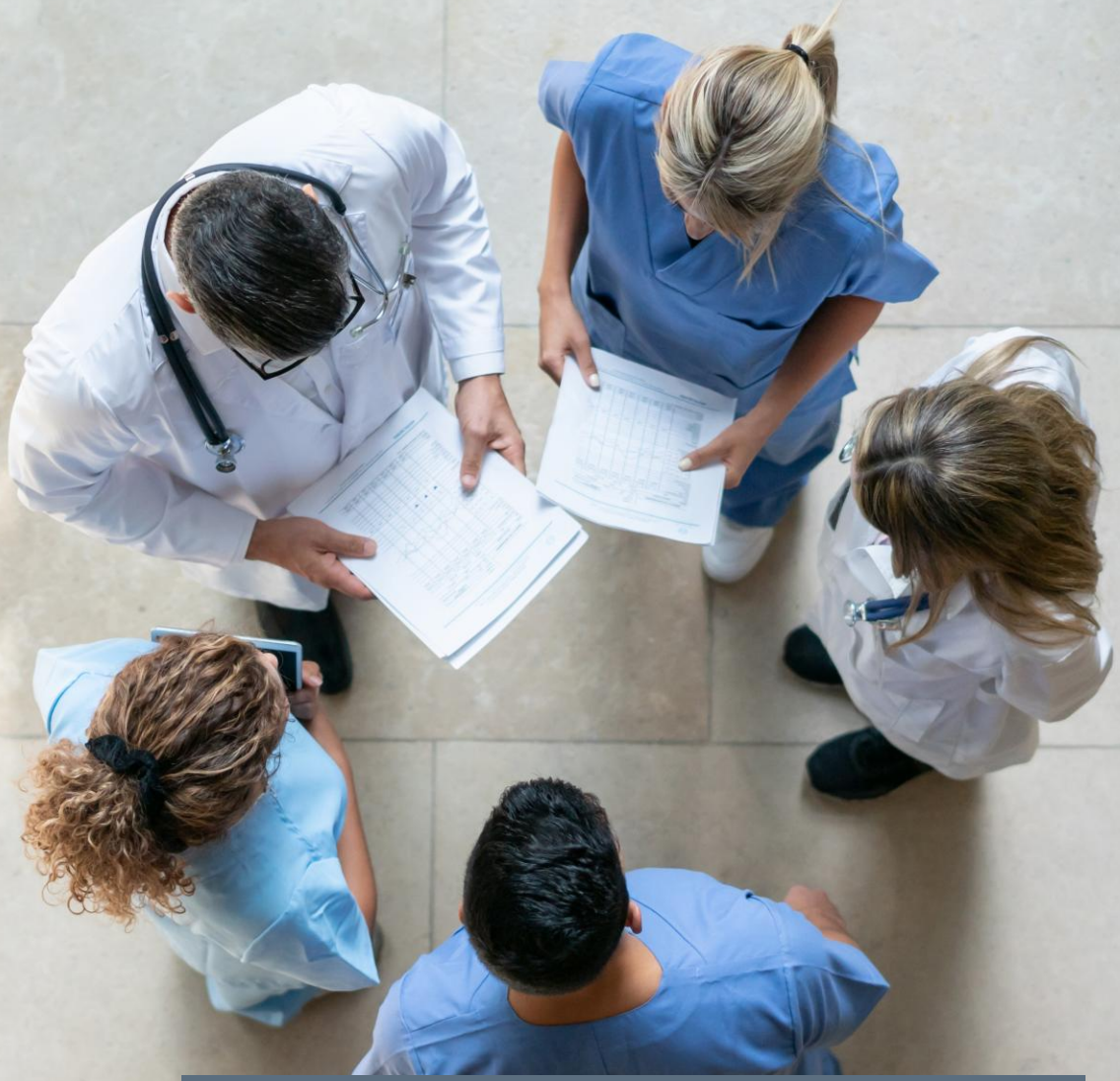
NHS Lothian

Sickness Absence Management

Internal Audit Report - Final

September 2026



Level of assurance:	
Design	Substantial
Effectiveness	Moderate

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Report Status	
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Executive Summary

Level of assurance: (see appendix II for definitions)		
Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

Summary of findings (see appendix II)		# of agreed actions
M	1	4
L	3	4
Total number of findings: 4		

Background

As part of the 2026/27 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of the arrangements in place for the management of sickness absence across NHS Lothian.

The National Attendance Policy for NHS Scotland was updated and became effective on 1 March 2020. The policy applies to all NHS Scotland employees and workers, including bank, agency, and sessional workers, and aims to encourage attendance while ensuring appropriate support is provided to employees whose health affects their ability to attend work.

