



## Earthquake Commission

### Managing Complaints About Staff Conduct

January 2016



## TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>2.</b>	<b>OUR APPROACH .....</b>	<b>2</b>
<b>3.</b>	<b>EXECUTIVE SUMMARY AND RECOMMENDATIONS .....</b>	<b>3</b>
<b>4.</b>	<b>BACKGROUND.....</b>	<b>5</b>
<b>5.</b>	<b>THE CURRENT CONDUCT COMPLAINT HANDLING PROCESS.....</b>	<b>7</b>
5.1	First contact.....	7
5.2	Investigation and oversight.....	9
5.3	Communication and complaint Resolution.....	12
5.4	Systems .....	14
5.5	Reporting and analysis.....	15
<b>6.</b>	<b>CHIEF INTEGRITY OFFICER.....</b>	<b>17</b>

## APPENDICIES

Appendix One: Process Diagrams

Appendix Two: Good Practice Checklist Ombudsman’s Office



**Morrison Low & Associates**

PO Box 9126  
Newmarket  
Auckland 1149  
Tel: 09 523 0122  
Fax: 09 523 0133  
[www.morrisonlow.com](http://www.morrisonlow.com)

**Document Status**

<b>Approving Director:</b>	<b>Doug Craig</b>	<b>Date:</b>	
----------------------------	-------------------	--------------	--

© Morrison Low

*Except for all client data and factual information contained herein, this document is the copyright of Morrison Low & Associates Ltd All or any part of it may only be used, copied or reproduced for the purpose for which it was originally intended, except where the prior permission to do otherwise has been sought from and granted by Morrison Low & Associates Ltd Prospective users are invited to make enquiries of Morrison Low & Associates Ltd concerning using all or part of this copyright document for purposes other than that for which it was intended.*

## 1. INTRODUCTION

The Earthquake Commission (EQC) is a Crown Entity under the Crown Entities Act 2004. Its responsibilities include managing claims under the Earthquake Commission Act 1993. In this aspect of its role EQC seeks to provide a service similar to other insurers. A key priority for EQC is ensuring that the needs and reasonable expectations of all customers are met through the adoption of customer-focussed business practices<sup>1</sup>.

How staff deliver EQC's service is central to the experience of their customers. The effective handling of complaints is a fundamental aspect of a quality customer service system.<sup>2</sup> Therefore, EQC needs a timely, robust and fair process for dealing with complaints in order to maintain the confidence of stakeholders in its ability to consistently deliver a high quality service to its customers.

Complaints about staff are a subset of complaints generally and appropriately responding to these types of complaints is also central to any customer centric business like EQC's. Furthermore, complaints about staff have a greater potential to undermine the public's, and other stakeholders', trust and confidence in EQC. Where staff operate outside of the State Services Standards of Integrity and Conduct<sup>3</sup> this can adversely impact the reputation of state servants more generally.

Conduct complaints expose EQC to a much higher risk of adverse publicity than other types of complaint. Media and Political interests in 2015 suggested complaints had not been appropriately followed up or investigated. The Ombudsman has also responded to complaints from EQC customers about how their complaints about staff conduct had been dealt with. In some instances these have resulted in EQC apologising for how it has managed complaints.

EQC has commissioned this review to look at the current processes, policies and procedures used in responding to and resolving complaints about the conduct or behaviour of any EQC staff member. The purpose of the review was to:

- assess the current state of practice and identify what is working well and what needs to improve, as well as what is "fit for purpose" given EQC's operating model.
- report back with recommendations on changes to practice or procedures that would achieve good practice across the complaints system, taking into account the necessary culture, accountability, transparency, confidentiality and fairness requirements of a good complaints management system.

The focus of this review was specifically on conduct complaints. However, similar processes are used for conduct complaints and complaints more generally. References to "conduct complaints" within this report relate to complaints concerning the conduct of EQC staff. References to "complaints" refer to complaints more generally (and include conduct complaints).

---

<sup>1</sup> Briefing to the Incoming Minister Responsible for the Earthquake Commission-October 2014.

<sup>2</sup> See Ombudsman Complaint Guidelines 2012. <http://www.ombudsman.parliament.nz/resources-and-publications/guides/good-administration-guides>.

<sup>3</sup> <http://www.ssc.govt.nz/sites/all/files/Code-of-conduct-StateServices.pdf>

## 2. OUR APPROACH

In undertaking this review we examined the existing policies, processes, systems and approach to gain a clear understanding of the current state of EQC's complaint management system including how conduct complaints were received and managed.

