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**Health Care Complaints
Commission**

Internal Audit of Resolution Services

August 2007

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Distribution:

Mr Kieran Pehm
Mr Ian Thurgood
Mr Lance Favelle

Commissioner
Director, Assessments and Resolution
A/Director, Corporate Services

Copy To:

Mr Rory O'Connor
Ms Joy Taylor

Partner, Deloitte Touche Tohmatsu
Account Director, Deloitte Touche Tohmatsu

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1 Executive Summary

Introduction

As part of the internal audit services provided to the Health Care Complaints Commission (HCCC or Commission), Deloitte Touche Tohmatsu (Deloitte) has conducted an internal audit of the Resolution Service. The internal audit involved assessing the adequacy and effectiveness of the controls in place to mitigate the associated business risks relating to the processes performed by the Resolution Service, specifically assisted resolution and review of assessment decisions.

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 5, Statement of Responsibility, respectively.

Background

Resolution Service was formed in March 2005 resulting from the restructure of the HCCC. Prior to the restructure, informal resolution services were being provided by Patient Support Officers located within various Area Health Services.

The Resolution Service is responsible for:

- Assisted resolution services
- Review of assessment decisions
- Inquiry services
- Community promotion workshops

The volume of cases handled by Resolutions Service July 2006- April 2007 is summarised below:

Case Type	Cases Received	Cases Finalised
Assisted Resolution	356	371
Review of Assessment Decisions	192	253

Based on these statistics for 2006/07 provided by the Director, Assessments and Resolutions, cases received have declined from prior years. Discussion with management have identified the following reasons for the decline:

- Development of the inquiry service
- Use of assisted referrals
- Resolution of some cases during the assessment process

The scope of the audit focussed on assisted resolution and review of assessment decisions.

Assisted Resolution

Assisted resolution is a fluid process for which specified outcomes are not legislated. The main objectives of the process as set out in Division 9 of the *Health Care Complaints Act 1993* (Act) are to:

- Provide an alternate and neutral means of resolving complaints that is independent of the investigative process of the Commission
- Facilitate the resolution of complaints, including determining the most appropriate means of resolution having regard to the nature of the complaint and the expectations of the parties to the complaint
- Provide information to health service providers and members of the public on the complaints resolution functions of the Commission under the Act.

The HCC Act does not outline a timeframe for the completion of assisted resolution activities. It is at the discretion of the Resolution Officer and Manager to determine if all necessary action has been taken to resolve the matter. In 2005-06, 28.3% of cases were completed in 30 days, 73% within 90 days and 100% within a year[†].

Review of Assessment Decisions

Under Section 28 of the HCC Act, complainants are entitled to a right of appeal of an assessment decision. For an automatic review, an appeal must be lodged within 28 days of the notification. If the request is received after 28 days of notification, it is at the discretion of the Commissioner to grant a review.

The Resolution Service is independent to the assessment process and is responsible for review of assessment decisions. All requests for reviews of assessment decisions are considered by the Director, Assessments and Resolutions to ensure the requests are within the scope of legislation before being allocated to an officer for re-assessment.

Although the review process does not have a statutory timeframe, the Commission endeavours to complete reviews within 45 days.

Resolution Service consists of:

- Director, Assessments and Resolution
- Manager, Resolution Service
- Eleven Resolution Officers[†]
- One Clerical Support Officer (0.5 FTE)

The Resolution Service is the only part of the Commission which currently requests feedback surveys from participants. In the financial year 2006/07, approximately 335 surveys were sent with 163 responses as of May 2007. Survey results are published in HCCC Annual Reports and are also used as a performance management tool to improve HCCC services.

Key Issues

Our Internal Audit found several key controls were in place during 2006/07 such as:

- Resolution Management Plan (RMP) template
- Use of system Quality Assurance function for review of RMP
- Updated Resolution Service Procedures Manual
- Development of Review of Decision Procedures Manual
- Electronic case management tool - Casemate
- Casemate and Crystal Reporting tools

New controls arising from May 2007 include:

- Closure letters sent to all parties when resolution process is closed
- Formalisation of internal timeframe performance indicators
- Quality audit checklist to be completed in finalising reviews of assessment decisions.

However, some minor issues were identified where there was opportunity for improving the existing processes and controls. The areas noted for improvement relate to:

- Process timelines and monitoring compliance
- Surveying parties involved in the assisted resolution process
- Procedural consistency

[†] HCCC Annual Report 2005-06

[†] Only nine positions were filled at the time of the audit

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- Finalisation and availability of procedures manuals.

The above issues are discussed in detail in Section 3 of our report.

Engagement Rating System

Based on the scope of our engagement, HCCC’s performance relevant to the resolutions 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.	-
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.	4

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, Assessments and Resolution.

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 resolution service processes.

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 management of the Resolution Service.

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 encompassed referrals to the Resolution Service 1 July 2006 to 30 April 2007.