NHS Boards and the Scottish Government have agreed, as part of the Local Delivery Plan (LDP) Standards, a target sickness absence rate of 4% or less. At the time of audit planning, NHS Lothian's sickness absence rate was reported at 6.08%, exceeding the national target and highlighting the importance of effective sickness absence management arrangements.

Responsibility for the day-to-day management of sickness absence rests with line managers, supported by Human Resources (HR), Employee Relations (ER), and Occupational Health (OH) services. A range of supporting mechanisms are in place, including manager guidance, HR advisory services, Occupational Health referrals, attendance review meetings, and workforce reporting arrangements.

Sickness absence data is monitored through a variety of governance forums. Workforce reports containing sickness absence information are produced on a monthly basis and are reported to the Lothian Partnership Forum and the Staff Governance Committee. In addition, individual Directorates and service areas review sickness absence information through local management forums, absence review meetings, workforce discussions, Tableau dashboards, and resilience planning processes.

A previous audit of Sickness Absence Management was undertaken by Grant Thornton in 2022 and resulted in a Moderate Assurance opinion. Key findings related to inconsistencies in the retention of supporting documentation, outdated sickness absence information available on the intranet, and a lack of evidence demonstrating management review of sickness absence reporting.

Purpose

The purpose of the Sickness Absence Management Internal Audit was to provide assurance to management and the Audit and Risk Committee that arrangements for managing sickness absence were appropriately designed and operating effectively across NHS Lothian. The review considered whether processes were in place to support the effective management, monitoring, and reporting of sickness absence, and whether these were being applied consistently across the organisation.

Limitation of Scope

A scope limitation applied to this review as sickness absence case documentation held by managers contains highly sensitive and confidential personal information, including medical details relating to employees. Consequently, Management indicated that they would be unable to provide such documentation and Internal Audit was unable to undertake detailed testing of individual sickness absence cases and instead relied primarily on stakeholder interviews and supporting documentation that could be provided without compromising confidentiality. In addition, certain detailed analyses used to monitor sickness absence could not be shared with Internal Audit due to the sensitive nature of the underlying information. As a result, the review was limited in its ability to independently verify some aspects of sickness absence management through documentary evidence.

The limitations to scope were communicated to the Audit Committee who confirmed that they were comfortable with the reduced scope of the review.

Conclusion

As part of our work, we identified five findings, of which two were assessed as medium significance and three were assessed as low significance.

NHS Lothian has established arrangements for managing and monitoring sickness absence as defined in National Attendance Policy for NHS Scotland, workforce reporting, Occupational Health referrals, management oversight through a range of governance forums, and support from Human Resources and Employee Relations. These arrangements provide a framework for supporting employees and monitoring sickness absence across the organisation.

However, Internal Audit identified a number of areas where opportunities exist to strengthen the consistency and effectiveness of sickness absence management. These included inconsistencies in the advice available to managers through HR Queries and Employee Relations, challenges in accessing timely specialist support for complex sickness absence cases, concerns regarding the timeliness and practical application of Occupational Health advice, and the absence of a consistent organisation-wide approach to sickness absence management training. The review also identified an opportunity to strengthen the formal assessment of the operational impact of sickness absence on service delivery, workforce resilience, and patient care.

Based on the work undertaken and evidence obtained, Internal Audit is able to provide Substantial Assurance over the design and Moderate Assurance over the operational effectiveness of NHS Lothian's arrangements for the management of sickness absence within the limited scope reviewed.

Executive Summary

SUMMARY OF GOOD PRACTICE

We noted a number of areas of good practice being demonstrated across NHS Lothian in relation to the management of sickness absence. These include:

- Internal Audit reviewed the Attendance section of HR Online and confirmed that comprehensive guidance is available to all staff. This includes access to the NHS Scotland Attendance Policy, information on sick pay entitlement, clearly defined manager and employee responsibilities, contact details for HR support, and a range of supporting documentation, templates, standard letters, and guidance to support the consistent application of sickness absence procedures. Additionally, staff interviewed during the review demonstrated awareness of the resources available and were able to identify where to access guidance and supporting information relating to sickness absence management.
- Sickness absence information is routinely monitored and scrutinised through a range of established governance and management forums, including workforce reports, absence panels, management meetings, partnership meetings, resilience forums, and the Staff Governance Committee. These forums provide oversight of sickness absence performance, facilitate discussion of workforce risks and staffing pressures, and support management challenge and intervention where areas of concern are identified.
- Internal Audit confirmed that a comprehensive reporting framework is in place to support the monitoring of sickness absence across NHS Lothian. Tableau dashboards and management reports provide detailed absence data, including sickness absence rates, absence reasons, episodes lost, hours lost, and long-term and short-term absence trends. The reporting tools enable managers to analyse absence information at Board, Directorate, service, and ward level, supporting local monitoring, trend analysis, and informed decision-making.
- Discussions confirmed that additional governance arrangements exist within certain service areas. For example, East Lothian operates a monthly Sickness Absence Panel to review areas experiencing elevated absence levels, while weekly meetings are held with Charge Nurses to discuss individual cases and support sickness absence management activities. Areas with higher levels of absence are subject to further scrutiny and challenge through these forums.