We looked at:

- How complaints about staff (including contractors) by customers or their advocates are initially made and triaged.
- The end-to-end processes used to manage complaints, the various EQC units involved with complaints and how they work together.
- Responses to customers about their complaint/s and standard form letters.
- How staff members who were the subject of complaints were dealt with.
- Workflow, volumes, churn, variability, errors and error management.
- The interdependencies including systems, functions, and processes across EQC.
- Timeliness of practices and responses.
- Some complaints to the Ombudsman about how EQC had managed or responded to complaints about staff.

We interviewed a cross section of staff, including some senior managers to gain their insights and understanding of the current system, what was working well and what an improved system might look like.

We had regard to:

- The Ombudsman's guide on Effective complaint handling (**Appendix Two**).
- New Zealand Standard Guidelines for Complaint Management in Organisations (NZS 10002:2014).
- The 2015 review of Immigration New Zealand's Client Complaint Resolution Process.
- The 2014 Auditor General's review of the Accident Compensation Corporation's Complaints system.

Having formed a view of what a good practice conduct complaints model for EQC might look like, we identified and assessed the gaps and opportunities for EQC to enhance its current processes, procedures and systems. Where appropriate we then made recommendations for improving on the current model.

Our review was carried out in late 2015, and all observations included within this report are of processes that were in place during the period of our review.

### 3. EXECUTIVE SUMMARY AND RECOMMENDATIONS

At the time of the Canterbury earthquakes EQC consisted of 22 staff and did not have any established complaint handling and resolution processes in place. The Canterbury earthquakes created an unprecedented challenge for EQC and its administration of the Earthquake Commission Act 1993.

How staff deliver EQC's service is central to the experience of their customers. The effective handling of complaints is a fundamental aspect of a quality customer service system. Therefore, EQC needs timely, robust and fair process for dealing with complaints in order to maintain the confidence of stakeholders in its ability to consistently deliver a high quality service to its customers.

EQC commissioned this review to:

- assess the current state of practice of handling complaints and to identify what is working well and what needs to improve, as well as what is “fit for purpose” given EQC's operating model.
- report back with fit for purpose recommendations on changes to practice or procedures that would achieve good practice across the complaints system, taking into account the necessary culture, accountability, transparency, confidentiality and fairness requirements of a good complaints management system.

The review included interviews with a cross section of staff including senior managers.

All staff we spoke to through the review were very positive about the opportunity EQC had to move to a good practice model for managing complaints about staff. They saw this as a component of an improved service delivery model. Staff we spoke to are committed to providing EQC customers with an excellent service. Most acknowledged that, while well intentioned, the past handling of staff conduct complaints was not always consistent with good practice.

In summary our findings are:

#### 3.1 Assessment of Current Practice

- The accessibility and quality of information regarding the complaints process on EQC's website compares favourably with the Ombudsman's guidelines.
- In relation to complaints about the conduct of staff, EQC has two duties. In the first instance it has a duty to its customers to fairly, impartially and fully look into their complaint and to provide the customer with a timely response and resolution. As their employer, EQC also has a duty to its staff to act fairly and reasonably in relation to complaints made about their conduct.
- Outside of the Chief Executive, no single person in EQC has responsibility for staff conduct complaints, and there is no end to end process designed to ensure conduct complaints are managed efficiently and responded to appropriately.
- Often complaints about staff conduct are “bundled” together with other issues. These include disagreement with EQC's assessment, costings and proposed repair solution. Complaints about staff can arise when customers are unhappy with how decisions are communicated by staff.

- Staff were not always advised that they were the subject of conduct complaints and follow up with staff was not always timely meaning that diminished recall of events added to the difficulty of resolving some complaints.
- In some instances, such as where staff have left EQC, conduct complaints were not fully investigated and customers were advised their complaint could not be followed up. In some instances complaints were closed without customer resolution.
- There was also a perception that complaints investigators had been instructed to require complaints about staff conduct to be made in writing. Further, EQC does not generally follow up on conduct complaints that are made anonymously - even where specific allegations are made about named staff.
- There was no systematic or centralised reporting of conduct complaints to senior management, the Chief Executive, or the Board.
- EQC has recently made some positive changes to aspects of how complaints about staff are dealt with recognising that there is more that can and should be done to move to a good practice approach.

