Hinckley and Bosworth Borough Council: Internal Audit Final Report
Sickness Management (02.2024/25)

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December 2024
Reporting Timetable

Debrief Meeting: 09/10/2024

Last evidence received: 11/10/24

Draft Report Issued:26/11/2024

Comments Received:13/12/2024

Final Report Issued: 18/12/2024

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Your One Page Summary

Audit Objective: to ascertain that Hinckley has effective controls in place for managing sickness absences.

Audit rationale

Why the Audit is in Your 2024/25 Plan	**Your Strategic Risk**	**Your Strategic / Tactical Objective**
High risk area.	S19: Workforce capacity	Help people to stay healthy.

Summary of our opinion

Substantial Opinion
See Appendix A1 for definitions

X			

Summary of Recommendations

High (Priority 1)	-
Medium (Priority 2)	1
Low (Priority 3)	1

Actions agreed by you	**100%**
High Priority completion	N/A
Overall completion	June 2025

Summary of findings

Examples of good practice

- ✓ The Attendance Management Framework in place at the Council is readily available and accessible for staff via the Council's intranet.

- ✓ The Council has clearly defined short term and long-term sickness absence and documented its approach to the management of such absences in the Attendance Management Framework.

- ✓ The Council maintains a Master Sickness Absence Report for the year which includes sickness levels for each month and a long term and short-term sickness overview.

- ✓ The Council provides monthly Sickness Reports to the Senior Leadership Team (SLT) which we verified by review of the April 2023 – March 2024 Reports.

Highest Priority Findings

- From a sample of ten, one instance where no Step 1 Consultation meeting and outcome letter could be evidenced for a short-term sickness absence.

- Return to work interviews not completed within the expected seven calendar days from the date employee's return to work (RTW).

- Out of date Attendance Management Framework.

Key root causes

- Limited resources mean the HR Team is unable to check compliance with the Framework for every sickness absence.

- Lack of backup process to deal with line manager annual leave and line management changes, which led to delays in RTW interviews being completed within seven calendar days of employees RTW.

- No document control within the Attendance Management Framework.

01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	The Council should: 1. Remind Line Managers and supervisors of the requirements of the Attendance Management Framework. 2. Introduce regular spot checks to ensure compliance with the Framework.	**Medium**	Julie Stay – HR & Interim Legal Manager	31/01/2025
2	The Council should: 1. Re-evaluate the current review cycle of the Attendance Management Framework and review appropriately to ensure attendance and sickness management processes and procedures are current and remain effective. 2. Include a document control section within the Attendance Management Framework.	**Low**	Julie Stay – HR & Interim Legal Manager	30/06/2025

02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

Value for Money	Sector Comparison

Value for money (VfM) considerations can arise through the impact of absent staff or those covering unfamiliar roles. Organisations have systems in place to help reduce these risks through monitoring and acting upon adverse trends of excess or unauthorised/inappropriate absences.

The Council's Attendance Management Framework clearly documents the roles and responsibilities of key staff, such as absent employees, line managers or supervisors, and Human Resources (HR), in the notification, recording and monitoring of sickness absences. Each month Hinckley run an Absence Report from business objects for the monthly sickness figures and the year-to-date sickness figures. Sickness data is then manually inputted into the Master Sickness Absence Report that the HR Team manage, which is then reported to SLT. A system-based approach is considered less onerous and time consuming. The Council's hybrid method nature of the business object's reports means a level of manual intervention is required and this can be prone to error and more time consuming

Effective monitoring and oversight mechanisms are an important tool for organisations to use to respond to patterns and trends and limit the risk of potential financial loss due to increased levels of non-working days. The Council reports sickness absence KPIs, such as current year to date figures and comparisons to last year, short term and long-term absence levels and reasons, and a breakdown of sickness levels per service area. These are reported to the Senior Leadership Team (SLT) on a monthly basis which enables efficient introductions of additional measures to combat unexpected rising levels of sickness.

Across the Local Government sector, we have identified that Councils generally have a decentralised system for the management of sickness absence and annual leave with line managers responsible for approving and documenting absences and the day-to-day management of RTW interviews. However, we have identified that the more effective control frameworks apply a hybrid approach, by incorporating a centralised approach from HR teams to assist with monitoring.

HBBC require line managers to be the key points of contact for employees when notifying and recording absence, and returning to work, with HR providing a supporting role to line managers in discharging their services and clearly outlining responsibilities in the Attendance Management Framework. The best performing peers have introduced spot checks, such as verifying completed step letters and timely completion of RTW interview forms, to ensure compliance with expected controls outlined within policies and procedures.

As at 31st July 2024, for HBBC the year-to-date average sickness days per FTE employee figure reported to SLT was 2.79 (July 2023 it was 2.75), with a projected year end figure of 8.37 days (for 2023/24 the actual final outturn was 10.45 days). This is higher than the average sick days per person per year reported by the Local Government Workforce Data August 2024.[1] The total cost to the Council for sickness absence year to date, calculated by HR and reported to SLT for up to 31st July 2024, was £169,171 based on a median salary of £38,264.