SUMMARY FINDINGS

Notwithstanding the areas of good practice noted, we have identified areas where further improvements can be made:

- **Notification and Recording of Absence** – Internal Audit identified inconsistencies in the advice available to managers when managing sickness absence cases. Managers reported varying interpretations of policy requirements depending on whether guidance was sought through the HR Queries service or Employee Relations (ER) practitioners. The HR Queries service is often the first point of contact for managers; however, the advice provided does not always align with subsequent guidance received from ER due to differing levels of case knowledge and specialist expertise. Managers also reported delays in obtaining support for complex sickness absence cases and difficulties securing ER attendance at formal meetings. These issues have the potential to impact the consistent application of sickness absence processes and the timely progression of cases.
- **Training -** Internal Audit identified that there is currently no organisation-wide training programme for all managers with sickness absence management responsibilities. Discussions with managers identified inconsistencies in training provision across services, with some managers receiving comprehensive training while others reported receiving little or no formal training. In addition, there is no structured refresher training programme to ensure managers remain up to date with policy requirements and good practice expectations.
- **Service Impact -** Sickness absence information is routinely monitored through workforce reports, absence panels, management meetings, Tableau dashboards, and resilience forums. Management teams regularly review absence trends, staffing pressures, and workforce risks; however, Internal Audit noted that there is no formal or documented methodology for assessing the impact of sickness absence on operational efficiency, service delivery, workforce resilience, and patient care. While discussions regarding these impacts take place, they are largely informal and are not supported by defined measures or consistent reporting. Consequently, there is limited assurance that the full impact of sickness absence, and the effectiveness of actions taken to mitigate it, is being assessed consistently across the organisation.
- **Compliance Monitoring and Quality Assurance** - Whilst sickness absence performance information is routinely monitored through established governance arrangements, Internal Audit noted that there is no formal process for independently assessing whether key sickness absence management requirements are being applied consistently across the organisation. Sickness absence related activities are the responsibility of line managers and are not currently subject to routine quality assurance or compliance monitoring. Consequently, there is limited assurance available that sickness absence management processes are being applied consistently across services and Directorates, and opportunities to identify trends, areas of non-compliance, or additional management support requirements may not be identified in a timely manner.

Detailed Findings

Detailed Findings

RISK: DELAYS IN NOTIFYING AND RECORDING ABSENCES CAN LEAD TO INSUFFICIENT STAFFING COVERAGE, NEGATIVELY AFFECTING SERVICE DELIVERY AND PATIENT CARE RESULTING IN INCREASED WORKLOADS FOR STAFF, REDUCED PATIENT SATISFACTION, AND POTENTIAL REPUTATIONAL DAMAGE FOR NHS LOTHIAN.

Finding 1 - Notification and Recording of Absence	Type
Ensuring managers have access to timely, consistent, and appropriately specialised HR advice is essential for the effective management of sickness absence cases. Consistent guidance supports the fair application of attendance management procedures, promotes compliance with National Attendance Policy for NHS Scotland, and enables cases to be progressed in a timely and appropriate manner. During our audit, interviews with Line Managers highlighted challenges in accessing timely and consistent advice when managing sickness absence cases, particularly those progressing through the formal stages as defined in the National Attendance Policy. Managers reported variations in the guidance received through the HR Queries call line and Employee Relations (ER) support, depending on the advisor involved, resulting in differing interpretations of sickness absence management requirements and advice being provided for similar cases. It was noted that the HR Queries call line is managed by HR Services and frequently serves as the first point of contact for managers seeking advice. However, managers indicated that the advice received through HR Queries did not always align with guidance subsequently provided by Employee Relations practitioners. Discussion with Advanced ER Practitioner highlighted that HR Queries staff do not always receive the full context of a case when responding to enquiries, which can lead to differing advice being issued once a case is reviewed in greater detail by Employee Relations. Furthermore, the HR Queries service is currently managed by Band 5 HR staff within HR Services, which may limit the level of specialist Employee Relations expertise available when advising on more complex sickness absence cases. Management also noted that resource constraints and ongoing organisational change within HR Services have placed additional pressures on the provision of timely and consistent support. Within Employee Relations, there are five Band 7 practitioners who support different service areas, with a practitioner typically becoming involved when a sickness absence case reaches the Stage 2 trigger point. While this model provides access to specialist support for more complex cases, managers reported delays in obtaining advice for complex sickness absence matters and difficulties securing Employee Relations attendance at formal attendance management meetings. These challenges can impact the timely progression of cases and create uncertainty for managers responsible for applying the policy. There is a risk that inconsistencies between advice provided by HR Queries and Employee Relations, together with delays in accessing specialist support, could result in sickness absence cases being managed inconsistently across the organisation, leading to delays in case progression, potential non-compliance with the guidelines defined in the National Attendance Policy, and reduced confidence among managers in the support and guidance available to them.	Design and Effectiveness 
Implication	**Significance**
If the identified weaknesses in HR and ER support are not addressed, this could lead to delays and inconsistencies in the management of sickness absence cases, reducing managers' ability to apply the National Attendance Policy effectively and consistently. This increases the risk of sickness absence cases not being progressed in a timely manner, prolonged employee absences, inconsistent employee outcomes, and reduced effectiveness of attendance management arrangements, potentially impacting service delivery, workforce availability, and patient care.	Medium