### **3.2 Fit for Purpose Principles**

Ten good practice principles for complaint handling have been identified as prompts to guide decision-making to design the right type or 'fit for purpose' system for EQC. Some principles may be more relevant to EQC than others.

### **3.3 Recommendations**

Our considered recommendations are set out in the body of this report. In summary they include:

- A standardisation of processes and complaints systems, including the reduction of response timeframes to customers regarding their complaints.
- Designated responsibility for ethics and integrity, and for complaints systems and processes.
- Oversight of all conduct complaints by a senior manager functionally separated from the business area responsible for complaints.
- Communications and training improvements.
- Reporting improvements, including to ELT and the EQC Board.

## 4. BACKGROUND

The Canterbury earthquakes created an unprecedented challenge for EQC and its administration of the Earthquake Commission Act 1993. In December 2012 the then EQC Chairman provided Parliament's Finance and Expenditure Select Committee with the following statistics relating to EQC's obligations:

- Around 460,000 claims.
- Over 750,000 exposures.
- Sole responsibility for 100,000 of the approximately 125,000 homes to be repaired.

This level of exposure was unparalleled in New Zealand and matched, in terms of insurance claims, by only one other insurance event – the claims following Hurricane Katrina in the United States in 2005.

Many EQC customers had suffered major damage to their homes and other property and had experienced significant distress as a result of the initial earthquakes and the large number of aftershocks. The nature of EQC's work meant that complaints would be inevitable regardless of the level of service EQC provided to its customers. At the time of the Canterbury earthquakes EQC consisted of around twenty staff, and did not have any established complaint handling and resolution processes in place.

Complaints about staff can be high profile as indicated by the heightened Media and Political interest in some EQC staff in 2015. The Ombudsman has also received a number of complaints from EQC customers about how their complaints about staff conduct had been dealt with and in some cases these have resulted in EQC apologising for how it managed complaints.

If not properly managed and resolved, complaints about staff conduct have the potential to significantly undermine the reputation of EQC and overshadow the excellent work being done by other EQC staff. At its worst the adverse publicity can result in an increased safety risk for all EQC staff.

Most customer complaints about staff come to EQC bundled together with complaints about other aspects of EQC's operation including: decisions, delays, lack of communication, etc. Often customers would describe complaints about EQC's assessment or repair solution as a complaint about a staff member and withdraw this aspect of their complaint after a clarifying discussion with a complaints officer or the manager of the Customer Complaints and Resolution Team (CCRT). Some would be referred for further action to HR, others would be resolved by the manager directly and some would be referred to the relevant manager for follow up.

By October 2010, EQC had employed two staff members who were dedicated to managing general complaints, however a basic complaints handling process was only implemented in December 2010. Prior to that, complaints were referred to various teams depending on relevance and capacity.

A formal process for the receipt, lodgement and handling of complaints was adopted in July 2011, following the establishment of the EQC CCRT earlier in the year. In September 2012 an Operational Instruction covering customer complaints about EQC staff, Fletcher/EQR staff and/or contractors was issued. This was updated in January 2015. The 2012 instruction, and the subsequently updated version, clarified the requirement for all complaints about staff to be notified to the Manager of the CCRT who would then assess these complaints.

Between 2011 and 2015 a number of complaints about EQC staff/contractors conduct were received. These were small in number relative to complaints overall which typically ranged between 90 – 120 new customer complaints each week. EQC's processes and internal systems do not readily allow the total number of complaints about staff to be determined<sup>4</sup>. There is no centralised reporting of how complaints are resolved. That is because complaints can come into EQC through a number of channels and may be dealt with at the point of entry or through different processes across various parts of EQC.

The volume of complaints (both generally and those relating to staff conduct) can be expected to decrease over time, as the outstanding claims relating to the Canterbury earthquake are resolved. However, we understand that EQC will continue to have a presence in Canterbury for a sustained period, due to warranties associated with contracted repairs.

The approach to dealing with staff complaints involves a number of processes and groups within EQC including, but not necessarily limited to, customer facing staff and EQC's HR function. The process for dealing with staff complaints needs to work seamlessly across these boundaries and be well understood by all parties involved. We set out below our understanding of the current process for handling conduct complaints that are received by EQC.

---

<sup>4</sup> However, indications are that there is currently only two or three conduct complaints are received through the formal channel each month.

