

Audit of Absence Management

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Audit Report Distribution

Client Lead:	Human Resources Manager
Chief Officer:	Corporate Director Finance & Resources Chief Executive
Others:	Human Resources Advisor (x2) Human Resources Systems Support Officer Payroll & i-Trent Supervisor Workforce Development Manager Safety Health & Environmental Manager Information Governance Manager Policy & Performance Officer Overview & Scrutiny Officer Service Support Supervisor Lead ICT Officer
Audit Committee:	The next Audit Committee (24 th September 2020) will receive a copy of this report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Designated Head of Internal Audit.

1.0 Background

- 1.1. This report summarises the findings from the corporate audit of Absence Management. This was an internal audit review included in the 2019/20 risk-based audit plan agreed by the Audit Committee on 18th March 2019.
- 1.2 Un-planned absence through sickness is a common risk for any organisation. The Council's predominant strategy to manage this risk is via the established absence management policy supplemented by activities designed to sustain a happy and healthy workforce.
- 1.3 During 2019/20 the Council has seen a significant rise in sickness levels, particularly long-term.
- 1.4 The Human Resources team have recognised the need to review the current policy and processes and have been taking action to begin to implement these changes alongside this audit review.

2.0 Audit Approach

Audit Objectives and Methodology

- 2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.
- 2.2 A risk-based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

- 2.3 The Client Lead for this review was the HR Manager (though the audit was of absence management across the whole authority) and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following scope areas:
 - That absence management is ineffective, resulting in increased sickness negatively impacting on service delivery, finance, reputation and staff morale.
 - Data used for absence reporting is inaccurate, resulting in poor decision-making
 - Loss or breach of sensitive information, resulting in non-compliance with GDPR (attracting investigation and fines)
 - Absence recording process is inefficient, resulting in poor value for money
- 2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

3.1 Each audit review is given an assurance opinion intended to assist Members and Officers in their assessment of the overall governance, risk management and internal control frameworks in place. There are 4 levels of assurance opinion which may be applied (See **Appendix B** for definitions).

3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Absence Management provide **partial assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix C**. Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	1	5
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	2	-
3. Information - reliability and integrity of financial and operational information (see section 5.3)	1	4
4. Security - safeguarding of assets (N/A)	-	-
5. Value – effectiveness and efficiency of operations and programmes (see section 5.4)	-	-
Total Number of Recommendations	4	9

4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.

4.3 Findings Summary (good practice / areas for improvement):

While the current controls in place only provide partial assurance, it is recognised the Council has already put in place a process to review the policies and processes relating to absence management prior to the start of this audit. This planned review, when implemented in parallel with the recommendations within this report should result in a more robust and effective process and should ensure a more consistent approach in managing absence across the Council.

The new Human Resources team has already recognised and prioritised the need to review the current process, having gained approval to have a Business Transformation Scrutiny Panel-led task and finish group.

The Absence Management Policy is key to ensuring a consistent approach is adopted corporately. The current policy is now quite old, having first been written in 2004 (with changes and updates incorporated since then) and a fundamental review of the policy and process has already been recognised and is underway. The findings of this audit support the need for this review and should be taken into consideration as part of this fundamental review of the absence management process.

The weaknesses in the current process expose the Council to a greater risk of managers taking inconsistent or inappropriate actions when it comes to managing absence, which could a) reduce the Council's ability to minimise absence levels and b) exposes the Council to an increased risk of being subject to appeals against employment decisions.

The current policy has not been formally reviewed on a regular basis (although the latest review was in 2019, the previous review was 2012). Training on the policy is mandatory for managers, but there is duplication within the various training packages offered.

Human Resources are responsible for supporting Managers with absence management and are responsible for the administration of the policy; however, various support functions (Organisational Development, Health and Safety and Policy and Performance) also play a role in managing absence. While each function has a clear understanding of their role, there is currently no formally recorded dialogue between the parties to agree or develop interventions. Working closer together would ensure functions all work to the same agreed objectives and enable limited resources to be targeted at managing emerging absence issues. It would also be an opportune time to review the existing roles to ensure they are still appropriate and identify the leading role for absence management.