Detailed Findings

RISK: DELAYS IN NOTIFYING AND RECORDING ABSENCES CAN LEAD TO INSUFFICIENT STAFFING COVERAGE, NEGATIVELY AFFECTING SERVICE DELIVERY AND PATIENT CARE RESULTING IN INCREASED WORKLOADS FOR STAFF, REDUCED PATIENT SATISFACTION, AND POTENTIAL REPUTATIONAL DAMAGE FOR NHS LOTHIAN.

Finding 1 - Notification and Recording of Absence			
Recommendations	Action owner	Management response	Completion date
Develop and maintain clear guidance for HR Services staff handling sickness absence queries, supported by periodic analysis of common query themes to identify common queries and ensure consistent, agreed responses are provided across the service.	Tracy Stewart/Jo Roger	HR Services will review Standard Operating Procedures to confirm where improvements are required. A review of common queries will be undertaken and exploration of Fresh Service Knowledge Base automation is underway to see if automated answers can be used for common queries to improve consistency.	January 2027 July 2027
Document and communicate the formal HR triage and escalation process for sickness absence queries. Additionally, the process should also require Employee Relations practitioners, when approached directly by managers regarding sickness absence cases, to review any relevant correspondence or information previously logged through HR Queries.	Tracy Stewart/Jill Ball/Jo Roger	The interaction between ER Managers and HR Services is currently under review and improvements will continue to be implemented. A review of absence management cases will take place in January to assess if improvements are effective.	January 2027
We recommend that management review arrangements for Employee Relations attendance at formal attendance management meetings to ensure adequate support is available when required.	Jill Ball/Jo Roger	Employee Relations attend all stage 2 formal attendance management meetings, and advice and guidance is provided for all earlier steps in the process. Managers are responsible for managing absence informally and for ensuring their staff have the right support in place to be well at work. A review will be undertaken to assess the number of cases which have progressed to stage 2 which could have been resolved at an earlier stage. This will inform whether attendance at an earlier stage should be considered.	July 2027

Detailed Findings

RISK: INADEQUATE TRAINING ON ABSENCE MANAGEMENT POLICY MAY LEAD TO INCONSISTENT APPLICATION AND NON-COMPLIANCE, NEGATIVELY IMPACTING STAFF ADHERENCE AND ORGANISATIONAL STANDARDS RESULTING IN POTENTIAL REPUTATIONAL DAMAGE AND INCREASED SCRUTINY FROM REGULATORY BODIES.

Finding 2 - Training	Type
Providing managers with appropriate training on sickness absence management is essential to ensure the consistent application of the National Attendance Policy for NHS Scotland across the organisation. Effective training supports managers in understanding their responsibilities, applying sickness absence processes correctly, and managing return-to-work arrangements in line with policy requirements and good practice. During our audit, discussions confirmed that a number of sickness absence management training initiatives are currently in place, including manager induction training, bespoke workshops, and targeted support sessions. These arrangements provide managers with access to guidance and support on an as-needed basis and demonstrate the organisation's commitment to developing management capability in this area. However, our testing identified that there is currently no organisation-wide training programme for all managers with sickness absence management responsibilities. We found inconsistencies in training provision across services, with some managers reporting that they had received comprehensive training on sickness absence management processes, while others stated that they had received little or no formal training. As a result, the knowledge and understanding of sickness absence management requirements may vary between managers and service areas. In addition, we noted that there is no structured refresher training programme focused on sickness absence management. Consequently, managers may not receive regular updates on policy requirements, sickness absence procedures, return-to-work processes, or evolving good practice expectations. This may increase the risk of managers relying on outdated knowledge or adopting inconsistent approaches when managing sickness absence cases. There is a risk that the absence of a consistent organisation-wide training and refresher programme may lead to variations in managers' understanding and application of sickness absence management requirements, resulting in inconsistent practice across the organisation, reduced compliance with relevant policies and procedures, and less effective support for employees during periods of sickness absence and return-to-work.	Design
Implication	**Significance**
If the identified gaps in sickness absence management training are not addressed, this could lead to inconsistent understanding and application of sickness absence processes across the organisation, increasing the risk of delayed or ineffective management of absence cases. This may result in inconsistent employee experiences, delays in return-to-work arrangements, prolonged periods of sickness absence, and non-compliance with National Attendance Policy, potentially leading to operational inefficiencies, increased absence costs, and reduced employee wellbeing.	Low

