period or three occasions or more of absence in any 12 month period): <ul style="list-style-type: none"> ○ Four (40%) - Enquiries of Management highlighted that the Supporting Attendance and Wellbeing Policy was being followed. ○ Six (60%) - Management did not respond to enquiries and as such no assurance can be taken over compliance with the Supporting Attendance and Wellbeing Policy. <p>The above results highlight inconsistencies in application of the Policy. This could possibly be the result of a lack of understanding and awareness of the responsibilities. Management advised that in addition to the overall Policy, guides are available for using CoreHR and an Outcomes for Supporting Attendance Online Course is available. However, since its introduction in 2020, it has only been completed 129 times. These errors could also be prevented if the system did not allow an absence to be closed without the requisite actions being evidenced as concluded.</p> <p>In addition to the results noted above, a general review of the HR system and discussions with individual line managers highlighted varying approaches with regards to updating the system, retention of documentation, a lack of understanding if the Policy was applicable, and one instance where Management advised an absence was not being managed through the Supporting Attendance and Wellbeing Policy and that this decision had been made at a local level. General issues with the quality of data available through the HR system were also noted, including historical issues with regards to absence logging and reporting errors following restructuring, or individuals moving roles or having more than one position. Management advised they were aware of these data issues and would be working on remedial action.</p> <p>Although it is inevitable that the Policy may be applied differently given the varying types of sicknesses and periods, there is a risk that the current application of the Policy is inconsistent and there is the potential for absent employees not to be given the support they need, with a resulting impact on service delivery. It is vital that all absences are treated and recorded to a minimum standard, for the benefit of supporting employees returning to work, reporting to Management and Committee, and also to provide an evidence base should there be challenge to how an instance was managed.</p> | | |

| Ref | Description | Risk Rating | Major |
|-----|---|--|-----------------|
| | IA Recommended Mitigating Actions | | |
| | <p>Management should strengthen the understanding of the Policy at an operational level, including the establishment of a minimum standard. This work should focus on updated guidance, promotion of available training (including monitoring completion), and other forums whereby individual line managers can be made aware of their responsibilities and the process to be followed.</p> <p>Management should also explore the system functionality to not allow an absence to be closed without a completed return to work and any other automations or limitations that would support recording and compliance. This should also work on ensuring data accuracy and remedial historical issues as recommended in 1.1 above.</p> | | |
| | Management Actions to Address Issues/Risks | | |
| | <p><i>A range of guidance documents are available to managers; these will be reviewed and relaunched as part of the Absence Improvement Project, and work is already underway on this review.</i></p> <p><i>The revised management training will be launched, emphasising the importance of compliance.</i></p> <p><i>Work is being undertaken to identify additional stages of the supporting attendance process at which it would be beneficial for managers to received automatic alerts, for example re the completion of the return to work interview and when an employee might be expected to move to the next stage of the procedure.</i></p> <p><i>Discussions will take place with the system provider to check whether there are options to limit progress through the stages of the absence recording system if certain stages have not been completed, however this also needs to be balanced against the importance of closing absences timeously to ensure accurate recording and pay.</i></p> | | |
| | Risk Agreed | Person(s) | Due Date |
| | Yes | Employee Relations & Wellbeing Manager | February 2024 |

| Ref | Description | Risk Rating | Moderate |
|-----|--|-------------|----------|
| 1.3 | <p>Central Governance and Oversight – The Supporting Attendance and Wellbeing Policy sets out the responsibilities of the three key stakeholders:</p> <ul style="list-style-type: none"> • Employees – The Policy gives employees the responsibility to maintain their attendance at work and to comply with all aspects, including attending meetings and health assessments. It is expected that employees will identify measures to look after their general health and wellbeing and seek medical advice, where appropriate, to maximise their attendance at work. • Line Managers – The Policy gives line managers specific responsibilities in relation to recording and monitoring absence levels and for implementing the Policy fairly and consistently. This has been tested and discussed at 1.2 above. <p>The third set of stakeholders identified by the Policy is Senior Management, stating they: <i>“Are responsible for overseeing the implementation of this Policy, leading strategic initiatives to reduce sickness absence and promoting a positive health, safety and wellbeing culture”.</i></p> <p>There is a need for stronger second line (People & Organisational Development) (P&OD) oversight of Attendance Management across the Council. Where the audit has identified some initiatives e.g. PowerBI reporting and meetings on request with HR Representatives to</p> | | |

