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**Health Care Complaints
Commission**

Internal Audit of Assessments

March 2007

1 Executive Summary

Introduction

As part of the internal audit services provided to the Health Care Complaints Commission ("HCCC" or "the Commission"), Deloitte Touche Tohmatsu ("Deloitte") has conducted an internal audit of the assessments process. The internal audit involved assessing the adequacy and effectiveness of the controls in place to mitigate the associated business risks relating to the assessment of complaints.

The engagement was performed in accordance with Australian Auditing Standard AUS 110, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Section 2, Terms of Reference and Section 6, Statement of Responsibility, respectively.

Background

The HCCC, established by the Health Care Complaints Act 1993 ("the Act"), is responsible for receiving and dealing with the following complaints:

- complaints relating to the professional conduct of health practitioners
- complaints concerning the clinical management or care of individual clients by health service providers, and
- complaints referred by a registration authority under a health registration Act.

During 2005/06 HCCC implemented major reforms following amendments to the Act which came into effect 1 March 2005. These included substantial organisational change, new internal processes and appointment of a new Director Assessments and Resolutions, as well as the introduction of an electronic case management system (CaseMate).

The volume and composition of complaints received in 2004/05 and 2005/06 have been summarised below.

Financial Year	Number of Complaints	Category								
		Access	Communication	Consent	Corporate Services	Cost	Grievances	Privacy/ Discrimination	Professional Conduct	Treatment
2004/05	2816	6.1%	9.2%	2.4%	3.6%	5.3%	0.5%	3.4%	23.6%	43.3%
2005/06	3023	6.8%	7.8%	1.7%	0.7%	5.2%	0.3%	3.4%	17.5%	56.8%

Source: 2004/05 and 2005/06 HCCC Annual Report

Complaints are assessed by the Assessment Team through a series of readings, analysis, discussion and consultation. The main stages through the assessment process include:

- Receiving and considering new complaints
- Recording and acknowledging complaints
- Collecting and considering information
- Assessment and consultation with Registration Boards
- Post assessment activities.

Deloitte: Internal Audit of Assessments

Assessment decisions are made by a committee consisting of the Commissioner, Director of Assessments and Resolution, Manager Assessment Team, Manager Resolutions, Health Complaints Registrar and the relevant Assessment Officer.

The outcomes of assessment decisions are outlined in the Act to include:

- Discontinuation (section 27)
- Assisted resolution (division 9)
- Referred to a registration authority (section 26)
- Investigation (section 23)
- Conciliation (division 8)

Under the Act, the Commission must carry out an assessment within 60 days of receiving a complaint. Complainants are also entitled to request a review of the assessment decision if they are not satisfied with the outcome. If the request for review is lodged within 28 days of the notification of the decision the Commission must review the decision, if it is received after 28 days the Commissioner has the discretion to refuse to review the decision.

The Assessments Team reports to the Director, Assessments and Resolution and consists of:

- Manager, Complaint Assessment Team
- Two Team Leaders
- Eight Assessment Officers
- Three Clerical Support Officers

Key Issues

Our Internal Audit found several key controls were in place over the assessments process during the internal audit period (April 2006 - October 2006) such as:

- Assistance to complainants in filing a written complaint through the HCCC Telephone Inquiry Service
- Complaint procedures available on the HCCC website
- Electronic case management tool- CaseMate
- Decision outcomes determined by the Assessment Committee
- Key Performance Indicators (KPI's) resulting from legislative requirements and internal benchmarks
- Monthly KPI monitoring
- Staff training on assessment criteria and procedures.

New control developments arising after October 2006 include:

- Finalisation of the Complaint Assessment Procedures Manual (the procedures manual)
- Development of an audit functionality in CaseMate
- Development of mail system and CaseMate exception interface.

During our internal audit period (April 2006 - October 2006), procedural changes were also implemented including:

- Trialling of post assessment phone calls to complainants prior to issuing a decision letter
- Requirement for an assessment brief to be drafted for all complaints received directly through HCCC

These new procedures were partially implemented during the audit period, potentially skewing the internal audit results. Management should take this into account whilst reviewing these results.