Detailed Findings

RISK: INADEQUATE TRAINING ON ABSENCE MANAGEMENT POLICY MAY LEAD TO INCONSISTENT APPLICATION AND NON-COMPLIANCE, NEGATIVELY IMPACTING STAFF ADHERENCE AND ORGANISATIONAL STANDARDS RESULTING IN POTENTIAL REPUTATIONAL DAMAGE AND INCREASED SCRUTINY FROM REGULATORY BODIES.

Finding 2 - Training			
Recommendations	Action owner	Management response	Completion date
Regularly promote available sickness absence guidance, training materials, and HR support resources to ensure managers know where to access relevant support.	Tracy Stewart/Jill Ball/Jo Roger	Training on reasonable adjustments for line managers is being rolled out in October to January. The outcomes of the reviews into absence management will inform effectiveness of any changes made.	July 2027
Periodically evaluate training effectiveness using manager feedback, case reviews, and recurring compliance issues to support continuous improvement.	Tracy Stewart/Jill Ball/Jo Roger	Managers are responsible for managing absence informally and for ensuring their staff have the right support in place to be well at work. Feedback on training provision outlined above will be taken forward for additional sessions or improvements needed.	July 2027

Detailed Findings

RISK: POOR MANAGEMENT OF SICKNESS ABSENCE CAN SIGNIFICANTLY DISRUPT SERVICE OPERATIONS, LEADING TO A DECLINE IN THE QUALITY OF CARE AND INCREASED PRESSURE ON REMAINING STAFF WHICH CAN ADVERSELY AFFECT PATIENT SATISFACTION AND THE ORGANISATION'S REPUTATION, POTENTIALLY RESULTING IN FINANCIAL IMPLICATIONS AND STRATEGIC MISALIGNMENT FOR NHS LOTHIAN.

Finding 3 - Service Impact	Type
Understanding the impact of sickness absence on operational performance, service delivery, and patient care is essential to ensuring that workforce risks are effectively managed and that mitigating actions are appropriately targeted. Formal assessment of the consequences of sickness absence enables organisations to identify areas of pressure, evaluate the effectiveness of interventions, and make informed workforce planning decisions. During our audit, we found that sickness absence information is regularly monitored and discussed through a range of governance and management forums, including workforce reports, absence panels, management meetings, Tableau dashboards, and resilience forums. Management teams routinely review absence trends, staffing gaps, hours lost, waiting times, and resource requirements, and take action to address identified workforce challenges. In addition, the Workforce Planning Team receives monthly sickness absence benchmarking data from NHS Boards, enabling comparisons of NHS Lothian's sickness absence performance against peer organisations. However, Internal Audit noted that there is no formal process for assessing the impact of sickness absence on operational efficiency, service delivery, and patient care. While discussions take place regarding workforce pressures and the effects of employee absence, these assessments are generally informal in nature and are not supported by a standard methodology, defined measures, or a consistent reporting framework. As a result, the extent to which sickness absence contributes to operational pressures, service delays, increased workloads, or impacts on patient care is not consistently assessed or evidenced across the organisation. Furthermore, the effectiveness of actions implemented to mitigate the impact of sickness absence may be difficult to measure in the absence of defined performance indicators and formal impact assessments. Internal Audit also observed that workforce reports did not consistently benchmark sickness absence performance against historical performance data. As a result, management and governance groups may have limited context regarding whether current performance is in line with expectations, improving over time, or materially different from peer organisations. In addition, a review of meeting minutes identified limited evidence of formal challenge, discussion, or action planning in response to the sickness absence information presented. Whilst performance information was routinely reported, there was limited documentation demonstrating how performance concerns were scrutinised, whether underlying causes were explored, or whether specific actions were agreed and monitored to address areas of concern. There is a risk that, without a structured and documented approach to assessing and challenging sickness absence performance, the organisation may not have a complete understanding of how sickness absence affects service delivery, workforce resilience, and patient care. This may limit management's ability to identify emerging issues, prioritise interventions, evaluate the effectiveness of mitigating actions, and make informed decisions regarding workforce planning and operational improvements.	Design
Implication	**Significance**
If the identified weaknesses in the assessment, reporting, and oversight of sickness absence are not addressed, this could lead to an incomplete understanding of the impact of sickness absence on operational efficiency, service delivery, workforce resilience, and patient care. This increases the risk that performance issues are not identified, appropriately challenged, or effectively addressed, potentially resulting in ineffective targeting of mitigating actions, continued service pressures, inefficient use of resources, and reduced organisational ability to evaluate and demonstrate the effectiveness of measures implemented to manage sickness absence.	Low