Suitable reporting is in place to Senior Management and Scrutiny though there could be a need for more regular reporting to the latter when absence levels rise above the expected target to ensure timelier monitoring of information and proposed actions to reduce absence. Internal Audit is assured that information in the report is accurate, but this is a good opportunity to review the accuracy of the reporting process.

Current actions taken by managers are inconsistent and managers fail to document evidence to support decisions taken outside of the policy guidelines, particularly in relation to action taken when absences reach trigger points. The process should be more intuitive, with the level of information required proportionate to the extent and frequency of absence. The Council should explore new options, such as electronic

forms and greater use of the i-Trent HR system as part of any review into absence management

A number of actions are also required to address records management of the documentation held. In particular, there is currently duplication of information held and inconsistent approaches to retention periods. This is evidenced by the unavailability of some information during the audit, particularly in relation to referrals to third parties.

There is also a need to review the current retention schedules and obtain assurances from third parties that sensitive personal information is processed securely and confidentially, as well as ensuring officers are kept aware as to how and why information is processed and stored.

Comment from the Corporate Director Finance & Resources

Despite the Absence Management Policy being reviewed as recently as 2019 by Human Resources it has been accepted that the wider processes which support absence management are due for review; indeed, there is a Task & Finish Group currently undertaking helpful work in this regard.

The Audit has helpfully revealed a number of control weaknesses and some inconsistencies in application of the Council's absence management procedures all of which I agree warrant action as recommended. I accept that improvements can always be made and having 4 high graded recommendations covering 3 aspects of the control environment is justification for the partial assurance in line with the established audit framework criteria.

Although I disagree with the assessment of some of the recommendations being classed as 'high', thus leading to the partial assurance rating, the HR Manager has accepted and commented upon all of the audit recommendations, many of which have a completion date of later in the year or into 2021; therefore until this time, and until the Task & Finish Group has finalised its review, the current (partially assured) policy and process will continue to be used. Members should note that in the past, the Council's policy has been rigorously applied to very positive effect and this would indicate that it is application of the policy and process which is open to question rather than the policy and process itself.

Members should note that the risk to the Council is low in terms of disciplinary actions and employment tribunals, (there being no history of disciplinary actions nor employment tribunals involving the non-adherence to the absence management processes within the Council).

5.0 Audit Findings & Recommendations

5.1 Management – Achievement of the organisation's strategic objectives

- 5.1.1** An Attendance Management: Sickness Absence policy is in place, which covers key areas such as reporting and recording of absences and the processes to follow in managing absence. The policy is supported by various flow-charts, template documents and supporting material to assist managers.
- 5.1.2** The Policy was introduced in 2004. It has only been formally reviewed on 3 occasions since its introduction (2007/2012/2019) and the most recent amendments were not communicated by HR to managers, although the revised policy is available to all managers on the intranet. It would be advisable to review the policy at least biennially. It is noted a significant review of the Policy is being carried out post-audit (see below).

Recommendation 1 – the policy should be reviewed on a regular basis and managers should be made aware of any amendments.

- 5.1.3** The Policy is available to all managers via a dedicated intranet page, which includes additional guidance and support. Accepting that the intranet remains the Council's corporate internal information system, it is suggested that this is reviewed to ensure it is the most appropriate way to communicate and share information on absence management policies and guidance. A SharePoint site, including policy and supporting documentation/guidance may be more appropriate as this application offers increased functionality.
- 5.1.4** All officers are required to read the Policy as part of the Council's induction process and a link is provided with the relevant paperwork.
- 5.1.5** Face-to-face training was developed by HR and has been provided to managers annually (in co-ordination with Organisational Development) on how to manage absences in line with the Policy. Managers are expected to attend this training at least every three years and efforts are made by HR/Organisational Development to encourage attendance; however, only 21/82 managers have attended the course in the last three years.
- 5.1.6** From 2017 a mandatory e-learning module was introduced for managers, which has been completed by nearly all managers (79/82) within the last three years, indicating all managers have up to date training. An automated traffic light system is in place to ensure training is carried out on a regular, timely basis and that line managers are kept informed of progress.

5.1.7 There is currently duplication, as both training provisions cover the same subject matter. The face to face training was originally designed to cover the topic in more depth with more case studies for managers to discuss and case studies on using support methods to provide early interventions to aid avoiding absence. It would be advisable to review the need to continue delivering the face-to-face training as well as the e-learning module, and if so, how it could be tailored to be more effective (for example, it could be adjusted to support managers having particular absence management difficulties).