During our audit, the level of compliance to legislative requirement timeframes was assessed to be:

- 83% of our sample (12) were assessed within 60 days
- 100% of decision letters to complainants and providers were sent within 14 days. In addition, we note the HCCC has adopted the Plain English Style Guide for decision letters with a tone scale between Formal, Official and Officialese. Review of ten assessment decision letters identified the tone of letters ranged from Official to Officialese.

However, several areas were identified where there was opportunity for improvement and or enhancement of existing processes or controls. The key issues and improvement opportunities are summarised below and detailed further in Section 3 Business Issues.

Assessment Period (Important)

Sample testing of 12 complaints identified two which were not completed in the stipulated 60 day timeframe as required by the Act. We note HCCC has made substantial progress toward achieving assessment timeframes. Initiatives have been implemented to monitor the progress of complaints against the 60 day target including:

- Audit procedures to be conducted at 14 days, 42 days, 56 days and over 60 days.
- Individual employee performance indicators linked to timely completion

We support the initiatives HCCC have implemented to reduce the assessment period of complaints. We recommend management continue to actively monitor and manage the achievement of this KPI.

Assessment Briefs (Important)

Sample testing of 12 complaints identified nine which required assessment briefs to be generated. Of these nine, five (55%) assessment briefs were not evidenced. The four assessment briefs sighted were a combination of three text briefs and one electronic CaseMate generated briefs.

We understand brief preparation has undergone a series of continuous improvement stages to arrive at this current process in a relatively short period of time. We recommend HCCC now enforce the use of electronic system briefs for all complaints in the future.

Contacting the Complainant (Important)

Under section 20 of the Act, the Commission is to use its best endeavours to confirm with complainants the matters identified. Of the nine complaints sampled which were received directly through HCCC:

- Four (44%) lacked evidence of complainants being contacted by phone to clarify issues
- Seven (77%) lacked evidence of Assessment Officers contacting the complainant by phone post assessment.

Although it is not a requirement to contact complaints by phone after an outcome is decided, we understand this procedure was trialled as a response to a high level of requests for review of assessment decisions being processed.

We recommend management re-enforce the use of CaseMate file notes and process markers to document any communication with the complainant. Any attempts to contact the complainant or specific reasons as to why the complainant was not contacted should be documented.

HCCC should also review the correlation between post assessment contact and the level of requests for reviews of assessment decisions. If there is no correlation found between post assessment contact and the number of reviews, management should consider revising the procedure manual to make it optional to contact the complainant when an assessment is decided.

Internal Timeframes: Complaint Readings and Acknowledgement Letters (Important)

From a sample of nine complaints tested, the following exceptions from established timelines were noted:

- Six (66%) complaints were not initially assessed within two days of receipt (average period of three days, ranging between three to four days)
- Two (22%) complaints did not have a date of assessment on the Assessment Plan
- Five (55%) complaints were not acknowledged within five days of receipt (average period of 14 days, ranging from six to 25 days)
- Six (66%) complaints were not sent to the provider for notification within nine days of receiving complaint (average period of 16 days, ranging from 11 to 25 days).

Management should continue to actively monitor and manage the achievement of these KPIs. We note that a lack in compliance to internal procedures requiring initial assessment in two calendar days may not be feasible as a result of letters received on Fridays. We recommend HCCC consider the revision of the procedures manual to reflect a more realistic KPI of three days.

Engagement Rating System

Based on the scope of our engagement, HCCC's performance relevant to the assessment process is outlined below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist HCCC's senior management and the Audit and Risk Committee to focus on areas of greatest concern, and does not form part of our opinion.

5	Minimal opportunities for improvement identified.
4	A small number of minor control weaknesses / opportunities for improvement identified.
3	Several control weaknesses of concern identified.
	Significant control weaknesses found in a number of areas.
	Poorly controlled. Pervasive, significant weaknesses in controls identified.

Further, each issue within the report has been assigned a suggested priority of action as follows:

Priority Ranking	Explanation	No. of issues raised
Significant	A control weakness or an issue that exposes the organisation to an unacceptable level of risk and requires management's resolution within one month.	-
Important	A control weakness or an issue that exposes the organisation to risk, requires improvement and management's resolution within three months.	4
Minor	An issue which if unresolved may expose the organisation to risk or a recommendation that may be of benefit to the organisation's control environment.	2

Acknowledgements

We wish to place on record our appreciation of the assistance and co-operation received from various HCCC staff during the engagement.