Detailed Findings

RISK: INADEQUATE TRAINING ON ABSENCE MANAGEMENT POLICY MAY LEAD TO INCONSISTENT APPLICATION AND NON-COMPLIANCE, NEGATIVELY IMPACTING STAFF ADHERENCE AND ORGANISATIONAL STANDARDS RESULTING IN POTENTIAL REPUTATIONAL DAMAGE AND INCREASED SCRUTINY FROM REGULATORY BODIES.

Finding 3 - Service Impact			
Recommendations	Action owner	Management response	Completion date
We recommend that management continue to explore opportunities, as part of the implementation of the new cloud-based ERP system and ongoing workforce reporting developments, to enhance the organisation's understanding of the impact of sickness absence on operational efficiency, service delivery, workforce resilience, and patient care. This could include consideration of additional performance indicators, benchmarking against historical trends, and the incorporation of impact measures within existing reporting arrangements. Management should also consider how existing governance forums can be used to provide greater scrutiny of sickness absence trends, monitor the effectiveness of mitigating actions, and support more informed workforce planning and decision-making.	Kyle Childs/Nick McAllister/Jo Roger	We will continue to input into the ERP system development, design and build to ensure the concerns of NHS Lothian are taken into account. In the meantime, we will continue to review how data and reporting on absence is used, where it is informing action and what improvements can be made to the current provision of insight.	January 2027

Detailed Findings

RISK: FAILURE TO CONSISTENTLY APPLY THE ATTENDANCE POLICY AS DEFINED AND DOCUMENTED BY NHS SCOTLAND COULD LEAD TO NON-COMPLIANCE WITH ESTABLISHED PROCEDURES, RESULTING IN OPERATIONAL INEFFICIENCIES AND POTENTIAL LEGAL CHALLENGES. THESE ISSUES MAY CAUSE SIGNIFICANT REPUTATIONAL DAMAGE TO NHS LOTHIAN, UNDERMINE PUBLIC TRUST, AND EXPOSE THE ORGANISATION TO FINANCIAL PENALTIES OR INCREASED SCRUTINY FROM REGULATORY BODIES.

Finding 4 - Compliance Monitoring and Quality Assurance	Type
It is important that organisations have arrangements in place to obtain assurance that key attendance management processes are being applied consistently and in accordance with policy requirements. Periodic independent review of management activity can help identify areas of non-compliance, support continuous improvement, and provide management with confidence that attendance management arrangements are operating as intended. As part of this review, Internal Audit was unable to undertake detailed testing of individual sickness absence case files due to the sensitive and confidential nature of the information held within those records. Discussions with management confirmed that routine responsibility for managing sickness absence rests with line managers, supported by Human Resources, Employee Relations and Occupational Health services. While sickness absence performance information is routinely reported and monitored through established governance arrangements, we did not identify any formal process for centrally reviewing whether key attendance management requirements have been completed consistently across the organisation. This includes activities such as the timely completion of return-to-work discussions, progression of cases through policy trigger points, maintenance of required documentation, and implementation of agreed management actions. In the absence of periodic compliance monitoring or quality assurance activity, there is limited independent assurance that Attendance Policy requirements are being applied consistently across all services and Directorates. Consequently, opportunities to identify common areas of non-compliance, management support needs, or process improvements may not be identified in a timely manner.	Design
Implication	**Significance**
There is a risk that, without formal compliance monitoring arrangements, NHS Lothian may have limited visibility of whether sickness absence management processes are being applied consistently and in accordance with policy requirements. This could result in non-compliance remaining undetected, inconsistent management practices across services, reduced effectiveness of attendance management arrangements, and missed opportunities to identify trends, training needs, or areas requiring additional support.	Low