## 5. THE CURRENT CONDUCT COMPLAINT HANDLING PROCESS

Figure A (Appendix One) shows the different pathways into EQC that a conduct complaint may take. Figure C (Appendix One) is a process map of the current process. This details the flow of a complaint about staff conduct coming into the CCRT. Not all complaints about staff are dealt with using this process. This process largely mirrors the process used for other types of complaints.

Figure B (Appendix One) describes the channels which we consider EQC should operate in relation to complaints about staff conduct and Figure D (Appendix One) details a process map that we consider would better meet good practice.

### 5.1 First contact

The accessibility and quality of information regarding the complaints process on EQC's website compares favourably with the Ombudsman's guidelines and those of other Government organisations we are familiar with.

EQC's website contains a page dedicated to providing information about the complaints process. The page can be found from the '*contact us*' section of EQC's website, or by searching for '*complaints*' from EQC's homepage. In addition to contact information for the complaints team, the web page also provides information on EQC's mediation service, and information on how to make a complaint to the Office of the Ombudsman. However, it doesn't provide complainants with clear information around the process and timeframes. EQC could better use the information it has to clarify these aspects for customers.

Customers are able to lodge a complaint with EQC through any of the following channels:

- Phone through EQC's dedicated complaints 0800 number.
- Through an online complaints form.
- Email.
- Mail.
- Fax.

Calls to EQC's main call centre line will also be forwarded to the Complaints Team where appropriate. There is no avenue to complain via social media.

Regardless of the channel through which the complaint is received, all complaints made through these triaged channels are through a complaints team administrator, who allocates the complaint to an investigator based on factors such as risk to EQC and technical complexity.

Complaints investigators are typically well qualified to perform their roles, however only minimal training is provided by EQC in relation to conduct complaints, and there is no formal training programme for complaints investigators.

The receipt of a complaint is acknowledged to the customer almost immediately, and prior to the complaint being allocated to a claims investigator.

Both general and staff complaints are also received by other business areas within EQC. For example, some complaints are received directly by the Chief Executive, or directly by Canterbury based assessors and estimators. Not all of these complaints are recorded in the Claims Management System, and are therefore not likely to be monitored or reported on.

The processes followed for general and conduct complaints that are not handled by the Complaints Team are typically bespoke, to take account of the specific nature of the complaint and the role of the staff member being complained about. There is generally a lack of clear oversight of conduct complaints received across the entire organisation, and no single source of knowledge regarding the quantum or nature of complaints received.

## Good practice

A good practice complaints resolution process:

- Offers a range of ways for customers to complain.
- Has staff that have the appropriate skills and training.
- Makes it as easy as possible for customers to complain.
- Has centralised oversight of complaints.

### **Assessment**

- EQC's process for handling staff conduct complaints, at the point of first contact, are generally in line with good practice.
- However, the lack of formal oversight and the inconsistency of approach where conduct complaints are not received directly by the Complaints Team do not meet good practice.
- Complaints investigators would benefit from formal training in how to manage and resolve complaints including those about staff conduct.

### **Recommendations**

- EQC should review and standardise its processes and procedures for the handling of staff conduct complaints across the organisation, to ensure that there is a clear and consistent response to complaints about staff conduct, including a set of overarching principles that underpin EQC's approach towards conduct complaints, such as openness, transparency and fairness.

Bespoke processes for managing particular complaints may continue to be appropriate depending on the seriousness and sensitivity of the alleged misconduct.

- Responsibility for all conduct complaints should be overseen by a member of the Executive Leadership Team who is functionally separated from the customer services complaints team and human resources functions of EQC. This will provide a single point of accountability for the design, and integrity of EQC's system for responding to conduct complaints. We suggest that this role be designated the Chief Integrity Officer (Section 6), which could either be a standalone role or form part of an existing role for example, General Manager Shared Services or General Manager Governance.
- EQC should develop and roll out a formal training programme for complaints investigators. Such a programme should include communication and dispute resolution training and specific guidance on how to handle complaints about staff conduct.

## **5.2 Investigation and oversight**

Once complaints have been received by the complaints investigator, there is an expectation that contact will be made within ten working days<sup>5</sup>. While this timeframe is often met, the approach amongst complaints investigators is inconsistent. Some complaints investigators contact customers early, with only minimal understanding of the complainant, while others may contact the customer later, having undertaken an internal review of the complaint first.