Report Clearance

This report has been discussed with Mr Ian Thurgood, Director of Assessments and Resolutions.

Conclusion

Based on the work program described and the evaluation criteria set out in the Terms of Reference in Section 2 of this report, and except for the matters noted in Section 3 of our report nothing has come to our attention which causes us to believe the HCCC did not maintain in all material respects, effective control procedures in relation to the assessments process.

DELOITTE TOUCHE TOHMATSU



Rory O'Connor
Partner

2 Terms of Reference

Scope

The engagement involved an assessment of the adequacy and effectiveness of the controls in relation to the assessments process conducted by HCCC staff.

Our procedures were designed to provide limited assurance, as defined by AUS 110. Our procedures were limited primarily to inquiries of relevant personnel, inspection of evidence, and observation of, and enquiry about, the operation of procedures for a small number of transactions or events.

The engagement focused on complaints received 1 April 2006 – 30 September 2006.

Objectives

The objectives of the engagement were to:

- Assess the adequacy of existing controls and procedures to mitigate the associated business risks focusing on the following areas:
 - Compliance to established criteria and procedures for assessing complaints and making assessment decisions
 - Timeliness of assessing information
 - Management review and oversight of complaints assessed
 - Quality assurance processes
 - Efficiency and effectiveness of assessment processes
 - Records management for assessments and referral processes.

As part of our engagement, we also provided commentary, where applicable, on the efficiency of process and/or control design. Such commentary does not however provide assurance.

Methodology

The following procedures were completed during the engagement:

- Developed an understanding of the assessment process and determined the associated risks through discussion with relevant officers and reviewing policy and procedures and performing walkthroughs;
- Documented key processes and control procedures applicable to assessments;
- Developed and implemented a test plan and an appropriate sample sufficient to support the required level of assurance;
- Prepared recommendations to improve controls where required.

3 Business Issues

3.1 Assessment Period [Important]

Criteria

Section 22 of the Health Care Complaints Act 1993 stipulates all assessments are to be carried out within 60 days of receiving the complaint or 60 days from the receipt of further particulars (e.g. medical records, authorisation from subject of complaint).

Observation

Sample testing of 12 complaints identified two which were not completed in the stipulated 60 day timeframe. We note HCCC has made substantial progress toward achieving assessment timeframes. Initiatives have been implemented to monitor the progress of complaints against the 60 day target, including:

- Audit procedures to be conducted at 14 days, 42 days, 56 days and over 60 days.
- Individual employee performance indicators linked to timely completion.

Review of quarterly KPI reports for the first two quarters of 2006 indicates 85% of all complaints have met the 60 day target.

Cause

Cases allocated to Assessment Officers may be delayed as a result of complaints awaiting action from other parties such as advice from specialists or responses from the Health Service Provider. These are often outside the control of HCCC.

Business Implication

If complaints are not assessed within 60 days, HCCC is in breach of its required duties under the Act.

Recommendation

We support the initiatives HCCC have implemented to reduce the assessment period of complaints. We recommend management continue to actively monitor and manage the achievement of this KPI.

Management Response

Agreed

Responsible Officer

Director Assessments & Resolution

Timeframe

Ongoing

3.2 Assessment Briefs [Important]

Criteria

The procedures manual Function 3.9 requires the Assessment Officer to prepare an assessment brief using CaseMate.

Observation

Sample testing of 12 complaints identified nine complaints which required assessment briefs. Of these nine, five (55%) assessment briefs were not evidenced. These exceptions have been identified in Section 4.

The assessment briefs sighted were a combination of text briefs and electronic CaseMate generated briefs (three text briefs and one CaseMate brief).

Cause

Discussion with management has indicated the procedures for the creation of an assessment brief have been an evolving process. The generation of electronic briefs through CaseMate has only been implemented from approximately September 2006. Prior to this, Assessment Officers were asked to write narrative briefs. It is also noted in some cases, briefs are not completed if:

- It is clear through the second reading that the complaint does not have any underlying issues and should be discontinued
- The complaint is brought to the HCCC via a registration authority board consultation and immediately assessed as a discontinue or investigation.