Objectives

The objectives of the engagement were to:

- Assess the adequacy of existing controls and procedures to mitigate the associated business risks relating to resolving complaints and reviewing assessment decisions referred to the Resolution Service; specifically giving focus to the following areas:
 - Compliance to the HCC Act 1993 and established procedures for assisting with resolution of complaints and determining resolution strategies
 - Timeliness of processing and finalising complaints and assessment review requests referred to the resolution service
 - Management review and oversight of referrals received and resolution outcomes and assessment review results
 - Quality assurance processes
 - Efficiency and effectiveness of the Resolution Service processes
 - Records management for the resolution and assessment review 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 assisted resolutions 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 resolution services processes;
- 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 Process Timeliness [Minor]

Criteria

HCCC Resolution Service Procedures Manual outlines specific timeframes for completion of tasks:

- **Function 2.2** “Contact with each party must be attempted within seven days of receipt of the case information”

The HCCC Review of Decision Procedures Manual also proposes a timeframe of 45 days to complete reviews.

Observation

Sample testing of ten resolution cases and five review files identified the following exceptions:

- Three of ten cases reviewed did not contact parties within seven days

Case Number	Process Start Date	Contact Made with provider (date)	Contact made with complainant (date)	Time taken to contact
06/02238	2-Mar-07	16/03/07	16/03/07	11 days
07/00419	7-May-07	22/05/07	22/05/07	14 days
07/00006	22-Mar-07	22/03/07	2/04/07	8 days

Review of the Resolution Service Timeline Analysis report identified approximately 40% of cases were completed within two months. The average completion time for the cases selected in our sample was 48 days.

- Two of four closed review files were not completed within 45 days

Case Number	Process Start Date	Process End Date	Time taken to complete
06/01572	01-Sep-06	02-Nov-06	48 days
06/02339	24-Jan-07	30-Mar-07	66 days

Cause

Specific timeframes were only identified and enforced as part of the procedure manual update in May 2007.

Business Implication

Without sufficient monitoring and enforcement of timeframes, HCCC service targets may not be met.

Recommendation

We recommend management monitor compliance to the defined timeframes as part of performance management of Resolution Officers.

Management Response

Casemate key performance indicator (KPI) reports will be developed to monitor the resolution process through its various stages.

Responsible Officer

Director Assessments and Resolutions, Manager Resolution Services and Manager IT

Timeframe: December 2007

* Process start date has been based on casemate note completed dates
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3.2 Use of Surveys [Minor]

Criteria

Resolution Service surveys each party (Consumers and Providers) once the assisted resolution process has been closed.

Observation

Currently, satisfaction surveys are sent to parties involved in the resolution process in a separate request. A Resolution Officer may elect not to send a survey if:

- Complainant is unwell or a reminder of the incident may significantly interfere with their well being
- Provider has received one or more surveys in the last six months
- A party has declined involvement in the assisted resolution process.

Testing of eight completed resolution cases identified four marked to not receive a survey form. From reviewing the case files, reasons supplied for not sending a survey were not in line with accepted reasons in the procedures manual.

Cause

Although a review of file is conducted to ensure survey requests are sent in accordance with HCCC policies there remains a level of subjectivity placed on surveys requested.

Business Implication

Subjectivity in obtaining feedback from participants may skew results. It reduces the integrity of analysis outcomes and may limit the effectiveness of surveys as a feedback mechanism for performance management and future process improvements.

Recommendation

We recommend HCCC consider sending surveys in conjunction with closure letters to each party to remove subjectivity in selection of survey participants and streamline the process.

Management Response

Agreed. Management actions include:

- Survey forms to be redesigned
- Results of Survey forms to be available via Casemate reports.

Responsible Officer

Director Assessments and Resolutions, Manager Resolution Services and Manager IT

Timeframe

December 2007

3.3 Procedural Consistency [Minor]

Criteria

The HCCC Resolution Service Procedures Manual outlines specific actions to be undertaken throughout the resolution process:

- *Function 3.2.1* “Resolution Management Plan (RMP) is drafted and attached to case file as a linked document”
- *Function 6.1.4* “Write to both parties to confirm the resolution process is being closed”

The HCCC Review of Decision Procedures Manual states:

- *Function 1.4.1* “A Review Plan is developed which outlines the timeline for the review. The Review Plan is linked in Casemate and a hard copy attached to the file. Each section of the Review Plan is to be signed off and the KPI recorded.”

Observation

Sample testing of ten resolution cases and five review files have highlighted several areas of procedural inconsistency including:

- Use of RMP linked document

Three of ten resolution cases did not use a linked RMP document. However, it was noted a shortened RMP was written in the case notes within Casemate. All cases however did have an RMP prepared. The requirement for a linked RMP has only been recently enforced.
- Preparation of a resolution closure letter

Four of ten resolution cases were identified where a closure letter was not sent. We do note in every case all parties were contacted by phone. We understand this is a new procedure and thus some exceptions were expected as the new process is rolled out.
- Development of a Review Plan

One of five review files did not have a Review Plan prepared. Discussion with management identified a lapse in control procedures during staff absence. We also note the hard copy of the Review Plan requires date draft is completed; however this stage is not captured in Casemate.