Recommendation 2 – The current training provision should be reviewed to avoid duplication, as well as ensuring any amendments made to the policy are incorporated into future training.

5.1.8 The current Policy is comprehensive in its coverage, and clearly sets out guidance, particularly in relation to trigger points for referrals and more formalised absence management. However, evidenced by the inconsistent approaches currently being taken by managers (see section 5.2), the policy is being interpreted and applied differently across the organisation.

5.1.9 These inconsistencies have been raised with the Business and Transformation Scrutiny Panel, who agreed in February 2020 (RD56/19) to form a task and finish group to work with and to assist the HR Manager in carrying out a full review of the existing policy and processes; this is now underway.

5.1.10 Human Resources recently attended a benchmarking seminar relating to absence management, which covered attendance management policies for all Council's in the North West. The team have indicated they will use this information to inform the review of the policies as part of the Task & Finish Group.

Recommendation 3 – the policy should be revised to ensure it can deliver a consistent and fair approach, including incorporation of actions to address the issues identified within this audit.

5.1.11 Absence management is the responsibility of all managers within the Council; however, several functions have a role in supporting the process, namely:

- Human Resources & Payroll; overall responsibility for maintaining an Absence Management Policy, recording reported absence data and providing support to managers on individual cases where necessary.
- Organisational Development; responsible for employee welfare and delivery of a programme of activities to help maintain a happy and healthy workforce (minimising

absence as a result) and co-ordinating corporate training in partnership with service areas including HR

- Health & Safety; responsible for monitoring Employee Assistance Programme, Occupational Health, Physiotherapy and Employee Welfare referrals to external providers, as well as reducing the risk of work-place accidents.
- Policy & Performance; responsible for providing absence management data for Senior Management review.

5.1.12 Other than Human Resources, these responsibilities are not listed within the Policy.

Recommendation 4 - Current responsibilities should be reviewed to ensure all are still appropriate and stream-lined where possible. Retained responsibilities should be documented in the policy.

5.1.13 Discussions with responsible officers from each area indicated they have a good understanding of their role; however, there is little evidence of any formal communication between the teams to ensure everyone is working to the same shared objectives. Regular discussions would also help identify which interventions are working and which need refining.

5.1.14 One option is to have ad-hoc formal meetings with documented minutes/learning and/or action points, however a process is needed to ensure roles, responsibilities and agreed actions are shared, consistent and understood.

Recommendation 5 - A process should be adopted to ensure ad-hoc formal communication between responsible functions, including maintaining a list of agreed actions.

5.1.15 Organisational Development undertake a significant role in supporting the improvement of employee welfare and health, which is key to contributing towards the reduction of sickness absence within the workplace, although it is difficult to prove a direct correlation and impact on absence. The team recently achieved the Better Health at Work silver award and are currently working towards achieving the gold award. The Time to Change pledge was also signed in 2018, resulting in improving mental health awareness for all managers.

5.1.16 Absence management reports are prepared and reported to Senior Management Team on a quarterly basis and the Business Transformation Scrutiny Panel (BTSP) on a six-monthly basis. Minutes for each indicate actions are agreed to address under-performance.

5.1.17 Reporting to the Scrutiny Panel was historically quarterly, but this was reduced to twice a year in 2017 (following a period of low absence levels). It may be more appropriate for performance to be reported to BTSP quarterly when sickness levels rise above the targets set. The responsible Scrutiny Officer agreed to raise this with the Chair of the panel.

Recommendation 6 – Absence information should be reported to BTSP on a more frequent (quarterly) basis when sickness levels rise above target levels (subject to the agreement of the Chair of the Panel).

5.1.18 The report content appears suitable and has been consistently reported, showing trends over the years and breaks absence down by type and directorate for further analysis.

5.1.19 Performance data is extracted from i-Trent using test scripts and formulas. This has made it difficult to test the accuracy of assumptions made in the report; however, the report format has not changed since a substantial audit in 2015 and audit testing confirmed the raw absence data for individuals is accurately recorded in the reports

5.1.20 Given the proposed review of the absence management process, it will also be an opportune time to review formulas within automated reporting tools to ensure data is captured accurately and comprehensively.