Business Implication

Generation of a brief allows the issues to be clearly stipulated and analysed. Without a brief, all issues may not be identified and sufficiently explored. Attendees at the Assessment Committee or Registration Board consultations may not get a clear understanding of the issues arising.

Lack of documentation reduces the amount of evidence supporting a transparent and appropriate assessment process.

Recommendation

We understand brief preparation has undergone a series of continuous improvement stages to arrive at this current process in a relatively short period of time. We recommend HCCC now enforce the use of electronic system briefs for all complaints in the future.

Management Response

All complaints now need an electronic brief before they are assessed.

Responsible Officer

Director Assessments & Resolution

Manager Assessments

Timeframe

Implemented and completed

3.3 Contacting the Complainant [Important]

Criteria

Under section 20 of the Act, the Commission is to use its best endeavours to confirm with the complainant the matters identified. Function 3.1 of the procedures manual requires the Assessment Officer to liaise with the complainant within eight days of receipt of the complaint to clarify any issues.

The procedures manual in Function 5.3.2 also requires the Assessment Officer to inform the complainant of the assessment decision by phone.

Observation

Of the nine complaints sampled which were received directly through HCCC:

- Four (44%) lacked evidence of complainants being contacted by phone to clarify issues
- Seven (77%) lacked evidence of Assessment Officers contacting the complainant by phone post assessment.

These exceptions have been outlined in Section 4.

Discussion with management have identified the procedure to call all complainants after an outcome has been decided is a new procedure which was trialled as a response to a high level of requests for review of assessment decisions being processed.

Cause

There are certain instances where it is not possible to contact complainants directly eg lack of contact details. However, the exceptions noted above did not have any documented reason on file why the complainant was not contacted by phone.

Management believe not all complainants should be contacted by phone after an outcome is decided as some complainants may be aggravated by the call, exposing Assessment Officers to increased risk of unnecessary verbal abuse.

Business Implication

If the complainant is not initially contacted, there is an increased risk of misinterpreting facts and issues when assessing the complaint. Keeping the complainant informed of the progress of their complaint may also assist in a faster resolution of complaints.

The lack of communication between HCCC and complainants may result in the complainant being unsatisfied with the outcome as they may not respond as well to written responses. A greater amount of resources may be required to address the situation through increased number of reviews requested.

Recommendation

We recommend management re-enforce the use of CaseMate file notes and process markers to document any communication and attempts at contacting the complainant. Any attempts to contact the complainant or specific reasons as to why the complainant was not contacted should be documented.

HCCC should also review the correlation between post assessment contact and the level of requests for review of assessment decision. If there is no correlation found between post assessment contact and the number of review requests, management should consider revising the procedure manual to make it optional to contact the complainant when an assessment is decided.

Management Response

Casemate has been enhanced to capture if the complainant has been contacted to clarify issues, procedures manual has been updated, Manager to reinforce with Assessment officers.

Contacting the complainant to explain the decision has now been introduced to casemate with reasons being recorded why the complaint was not contacted. This is being monitored by Team leaders and the Manager.

Early indications are that this strategy of contacting the complainant is reducing the review of decision requests. This will continue to be monitored by the Director.

Responsible Officer

Team leaders

Manager Assessments

Director Assessments & Resolution

Timeframe

Completed and implemented, needs ongoing review

3.4 Internal Timeframes: Complaint Readings and Acknowledgement Letters [Important]

Criteria

HCCC has implemented a series of internal timeframes surrounding the front end of the assessment process to allow for the 60 day legislative timeframe to be met. These include:

- initial and second reading be conducted within two days of complaint receipt. (Procedures manual function 1.3 and 1.4)
- acknowledgement to be sent out to the complainant within five days of receipt. (Procedures manual function 2.6)
- notification letter be sent to the health service provider within nine days of receipt of the complaint. (Procedures manual function 3.1)

Observation

From a sample of nine complaints received directly through HCCC it was noted:

- Six (66%) complaints were not initially assessed within two days of receipt (average period of three days, ranging between three to four days)
- Two (22%) complaints did not have a date of assessment on the Assessment Plan
- Five (55%) complaints were not acknowledged within five days of receiving complaint (average period of 14 days, ranging from six to 25 days)
- Six (66%) complaints were not sent to the provider for notification within nine days of receiving complaint (average period of 16 days, ranging from 11 to 25 days).