Recommendations	Action owner	Management response	Completion date
We recommend that management establish proportionate assurance arrangements to monitor the consistent application of key sickness absence management processes. This could include periodic compliance reviews of activities such as completion of return-to-work discussions, progression of cases through policy trigger points, maintenance of supporting documentation, and implementation of agreed management actions. The outcomes of these reviews, including areas of good practice, non-compliance, emerging themes, and actions taken to address identified issues, should be reported through existing governance forums such as Clinical Management Teams (CMTs) and Leadership Teams, with sufficient detail recorded within meeting minutes to evidence review, challenge, agreed actions, and ongoing monitoring.	Tom Power	Raise awareness of Audit findings, and advise CMT Directors and SMTs of the need to ensure local arrangements are in place to support their understanding of how effectively attendance management is being implemented.	November 2026

Observations

Observations

1. Utilisation of Occupational Health Support Arrangements

During interviews, stakeholders highlighted some concerns regarding the effectiveness of the Occupational Health (OH) service, particularly in relation to the timeliness of assessments and recommendations. Stakeholders advised that delays in receiving Occupational Health advice can affect the progression of sickness absence cases and managers' ability to implement appropriate support and return-to-work arrangements. Discussions also highlighted that Occupational Health assessments are advisory in nature and, in some instances, managers considered that recommendations could benefit from greater clarity or practical detail to support decision-making and the implementation of workplace adjustments.

However, Internal Audit noted that Occupational Health has implemented a number of measures to support the management of sickness absence cases. These include clear prioritisation criteria for Occupational Health referrals, with defined urgency and severity categories to support the timely assessment of higher-risk, long-term, or complex cases. Occupational Health also advised that emphasis has been placed on providing recommendations to support decisions relating to workplace adjustments, fitness for work, and return-to-work planning. In addition, Occupational Health has delivered training sessions for people managers covering sickness absence management and Occupational Health processes. Occupational Health management advised that managers can also engage directly with Occupational Health clinicians through face-to-face or virtual meetings to discuss Occupational Health processes, recommendations, and specific queries where additional clarification is required.

Whilst these support arrangements are available, discussions indicated that there may be opportunities for managers to take a more proactive approach to engaging with the support and advice available through Occupational Health. Increased utilisation of existing training, guidance, and direct engagement opportunities with Occupational Health clinicians may assist managers in obtaining clarification where required, enhance understanding of Occupational Health recommendations, and support the effective management of sickness absence cases.

Appendices

Background

It was agreed as part of the 2025-26 Internal Audit Plan that Internal Audit would conduct a review of the arrangements relating to Sickness Absence Management within NHS Lothian.

The National Attendance Policy for NHS Scotland became effective on 1 March 2020 and applies to all employees and workers within NHS Scotland. The policy aims to encourage attendance and support employees where health issues impact on their ability to attend work. The policy is used by line managers to administer and support the management of employee sickness absence.

A previous audit of Sickness Absence Management was conducted by Grant Thornton in 2022, resulting in a Moderate Assurance opinion. Key findings related to inconsistencies in supporting documentation, outdated policy information available on the intranet, and a lack of documented evidence demonstrating management review of sickness absence reporting.

Employees are required to notify their line manager, designated bleep holder, or an alternative contact when they are unable to attend work due to sickness absence. Details of the absence, including the reason for absence and anticipated duration, are recorded within workforce systems including eESS and E-Rostering. Line Managers are responsible for recording sickness absences within the appropriate system, ensuring that absence records are complete and accurate. E-Rostering is primarily used by rostering services and clinical areas to manage staffing levels, workforce planning, and shift allocations, while eESS is used to record and manage employee absence information and support absence management activities. Managers are responsible for maintaining contact with employees throughout periods of absence and obtaining supporting documentation where required.

Return-to-Work (RTW) discussions are undertaken following periods of sickness absence to discuss the reasons for absence, identify any support requirements, consider workplace adjustments, and determine whether further management action is required. In accordance with the National Attendance Policy, managers are expected to complete RTW discussions as soon as reasonably practicable following an employee's return to work, typically within 48 hours. Standard templates are available to support the documentation of these discussions and promote consistency in their application.

Occupational Health (OH) referrals form a key part of the sickness absence management process and are used to obtain specialist advice regarding fitness for work, workplace adjustments, rehabilitation, and return-to-work planning. Referrals may be initiated for employees experiencing long-term sickness absence, recurring absences, work-related health concerns, or where additional support is required to facilitate a sustainable return to work.

Sickness absence information is monitored through a range of reporting tools and governance forums. Absence data is collated through Tableau dashboards using information extracted from eESS, E-Rostering, and other workforce systems. This information is reviewed through monthly workforce reporting, partnership meetings, the Staff Governance Committee, and local management forums.