Across the sector, we have identified reporting on a wide range of KPIs including period comparisons, the nature of reoccurring sickness or areas of the business that has higher absence rates. HBBC are performing well in this respect due to monthly Sickness Reports to the Senior Leadership Team which include the aforementioned KPIs.

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[1] Local Government Association Workforce Summary Data August 2024 - **https://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce-data/local-government-workforce**

03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Short term and long-term sickness absence procedures not followed, including timely RTW interviews and documented Step 1 meetings	
Finding(s) and Risk	**Recommendation(s)**
The Council's Attendance Management Framework documents the processes and procedures in place for the management of short-term and long-term sickness absence, and the requirements for managing sickness absence which defines the process for when a trigger point is met. Where an employee returns to work (RTW) following their short-term or long-term absence, it is expected that a RTW interview is done within seven calendar days from the date they RTW. We reviewed a sample of ten short term sickness absences from April 2023 – July 2024 and found the following:	The Council should: 1. Remind Line Managers and supervisors of the requirements of the Attendance Management Framework. 2. Introduce regular spot checks to ensure compliance with the Framework.
	Root Cause(s)
- One instance where no documented evidence could be provided of a Step 1 Consultation Meeting (upon meeting a trigger point) and Outcome Letter. - Three instances where the RTW interview was not completed within seven calendar days. They were done 32, 9 and 36 calendar days from the date the employee returned to work. - One instance where the RTW interview form was signed by the employee and manager on the 4 August 2023 despite the RTW interview date being recorded as 27 July 2023. We reviewed a sample of ten long term sickness absences from the last 12 months to confirm compliance against the Council's framework for managing long-term sickness and return to work. We found one instance where the RTW interview form was not completed within seven calendar days of the employees RTW. It was completed 34 days from the employees RTW. **Risk and Impact:** Short term and long-term sickness absence procedures are not followed leading staff not being supported effectively throughout the process and on their transition back to work. This can also lead to staff potentially returning to work when they are not fit to do so.	Limited resources mean the HR Team is unable to check compliance with the Framework for every sickness absence. Lack of backup processes to deal with line managers annual leave and line management changes, which led to delays in RTW interview being completed within seven calendar days of employee's RTW .

Management Comments / Agreed Actions

Email to be issued to all middle managers in the new year to reiterate Attendance Management Framework processes.

The SLT Lead will follow up outstanding step meetings with the relevant managers.

In regard to the second recommendation, HR team check that all step 1 meetings are carried out and chased accordingly. However, 1 in 10 RTW meetings will now be checked every month to assess whether they are completed within 7 days. If outside of the timescale, the HR Officer will remind the relevant manager to complete RTW interview within 7 days. The spot check data will also be reported to SLT monthly along with other KPI data.

Responsible Person	Julie Stay – HR & Interim Legal Manager	**Action Due Date**	31/01/2025
		Priority Level	**Medium**

2 Out of Date Attendance Management Framework

Finding(s) and Risk	Recommendation(s)
The Council has an Attendance Management Framework last approved by the Ethical Governance & Personal Committee (EGPC) in 2016 which sets out its approach to attendance and sickness management, including process for notification of absence, recording absence, monitoring absence and dealing with short term and long-term absence. However, the Council is expected to review the Framework in consultation with Unison every three years. Therefore, the Framework is out of date. We were provided with an email confirming that the Framework was reviewed in 2020 when the Senior Leadership Team (SLT) agreed to bring in temporary additional sanctions to combat a rising level of short-term sickness absence. However, we were advised by management that the Framework remained unchanged. Additionally, we were advised by management that since 2020 no changes have been required to the Framework. Due to a lack of document version control we have been unable to verify if formal reviews of the Framework have been performed. **Risk and Impact:** The review period in place for the Attendance Management Framework is not in line with the needs of the Council leading to the Framework being out of date.	The Council should: 1. Re-evaluate the current review cycle of the Attendance Management Framework and review appropriately to ensure attendance and sickness management processes and procedures are current and remain effective. 2. Include a document control section within the Attendance Management Framework that at minimum includes the version history, date of approval, and changes made.
	Root Cause(s)
	No document control within the Attendance Management Framework. No permanent changes required to processes within the Attendance Management Framework since 2020.

Management Comments / Agreed Actions

The Attendance Management Framework will be reviewed following a formal review with SLT of sickness outturn for 2024/25.

A document control for the framework will be implemented as part of that review

Responsible Person	Julie Stay – HR & Interim Legal Manager	**Action Due Date**	30/06/2025
		Priority Level	Low

A1 Audit Information

Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley & Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to Sickness Management with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

Policies and Procedures

- Staff are unaware of the expectations and processes by which absence is managed across the organisation, as a result there is an unfair or inconsistent application of the sickness absence process.

Return to work

- Staff return to work when they are not fit to do so.

- Staff are not supported throughout their transition back to work after long term sickness.

- Long term sickness is not defined to ensure that it can be effectively managed.

Absence Recording

- Records of absence are not retained or monitored leading to reoccurring and consistent sickness, which is not effectively managed.

Management Information

- Inadequate or inaccurate reporting in relation sickness absences may lead to senior management having a lack of oversight or uninformed decision making.

- Strategies are not put in place where high levels of sickness is reported.

Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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