Cause

HCCC have implemented internally generated KPIs within the procedures manual to ensure complaints are assessed and acknowledged as soon as possible to enable assessment a more flexible time frame.

Business Implication

HCCC may not meet the 60 day timeframe for assessment decisions as required by the Health Care Complaints Act 1993 if the internal process deadlines are not achieved.

Recommendation

Management should continue to actively monitor and manage the achievement of these KPIs. We note that a lack in compliance to internal procedures requiring readings in two calendar days may not be feasible as a result of letters received on Fridays. We recommend HCCC consider the revision of the procedures manual to reflect a more realistic KPI of three days.

Management Response

This KPI has now been increased to the recommendation of three days.

Responsible Officer

KPI to be monitored by Manager Assessments

Timeframe

Completed and implemented

3.5 Quality Assurance and Review [Minor]

Criteria

The procedures manual Function 3.6 identifies audit processes to be completed on a regular basis. A final quality assurance review is also conducted by the Manager Complaint Assessment Team as a post assessment activity as per Function 6.1.

Observation

Through discussion with management and review of complaint files, a lack of evidence of file review within assessments was noted for files which are sent to other teams within HCCC (e.g. files sent to investigation or conciliation/assisted resolution).

We understand a new audit procedure checklist is currently being implemented for audits at 14 days, 42 days, 56 days and over 60 days. However, this does not provide assurance of a final review at the completion of an assessment.

Cause

Evidence of a file review by the Manager Complaint Assessment Team is only captured for the files which are closed within the Assessments team. For complaints which are referred to other teams within the Commission no sign off is required by the Manager Complaint Assessment Team as evidence of file review.

Business Implication

Although management has identified that as part of the procedure, all files are reviewed by the Manager Complaint Assessment Team before being either closed or referred on, a lack of evidence supporting this review provides for an incomplete audit trail.

Recommendation

HCCC should continue the implementation of this quality assurance/audit process. Management should also consider the implementation of a final audit checklist to be completed by the Manager Complaint Assessment Team when the file review is conducted.

Management Response

The Manager Assessments has now developed a final audit checklist with each file receiving a final audit prior to being placed in storage or being referred to another part of the Commission. The Procedures manual has also been update to reflect this new practice.

Responsible Officer

Manager Assessments

Timeframe

Completed and implemented.

3.6 Policies and Procedures [Minor]

Criteria

Consistent and accurate documented policies and procedures are essential to maintaining a controlled environment surrounding any business process. Clearly documented policies and procedures provide guidance to staff in performing their responsibilities, reduce the risk of errors and minimise the occurrence of unaccepted practices.

Observation

We note the procedures manual has been under development from April 2006 till November 2006. It has been drafted to reflect the current practices employed throughout the assessment process.

Through review of this document, we have identified small areas for improvement to the procedures manual including:

- Inclusion of assessment criteria in the procedures manual
- Fine tuning internal KPIs to reflect attainable targets
- Increased explanation of the new audit process including sample audit checklists
- Increased guidance on the type of information required to be obtained whilst liaising with the complainant
- Inclusion or references to style guides and information requirements for letter writing.

Cause

The procedures manual was finalised during our internal audit fieldwork. As the manual is put into practice, refinements to the manual may be required.

Business Implication

Comprehensive policies and procedures are fundamental to the development of a strong control environment. If procedures manuals do not reflect the entire process, controls in particular areas may be less effective as a result of poor knowledge of the required procedures.

Recommendation

The procedure manual should be updated to include:

- assessment criteria
- internal KPI's reflecting attainable targets
- increased explanation of the new audit process including sample audit checklists
- increased guidance on the type of information required to be obtained whilst liaising with the complainant
- guidance on construction, tone and mandatory information (eg private and confidential markings, assessment review clause) in writing decision letters.

Management Response

To be addressed in the next update of the manual

Responsible Officer

Manager Assessments

Timeframe

June 2007

4 Documentation Exceptions

The table below lists complaint files examined that did not contain all relevant documentation.