5.2 Regulatory – compliance with laws, regulations, policies, procedures and contracts

5.2.1 Documentation relating to a sample of absences was reviewed to ensure the existing policy had been appropriately followed, particularly in relation to notification, return to work interviews and absence management actions (referrals and absence management meetings).

5.2.2 Where required by the policy, absences were supported by appropriate and signed medical certificates.

5.2.3 Appropriate paperwork (notification and return to work discussions) had been completed using the corporate template for all absences reviewed; however, the quality of information recorded varied significantly.

5.2.4 Some forms were comprehensively completed, included detailed explanations for actions taken and reasons for delays or deviation from policy. Other forms were vaguer and contained minimal information. The following concerns were identified by internal audit:

- Lack of documented actions when individuals reached the key trigger point (see below).
- One absence was simply recorded as an individual being tired, without further explanation, which clearly required further detail.
- Management checklists, confirming actions taken had not been completed on 15/34 occasions (the requirement to complete this checklist should be reviewed as part of the response to Recommendation 7).

5.2.5 The level of detail required on the form does not change based on the level of absence and certain information may not be required for shorter absences. Consideration should be given to using a more intuitive format for the form.

5.2.6 4 cases were identified where forms had not been signed by the absent officer and 3 cases where forms were signed on different days between the officer and manager, suggesting a joint discussion had not been undertaken.

5.2.7 Whilst recognising that Managers should be able to use their knowledge and discretion in certain circumstances, in line with the corporate culture adopted by this organisation it is equally important that managers can demonstrate a fair and equitable approach has been taken when managing absence. As well as being aimed at reducing the likelihood of future absences, the forms could also be used in any future disciplinary hearings or employment tribunals.

Recommendation 7 – Template forms should be revised and consideration should be given to developing a more intuitive electronic process.

5.2.8 The timely completion of the forms is included in the management reports, which is currently showing an average time to complete of approximately five days.

5.2.9 Audit testing indicated 26 (76%) of forms had been completed within five days. Of the 8 (24%) forms not completed within a week only one included an explanation for the delay. Two cases were identified where forms had not been completed for 57 and 88 days respectively. Managers are not required to specify the reasons for delays in completing forms; this would ensure reasons for delay are understood and interventions can take place to ensure timelier completion (See Recommendation 7).

5.2.10 The policy includes a trigger point based on the frequency and nature of absences. This should result in managers considering further absence management action, including referrals and absence management hearings.

5.2.11 9/16 individuals tested had hit trigger points relating to short-term absence. Only three individuals had formal absence meetings, while four had reasons stated why no action was considered necessary (though in two cases individuals continued to breach the rolling trigger points with further absence). Two individuals had received no acknowledgement on the form of the trigger point being reached.

5.2.12 In addition, the level of inconsistency between departments is a concern. One area of the Council strictly follows the policy and holds formal hearings for any officer in breach of trigger points, setting stringent targets to reduce absence, while other areas take minimal to zero action to acknowledge trigger points. Both approaches could result in further absence.

Recommendation 8 – Monitoring, training and support should be provided to managers to ensure a consistent approach is taken towards managing individuals who have hit key trigger points.

5.2.13 Officers suffering from long-term or frequent absence, or specific types of absence (stress or musco-skeletal) have the option to be referred to Occupational Health, the Employee Assistance Programme or physiotherapy. The Council has agreements with third-party providers to provide each of these services (the physiotherapy agreement is due an update – see section 4.4). The forms do not differentiate from work-based and private stress or depression – this should be considered as part of the response to Recommendation 7, as each type may require a different form of intervention.

5.2.14 Referrals appear to be appropriate and in line with policy but are not always documented on the absence management form. The proposed revision of the form (see Recommendation 7) should ensure details are more clearly recorded. Three instances were identified where evidence of referrals could not be located on file (See Section 5.3)

5.3 Information – reliability and integrity of financial and operational information

5.3.1 An employee privacy statement is in place on the Council's intranet that specifies the type and reasons absence information is collected.

5.3.2 When the statement was first prepared all staff received an e-mail with a link to the publicised statement and the statement is included in the mandatory e-learning induction for new starters.

5.3.3 All officers should receive regular reminders of the existence of the statement, which should be included on the relevant absence management forms.