Complaints investigators are responsible for investigating all complaints that are received. This typically involves conversations with customers to gain a full understanding of the facts, and may also involve discussions with relevant technical experts engaged by EQC. In the case of conduct complaints, the main objective is to obtain a full and clear understanding of the facts, including:

- The name, address and contact information of the customer.
- The name, and preferably title, of the subject of the complaint.
- The time and date that the incident occurred.
- The details regarding what happened.

As part of their contact with the customer, the complaints investigator will determine whether the conduct complaint is serious in nature, and whether the customer would like EQC to formalise the conduct complaint. Often conduct complaints arise due to the customer being unhappy with the message being delivered and, while the delivery of that message may not have been well handled, the customer may not be concerned with lodging a formal conduct complaint.

<sup>5</sup> We note that EQC's website suggests a longer timeframe of 20 days. External communications should be aligned with internal processes.

Where a conduct complaint is “resolved” at the point of initial contact by the complaints investigator, the conduct portion of the complaint is treated as being closed, or resolved, and is not pursued further within EQC. The complaint file may not record the complaint as having a conduct component where it is resolved at this stage in the process. While these complaints sit at the lower end of the spectrum, not recording these as staff conduct complaints prevents EQC from being able to manage trends or see issues emerging with individual staff.

If the customer wishes to pursue the conduct complaint, the complaints investigator will escalate the relevant details to the Complaints Team Manager. More recently, following the receipt of a legal opinion by Human Resources, the complaints investigator will also request that the customer puts the complaint in writing, and provide the customer with information to assist them to do this. We were advised that the requirement for complaints to be put in writing also ensured that complaints accurately reflected the customer’s view of events and did not require the complaints team to interpret what the customer was complaining about.

This provides an opportunity for the conduct complaint to be resolved by the Complaints Team Manager without the need for escalation through the formal Human Resources process. This also provides opportunities for serious matters of misconduct to be reported to senior managers and the Executive Leadership Team (“ELT”).

Following review by the Complaints Team Manager, which may involve further contact with the customer to attempt to resolve the complaint or gather further facts, the complaint is referred to Human Resources. Historically, complaints were only transferred to Human Resources once there was a sufficient number to constitute a ‘batch’. We understand that timeframes for forwarding conduct complaints to Human Resources have significantly improved now. Delays in providing information to Human Resources have, in the past, had an impact on EQC’s ability to take action in a timely manner.

Once the complaint has been referred to Human Resources, the customer is sent a letter explaining that this has occurred. The complaint is closed within the Claims Management System at this point (assuming other components of the complaint, i.e. technical issues, have been resolved), and the complaint investigations team has no more involvement in the process.

Human Resources have no access to the Claims Management System (nor do they consider that this is necessary), and seldom make any additional enquiries with customers as part of their investigation process.

EQC is able to report on the number of conduct complaints that have been forwarded to Human Resources, although this is not currently being done.

Consistent with the principle that complaints are best handled at the lowest level possible, triage of conduct complaints currently takes place at a number of points within the complaints handling process.

## **Good practice**

A good practice management of complaints about staff conduct:

- Makes it as easy as possible for customers to complain and does not use rigid practice to discourage a complaint.
- Deals with complaints in a timely manner.

- Triage and escalates conduct complaints according to their seriousness.
- Is fair and transparent to all parties involved, included affected staff members.
- Alerts and engages staff members, and provides them with appropriate support.
- Provides managers with clear policies and guidance and supports managers with expert advice from both internal and external sources, e.g. HR, Legal.
- Monitors complaints and regularly reports trends and issues to senior management and the Board.
- Has delegated accountability for the integrity of the system for managing complaints.
- Seeks customer feedback to understand how customers viewed EQC's performance in resolving their complaints, including conduct complaints.

### **Assessment**

- EQC endeavours to investigate and resolve conduct complaints at the lowest possible level. This is consistent with good practice.
- Conduct complaints have the potential to cause reputational damage to EQC. The target of ten working days for initial contact from a complaints investigator is too long for responding to conduct complaints.
- Early closure of the conduct complaint within the Claims Management System diminishes the ability for the Complaints Investigation team to oversee its final resolution.
- While encouraging customers to put their complaints about staff in writing is helpful in terms of creating a clear record, it is not good practice to make this a pre-condition to acting on the complaint. The requirement to put staff conduct complaints in writing may be seen by customers as a perceived barrier to complaining.
- The difficulty in obtaining accurate reporting about conduct complaints that are resolved in the first stages of triage makes it challenging to identify trends or the need for early intervention to correct staff conduct.
- Not responding to anonymous complaints is not good practice as there may well be sufficient information in the complaint to allow EQC to undertake an investigation into the complaint.
- Investigations into conduct complaints are carried out by Human Resource. Initial investigations into the factual circumstances of a conduct complaint do not need to be carried out by Human Resources.
- By not seeking additional input or clarification from customers that have complained, investigations may appear one sided or lacking in rigour.
- Delays in forwarding conduct complaints to Human Resources has impacted on EQC's ability to appropriately respond to some complaints.