Cause

Discussion with management has identified the process for writing closure letters as well as generating linked RMP documents was not made mandatory until the release of the procedures manual in May 2007. The review procedures are still to be fine tuned.

Business Implication

Inconsistency in documentation reduces transparency in the process. Consistent procedures form a solid basis to support that due process was undertaken through the complaints resolution and review processes. Casemate is not being effectively used for capturing all stages of the Review Plan to assist in reporting and monitoring the performance.

Recommendation

We recommend HCCC re-enforce new procedures to staff involved and concentrate on monitoring compliance during the transition period. Management should consider aligning Casemate with all stages of the manual Review Plan to assist in capturing and monitoring key performance indicators.

Management Response

Agreed. The Casemate resolution processes to be reviewed. Procedures are also discussed during team meetings.

Responsible Officer

Director Assessments and Resolutions, Manager Resolution Services and Manager IT

Timeframe

March 2008

3.4 Policies and Procedures [Minor]

Criteria

Latest versions of policies and procedures should be readily available to all staff members.

All personnel involved in the re-assessment of cases should be independent from the original decision process to prevent a perceived conflict of interest.

Observation

During the internal audit, it was noted both the Resolution Service Procedures Manual and the Review of Decision Procedures Manual are currently being updated. As a result, the procedure manuals were not available on the intranet for staff to access. However it was noted hardcopy manuals were provided to all staff as well as being available on the shared drive.

The process of reviewing decisions is being re-assessed. The current procedure is for the Director, Resolutions and Assessments to conduct the first reading to grant or deny a review. If a review is granted, the Director sends a notification of review to the complainant. This may be viewed as a conflict of interest as the Director was involved with and signed the original decision.

Examination of the Review of Decision Procedure Manual also identified limited guidance on letter writing style and structure. A letter template is provided as an attachment to the procedure manual; however there is no reference to letter writing structure and style in the body of the manual. In addition, we note the HCCC has adopted a tone scale for review letters between Formal, Official and Officialese. Analysis of four review closure letters identified the tone was Officialese which indicate HCCC may need to look at lightening the tone.

Cause

We note the Review of Decision Procedures Manual is a work in progress.

Business Implication

Without finalised policies and procedures to adhere to, consistency in the process may not be achieved.

The current procedure for starting a review process may be perceived as a conflict of interest. Complainants may believe their case is not being reassessed fairly and without bias.

Recommendation

1. We recommend management finalise and approve both procedures manuals as soon as practical. These should be uploaded to the HCCC intranet for staff to access. Development of guidance on writing style and editorial standards should also be considered.
2. Management may also consider moving the role of the first reading and review from the Director, Assessments and Resolution to the Manager, Resolution Service. This will eliminate any perceived conflict of interest.

Management Response

1. Agreed. A style guide has been developed to provide further guidance when writing HCCC correspondence. Procedure manual for review of assessments will be finalised after the casemate process for review has been reviewed.
2. Management has considered the recommendation and decided no further action will be taken as the Director of Assessments only performs an administrative role. Any decision to decline a review is made by the Commissioner.

Responsible Officer

Director Assessments and Resolutions

Timeframe

December 2007

4 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 recommend management monitor compliance to the defined timeframes as part of performance management of officers.	Casemate key performance indicator (KPI) reports will be developed to monitor the resolution process through its various stages.	Director Assessments and Resolutions, Manager Resolution Services and Manager IT	December 2007	
3.2	We recommend HCCC consider sending surveys in conjunction with closure letters to each party to remove subjectivity in selection of survey participants and streamline the process.	Agreed. Management actions include: <ul style="list-style-type: none"> ▪ Survey forms to be redesigned ▪ Results of Survey forms to be available via Casemate reports. 	Director Assessments and Resolutions, Manager Resolution Services and Manager IT	December 2007	
3.3	We recommend HCCC re-enforce new procedures to staff involved and concentrate on monitoring compliance during the transition period. Management should consider aligning Casemate with all stages of the manual Review Plan to assist in capturing and monitoring key performance indicators.	Agreed. The Casemate resolution processes to be reviewed. Procedures are also discussed during team meetings.	Director Assessments and Resolutions, Manager Resolution Services and Manager IT	March 2008	

Ref	Recommendation	Proposed Action by Management	Officer Responsible	Target Date	Completion Date
3.4	<p>We recommend management finalise and approve both procedures manuals as soon as practical. These should be uploaded to the HCCC intranet for staff to access. Development of guidance on writing style and editorial standards should also be considered.</p> <p>Management may also consider moving the role of the first reading and review from the Director, Assessment and Resolutions to the Manager, Resolution Services. This will eliminate any perceived conflict of interest.</p>	<p>1. Agreed. A style guide has been developed to provide further guidance when writing HCCC correspondence. Procedure manual for review of assessments will be finalised after the casemate process for review has been reviewed.</p> <p>2. Management has considered the recommendation and decided no further action will be taken as the Director of Assessments only performs an administrative role. Any decision to decline a review is made by the Commissioner.</p>	Director Assessments and Resolutions	December 2007	

5 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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