There are a number of key governance arrangements supporting the oversight of sickness absence, including monthly Sickness Absence Panels, dedicated HR and Employee Relations review meetings, and weekly meetings with Charge Nurses to discuss specific sickness absence cases and attendance management activities. Areas with elevated absence levels are subject to additional review and challenge through these forums, with managers required to provide updates on actions being taken to address sickness absence and workforce pressures.

Appendix I: Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

Appendix II: Terms of reference

Extract from terms of reference

Purpose

The Sickness Absence Management Internal Audit aimed to provide assurance to management and the Audit and Risk Committee that the arrangements around Sickness Absence Management are well designed and operating effectively. This review focussed on the processes around Policies and Procedures, Notification and Recording of Absence, Return-to-Work Discussions, Occupational Health Referrals, Human Resources and Employee Relations Support, Training, Reporting and Oversight, and Service Impact.

Key risks

- Failure to consistently apply the Attendance Policy as defined and documented by NHS Scotland could lead to non-compliance with established procedures, resulting in operational inefficiencies and potential legal challenges. These issues may cause significant reputational damage to NHS Lothian, undermine public trust, and expose the organisation to financial penalties or increased scrutiny from regulatory bodies.
- Delays in notifying and recording absences can lead to insufficient staffing coverage, negatively affecting service delivery and patient care resulting in increased workloads for staff, reduced patient satisfaction, and potential reputational damage for NHS Lothian.
- Ineffective return to work discussions and poorly planned phased returns may impede staff recovery, leading to recurring absences resulting in decreased productivity and increased stress for the employee, negatively affecting team dynamics and overall workplace morale.
- Inadequate management of OHS referrals may lead to insufficient employee support, forcing managers to make decisions with incomplete information resulting in ineffective workplace accommodations, negatively impacting employee well-being, productivity, and morale, and increasing the risk of disputes related to health management.
- Insufficient reporting and oversight mechanisms may lead to poor management of absence trends, resulting in ineffective mitigation strategies which may cause increased absenteeism, operational disruptions, and financial implications, negatively impacting service delivery and patient care. Consequently, NHS Lothian may face reduced employee morale, higher turnover rates, and potential reputational damage.
- Inadequate training on Absence Management policy may lead to inconsistent application and non-compliance, negatively impacting staff adherence and organisational standards resulting in potential reputational damage and increased scrutiny from regulatory bodies.
- Poor management of sickness absence can significantly disrupt service operations, leading to a decline in the quality of care and increased pressure on remaining staff which can adversely affect patient satisfaction and the organisation's reputation, potentially resulting in financial implications and strategic misalignment for NHS Lothian.

Exclusions

The scope of the review was limited to the areas documented under the scope and approach. All other areas were considered outside of the scope of this review. Our review does not provide assurance over all aspects of employee wellbeing.

Due to the sensitive and confidential nature of sickness absence records, including personal and medical information relating to employees, Internal Audit did not undertake detailed testing of individual sickness absence case files held by managers. As a result, the review primarily relied on interviews with key stakeholders and management, supported by documentation and evidence that could be provided without compromising employee confidentiality.

Where sample testing was undertaken, our findings and conclusions were limited to the sample tested only. Please note that there is a risk that our findings and conclusions based on the sample may differ from the findings and conclusions we would reach if we tested the entire population from which the sample was drawn.

Appendix III: Staff interviewed

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.	
Neil Boyle	Associate Nurse Director, Western General Hospital
Terri Kinnell	Deputy Associate Nurse Director, Western General Hospital
Elaine Hickey	Project Manager, Western General Hospital
Matt Townsley	Clinical Service Manager, Cancer Services, Western General Hospital
Helen Bradley	Charge Nurse, Western General Hospital
Chirs Stirling	Site Director, Western General Hospital
Fiona Wilson	Chief Officer, East Lothian
Fiona Ross	Ward 4 Charge Nurse, East Lothian
Liam Kerr	Unions Partnership Lead
Gerard McFeely	Lothian Work Support Service
Lynsey Ward	Charge nurse for Endoscopy/Day Services
Alana Stuart	Business Support Administrator
Debbie Walker	Human Resources, Employee Relations Practitioner
Tracy Stuart	Interim Head of HR Services
Nick McAlister	Head of Workforce Planning
Funbi Ogundipe	Director of Occupational Health & Safety Services

Appendix IV: Responsibilities, limitations and conformance with the Global Internal Audit Standards

Management responsibilities

The Board is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the Company's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

Limitations

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

Conformance with the Global Internal Audit Standards This engagement has been conducted in accordance with the Institute of Internal Auditors' Global Internal Audit Standards.

FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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