Complaint ID	Exceptions			
	Assessment Brief	Pre-assessment contact with complainant	Post Assessment Instruction Sheet	Evidence complainant was contacted by phone post assessment
06/01823	x	x	x	x
06/01103	x	x		x
06/01518				x
06/01005	x	x	x	
06/01725				x
06/00497	x			x
06/01274	x	x		x
06/02164				x

5 Implementation Table

Please find below an action plan template, which is to be used for follow-up by HCCC. The purpose of this summarised action plan is to provide a reference and timeframe for the implementation of agreed management responses to the recommendations made by Deloitte in this report. In this regard, HCCC should ensure that the action plan is specifically based on each management response task identified in this report.

Ref	Recommendation	Proposed Action by Management	Officer Responsible	Target Date	Completion Date
3.1	We support the initiatives HCCC have implemented to reduce the assessment period of complaints. We recommend management continue to actively monitor and manage the achievement of this KPI.	Continued monitoring and three monthly reporting on the 60 day and 14 day timelines. Three monthly performance reviews with Assessment officer, team leader and the Manager Assessments.	Director Assessments & Resolution Team leader Manager Assessment	Ongoing next report end of March 2007 Three monthly next due end March 2007	Ongoing
3.2	We understand brief preparation has undergone a series of continuous improvement stages to arrive at this current process in a relatively short period of time. We recommend HCCC now enforce the use of electronic system briefs for all complaints in the future.	All complaints now require and electronic brief to be prepared before assessment.	Manager Assessment	March 2007	Feb 2007

Ref	Recommendation	Proposed Action by Management	Officer Responsible	Target Date	Completion Date
3.3	<p>We recommend management re-enforce the use of CaseMate file notes and process markers to document any communication with the complainant. Any attempts to contact the complainant or specific reasons as to why the complainant was not contacted should be documented.</p> <p>HCCC should also review the correlation between post assessment contact and the level of requests for review of assessment decision. If there is no correlation found between post assessment contact and the number of review requests, management should consider revising the procedure manual to make it optional to contact the complainant when an assessment is decided.</p>	<p>Case mate to be upgraded to capture this date and action reinforced with staff.</p> <p>Case mate to be upgraded to capture this date and action reinforced with staff.</p>	<p>Manager Assessment</p> <p>Director Assessment & Resolution</p>	<p>Mar 2007</p> <p>May 2007</p>	<p>Feb 2007</p>
3.4	<p>Management should continue to actively monitor and manage the achievement of these KPIs. We note that a lack in compliance to internal procedures requiring initial assessment in two calendar days may not be feasible as a result of letters received on Fridays. We recommend HCCC consider the revision of the procedures manual to reflect a more realistic KPI of three days.</p>	<p>Procedures manual to be updated to reflect the three days suggested by the review. KPI will be monitored on a three monthly basis.</p>	<p>Manager Assessments</p>	<p>Mar 2007</p>	<p>Feb 2007</p>
3.5	<p>HCCC should continue the implementation of this quality assurance/audit process. Management should also consider the implementation of a final audit checklist to be completed by the Manager of Assessments when the file review is conducted.</p>	<p>Checklist to be developed.</p> <p>Procedures manual to be updated.</p>	<p>Manager Assessments</p>	<p>Jun 2007</p>	<p>Feb 2007</p>

Implementation Table

Ref	Recommendation	Proposed Action by Management	Officer Responsible	Target Date	Completion Date
3.6	<p>The procedure manual should be updated to include:</p> <ul style="list-style-type: none"> ▪ assessment criteria ▪ internal KPI's reflecting attainable targets ▪ increased explanation of the new audit process including sample audit checklists ▪ increased guidance on the type of information required to be obtained whilst liaising with the complainant ▪ guidance on construction, tone and mandatory information (eg private and confidential markings, assessment review clause) in writing decision letters. 	Manual to be reviewed.	Manager assessments	June 2007	

6 Statement of Responsibility

This report has been prepared in accordance with the terms contained in our agreement with the Health Care Complaints Commission dated 22 September 2006 and with Australian Auditing Standard AUS 110, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and subject to the following limitations:

- Our procedures were designed to provide limited assurance as defined by AUS 110, which recognises the fact that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available to the auditor is persuasive rather than conclusive in nature.
- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.
- This report has been prepared for distribution to HCCC only. We disclaim any assumption of responsibility for any reliance on this report to any other persons or users, or for any purpose other than that for which it was prepared.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

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