| Ref | Description | Risk Rating | Moderate |
|---|--|--|-----------------|
| | <p>provide support, this still puts the onus on individual first line managers. The audit identified limited proactive work on the part of P&OD to ensure application of the Policy at an operational level e.g. absences were being closed off, RTWs were being completed, and the procedural stages were being applied.</p> <p><u>User Feedback</u></p> <p>Individual line managers provided feedback as part of the audit, with regards to the Supporting Attendance Wellbeing Policy, the HR system, and the approach across the Council in general. This included concerns around the Policy's ability to be applied, the lack of communication, managers applying it in some cases drastically differently, and the HR system not being user friendly. A consistent view was also expressed about the length of time the process took when Occupational Health input was required, however it is recognised that Management are limited in their ability to influence this. Routine engagement with a wider population of Management and users would help to support future reviews. A lack of engagement and understanding, as discussed at 1.2 above, can impact on the consistency of approach to actioning and recording application of the Policy requirements.</p> <p>There is a risk that if Management does not have effective oversight of the operational application of the Policy, errors in application and recording, as identified in 1.2 above, will continue and go uncorrected. This may result in employees not being supported with their Attendance Management and leave the council vulnerable to challenge. This could also have a negative impact on service delivery.</p> | | |
| IA Recommended Mitigating Actions | | | |
| <p>Management should develop stronger second line oversight of Attendance Management across the Council. This should involve regular review of absences, ensuring that RTWs are being completed, long term absences are still indeed valid, and where this is the case, the proper support is being given to individuals, whilst also supporting line managers. Depending on the available resource, this could be on a sample basis, recreating the tests of Internal Audit, with reporting on results shared with CMT and eCMT.</p> <p>Management should reflect on feedback from managers and employees who have been through the Attendance Management process. This could be used to strengthen the process, and be built in to the wider Absence Improvement Project.</p> | | | |
| Management Actions to Address Issues/Risks | | | |
| <p><i>Work is underway to produce monthly reports showing the top 50 longest open absences within each Cluster; these will be provided to SMTs, alongside absence trend and absence reason data, to allow a discussion to be held once a month at Cluster SMT level around the absence levels.</i></p> <p><i>Cluster SMT meetings will be attended by a People & Organisational Development Adviser on a quarterly basis as a minimum (more frequently if requested by the Cluster) to undertake a "deep dive" into the absence data for the cluster.</i></p> | | | |
| Risk Agreed | | Person(s) | Due Date |
| Yes | | Employee Relations & Wellbeing Manager | January 2024 |

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

| Risk level | Definition |
|------------------------------|---|
| Corporate | This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level. |
| Function | This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of Policy within a given function. |
| Cluster | This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer. |
| Programme and Project | This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned. |

| Net Risk Rating | Description | Assurance Assessment |
|-----------------|--|----------------------|
| Minor | 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. | Substantial |
| Moderate | 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. | Reasonable |
| Major | 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. | Limited |
| Severe | 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. | Minimal |

| Individual Issue / Risk Rating | Definitions |
|--------------------------------|---|
| Minor | Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period. |
| Moderate | An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period. |
| Major | The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months. |
| Severe | This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately. |

5 Appendix 2 – Assurance Scope and Terms of Reference

5.1 Area subject to review

Attendance Management is important to the Council because staff absence affects the ability deliver. The success of Aberdeen City Council is dependent upon employees maintaining the required standards of attendance in order to deliver services effectively.

Based on the current available figures, absence across the Council, including comparisons, is as follows:

| Year | ACC non-teaching average days per annum | Scottish Local Gov mean non-teaching average days per annum | ACC teaching average day per annum | Scottish Local Gov teaching average days per annum |
|---------|---|---|------------------------------------|--|
| 2020/21 | 10.32 | 9.71 | 4.16 | 4.16 |
| 2019/20 | 11.30 | 11.90 | 5.37 | 6.35 |
| 2018/19 | 11.87 | 11.49 | 4.87 | 6.23 |

Where the responsibility for individual Attendance Management cases is the responsibility of line management, within the Council, the People & Organisational Development Cluster has responsibility for second line oversight.

Reporting is facilitated through PowerBI reports made available to Management, with six monthly updates being presented to the Staff Governance Committee, and performance reports also being presented to other relevant committees.

5.2 Rationale for review

The objective of this audit is to obtain assurance that controls in this area are designed and operating effectively and to determine whether the Council's Absence Improvement Plan is having a positive impact on attendance.

In December 2022, the Audit, Risk and Scrutiny Committee reviewed an Internal Audit Report on Attendance Management. This report set out how assurance had been obtained over compliance and reporting for Attendance Management, however, following consultation with Management, it was recognised that improvement work was ongoing to address absence levels across the Council, which according to the most recently available data was higher than the Scottish local Authority mean figure of 9.71 days per employee, with the ACC figure sitting at 10.32 days per employee and changes in the context of working post COVID-19. This work included a full review of the Supporting Attendance Policy. It was determined that the best use of resources was to gain the assurance over compliance and reporting and then collaborate with People & Organisational Development going forward, with a full reviewed to be included in the 2023/24 Internal Audit Plan.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Corporate** level.
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- **Governance** – including the overall Policy, training, and guidance available to those who have responsibility for monitoring and managing attendance.

- **Management** – including the actions taken by Management and support given to staff at appropriate stages of sickness absence.
- **Recording** – including the systems used and completeness of records.
- **Oversight and Reporting** – including the second line responsibilities of People & Organisational Development, and reporting within Management and to Committee.

Where this review will look at Attendance Management across the Council, focus will be given to cases of sickness absence. Additionally, where it is recognised that Attendance Management is the responsibility of many stakeholders, recommendations will be focused on Management centrally to help ensure improvement across the entirety of the Council.

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

Due to hybrid working across the Council, this review will be undertaken primarily remotely.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 5.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Jamie Dale, Chief Internal Auditor (**audit lead**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Andy MacDonald, Director of Customer
- Lindsay MacInnes, Interim Chief Officer – **People & Organisational Development** and Customer Experience
- Kirsten Foley, Employee Relations and Wellbeing Manager (**process owner**)
- Vikki Cuthbert, Interim Chief Officer – Governance
- Jonathan Belford, Chief Officer – Finance
- External Audit

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

| Milestone | Planned date |
|---------------------|--------------|
| Scope issued | 8 Sep 2023 |
| Scope agreed | 15 Sep 2023 |
| Fieldwork commences | 2 Oct 2023 |
| Fieldwork completed | 13 Oct 2023 |

| Milestone | Planned date |
|------------------------|--------------|
| Draft report issued | 3 Nov 2023 |
| Process owner response | 24 Nov 2023 |
| Director response | 1 Dec 2023 |
| Final report issued | 8 Dec 2023 |