Recommendation 9 – Reference to the employee privacy statement should be included on absence management notification forms.

5.3.4 Retention schedules are in place for absence information and the majority of absence management records should be destroyed 6 years after an individual leaves the authority (in line with GDPR guidance).

5.3.5 Occupational Health records are retained until the individual is 75 years old. It is not clear why this is specified, though it is understood to be linked to HSE guidance that states health records should be kept for at least 40 years from the date of last entry. The retention period adopted by the Council is not aligned to this guidance (for example, an individual that left the Council at 40 would need to be 80 before records can be destroyed).

Recommendation 10– Retention periods should be reviewed to ensure they are aligned with all relevant legislation and guidance

5.3.6 There is currently a mix of paper and electronic records retained in relation to absence management, though only electronic information (scanned forms) is now processed. Information is stored securely in cabinets, or on the Council's servers.

5.3.7 Human Resources have acknowledged a need to review the process for identifying and deleting out of date information to ensure records are retained in line with agreed retention schedules.

5.3.8 Instances were identified where individuals had mixed paper/electronic records, making it harder to determine the full extent of absence management information held. In addition, there were gaps in files – for example a follow up hearing would be identified in paperwork but could not be located on file.

5.3.9 Managers currently also retain their own copies of the same absence management information submitted to Human Resources. While information is held securely and destroyed, retention periods adopted varied between manager and are not in line with the

agreed retention schedule. Most of the records retained are a duplication of those held by Human Resources.

Recommendation 11 – A process for ensuring absence information is retained in one location by Human Resources (avoiding duplicate records) should be undertaken, including ensuring information is deleted once it has expired.

5.3.10 Sensitive personal information is provided to third party contractors (Occupational Health, Employee Assistance Programme and Physiotherapy) when referrals are made. The relevant referral forms contain a reference to the processing of personal information.

5.3.11 Both the Occupational Health and Employee Assistance Programme contracts include reference to compliance with GDPR (both through additional documents agreed when legislation was introduced). The agreement for Physiotherapy referrals is currently out of date and does not include reference to the legislation.

5.3.12 To ensure third parties appropriately handle the Council's sensitive personal information the Information Governance Manager has prepared a questionnaire that should be completed by all relevant organisations, which provides assurances data is handled securely and safely. To date this questionnaire has not been completed for any of the three providers.

Recommendation 12 – the service level agreement in relation to Physiotherapy should be updated and include reference to data protection legislation.

Recommendation 13 – all third parties handling sensitive personal absence data should be required to complete the Information Governance Manager's questionnaire.

5.4 Value – effectiveness and efficiency of operations and programmes

5.4.1 It is clear from audit testing that the current process could be streamlined and be more intuitive and proportionate to the extent of absence, which should improve the efficiency of the process and improve buy-in by officers and managers.

5.4.2 Consideration is being given to using iTrent to retain information more efficiently and other tools should be considered as part of the process review.

5.4.3 The recommendations in this report support the implementation of a more efficient service and improvements to efficiency should be considered as part of the Council's response to these.

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1 – the policy should be reviewed on a regular basis and managers should be made aware of any amendments.	M	Policy becomes outdated. Managers make poorly informed and/or inconsistent decisions.	Initial review to be carried out (see Recommendation 3). Review date to be included in new policy (suggestion likely to be every two years)	HR Manager	31 st December 2020.
Recommendation 2 – The current training provision should be reviewed to avoid duplication, as well as ensuring any amendments made to the policy are incorporated into future training.	M	Managers make poorly informed/inconsistent decisions due to insufficient understanding of Policy. Duplication of resource in training provision.	Training will be provided once new policy is developed and approved. Will roll out through VAR Management briefing but then look at Skillsgate modules as well as regular Managers' sessions.	HR Manager and Organisational Development Manager	31 st March 2021
Recommendation 3 – the policy should be revised to ensure it can deliver a consistent and fair approach, including incorporation of actions to address the issues identified within this audit.	H	Inconsistent approach results in failure to manage absences and also potential disciplinary action and employment tribunals.	Task and finish group has been established made up of members and HR to review. First virtual meeting scheduled w/c 15 th June 2020	HR Manager	31 st December 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 4 – Current responsibilities should be reviewed to ensure all are still appropriate and stream-lined where possible. Retained responsibilities should be documented in the policy.	M	Responsibilities not appropriately assigned or understood, resulting in inefficient processes.	As Recommendation 3 review of Policy will ensure responsibilities are reviewed and made clear in the policy document.	HR Manager	31 st December 2020
Recommendation 5 - A process should be adopted to ensure regular formal communication between responsible functions, including maintaining a list of agreed actions	M	Teams work in silos and do not maintain consistent roles and responsibilities, reducing in inefficient and inconsistent actions. Resource not focused on agreed priorities.	As Recommendation 3 review of Policy will ensure clarity of responsibility and trigger points will allow for easier monitoring and action.	HR Manager	31 st December 2020
Recommendation 6 – Absence information should be reported to BTSP on a more frequent (quarterly) basis when sickness levels rise above target levels. (subject to the agreement of the Chair of the Panel).	M	Management decisions not made on a timely basis.	Agreed that from January 2021 this will be in place – following review and implementation of the new Policy (subject to agreement from BTSP Chair)	HR Manager	31st January 2021

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 7 – Template forms should be revised and consideration should be given to developing a more intuitive electronic process.	H	Forms do not provide relevant information of inform appropriate corrective action, resulting in increased absence. Potential issues in the result of disciplinary action. Forms not completed correctly resulting in accurate information.	As Recommendation 3 review of Policy will ensure new and easier forms & recoding methods. Every attempt will be made to utilise our current systems and/or electronic reporting.	HR Manager	31 st December 2020
Recommendation 8 – Monitoring, training and support should be provided to managers to ensure a consistent approach is taken towards managing individuals who have hit key trigger points.	H	Inconsistent approach creating difficulties in the event of disciplinary action. Ineffective/excessive action taken, both of which could contribute to increased absence.	As Recommendation 4 review of Policy will ensure new and easier triggers and policy should limit any ambiguity.	HR Manager	31 st March 2021
Recommendation 9 – Reference to the employee privacy statement should be included on absence management notification forms	M	Breach of data protection legislation.	Reference to be made on all forms which share personal information. Wording to be agreed between Information Governance Manager and HR Manager.	Information Governance Manager & HR Manager	31 st December 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 10– Retention periods should be reviewed to ensure they are aligned with all relevant legislation and guidance	M	Information not retained in line with guidance/legislation.	Retention periods to be reviewed and agreed with Information Governance Manager and OH Provider.	HR Manager & Information Governance Manager	31 st December 2020 (could be earlier as not dependent on Policy review)
Recommendation 11 – A process for ensuring absence information is retained in one location by Human Resources (avoiding duplicate records) should be undertaken, including ensuring information is deleted once it has expired.	H	Increased risk of data breaches, resulting in non-compliance of data protection legislation. Wasted resource used to store duplicate records.	HR and Payroll are moving to electronic only records. All referrals and absence related data should only be kept by HR and Payroll and revised policy will include sections on data retention.	HR Manager	31 st December 2020 (could be earlier as not dependent on Policy review)
Recommendation 12 – the service level agreement in relation to Physiotherapy should be updated and include reference to data protection legislation	M	Third-party provider does not securely retain sensitive council information in line with legislation	The service level agreement in relation to Physiotherapy should be updated and include reference to data protection legislation.	H&S Manager and Legal	31 st December 2020 (could be earlier as not dependent on Policy review)

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 13 – all third parties handling sensitive personal absence data should be required to complete the Information Governance Manager's questionnaire.	M	Third-party provider does not securely retain sensitive council information in line with legislation	This to form part of the OH and third-party contracting processes.	H&S Manager	31 st December 2020 (could be earlier as not dependent on Policy review)

Appendix B - Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The control framework tested are suitable and complete are being consistently applied.</p> <p>Recommendations made relate to minor improvements or tightening of embedded control frameworks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure system objectives are generally achieved. Some issues have been raised that may result in a degree of unacceptable risk exposure.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently embedded.</p> <p>Any high graded recommendations would only relate to a limited aspect of the control framework.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses that have been identified. The level of non-compliance and / or weaknesses in the system of internal control puts achievement of system objectives at risk.	<p>There is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>High graded recommendations have been made that cover wide ranging aspects of the control environment.</p>
Limited/None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist.</p>

Appendix C

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).