### **Recommendations**

- EQC does not receive large volumes of complaints about staff conduct. The response timeframes for contacting customers regarding their complaints should be reduced to two working days. This should be reflected in information provided on the external website. Where a complaint alleges serious misconduct by an employee, the complaint should be responded to as soon as practically possible and the response communicated to the customer.
- All complaints, including anonymous complaints, alleging staff misconduct should be recorded in the Claims Management System (or such future system as adopted per our recommendation on page 15), irrespective of their seriousness, or how quickly they have been resolved. All complaints should be reported to the person with overall responsibility for ethics and integrity within EQC, though not all complaints will require formal investigation.
- Conduct complaints should be forwarded to the responsible individual (e.g. the Chief Integrity Officer) immediately for visibility and information.
- A conduct complaint should remain open until all necessary actions have taken place (including an investigation if appropriate). EQC should investigate complaints of substance irrespective of a customer withdrawing their complaint, or an employee resigning.

In some circumstances it may not be practical to contact staff who have left to investigate a complaint. However, this should not preclude EQC undertaking a review of the complaint, talking to the complainant, other EQC staff, and witnesses as appropriate. Indeed in recent instance a complaint about a former EQC staff member did result in EQC speaking with that ex-staff member as part of EQC's investigation into the complaint.

- Complaints that cannot be resolved by the Complaints Team Manager should be with the individual appointed to have overall responsibility for ethics and integrity within EQC. We have recommended that a Chief Integrity Officer is appointed to fill this role.
- Investigations should be overseen by the Chief Integrity Officer (or other such designated person) in order to provide centralised oversight. Human Resources role in staff conduct complaints should be to provide advice to the investigator, and support for the staff member and the staff member's manager.
- EQC should encourage customers to put conduct complaints in writing but should respond to all conduct complaints regardless. EQC records calls so this is available as a record of the complaint. Other alternatives to making the person put their complaint in writing would be to interview them by follow up phone call or in person.
- EQC should reflect the requirement to respond professionally to customer feedback, including complaints in all EQC job descriptions.

### **5.3 Communication and complaint resolution**

Historically, EQC has relied on a number of standard content letter templates or standard paragraphs to communicate the closure, or resolution, of a complaint. We understand that EQC is no longer intending to use such standard letters and paragraphs in the future. We have not reviewed any letters that did not use the standard templates.

The most recent version of EQCs standard letter, from the Complaints Investigation Team, for responding to conduct complaints reads:

*“Thank you for your complaint of [Date] in which you outline your concerns about the behaviour of a staff member.*

*Following our telephone conversation of [Date], I gained an understanding of your concerns, and I appreciate the circumstances that led to you making the complaint were difficult.*

*On behalf of EQC, please accept my apologies. While EQC does aim to provide exceptional communication and service to its customers, we clearly did not meet your expectations in this instance.*

*The feedback that you have provided is valued, as it allows EQC to address your concerns, and as a progression of your complaint, I have referred the matter for further evaluation to EQC Management in accordance with EQC processes, and they may contact you regarding the issue(s). Once all factors have been considered, EQC will take any corrective action as required in accordance with standard employment practices.”*

Once the above letter (or its more current replacement) is sent to the customer, the complaint is considered to be closed, and no further communication with the customer is made (unless the customer files a repeat complaint). EQC does not undertake any form of survey of customers to determine whether they felt that the complaints investigation process was fair or that their complaint had been appropriately addressed.

## Good practice

Good practice communication for conduct complaints:

- Is focussed on obtaining positive outcomes for both the customer and the staff member
- Takes ownership of mistakes, and offers genuine apologies where mistakes have occurred and tells the customer what will be done to learn from mistakes
- Seeks feedback from customers about its complaints handling processes to help improve future responses.

### Assessment

- EQC’s communication with customers does not meet good practice. In particular:
  - The current standard template does not take ownership of complaints.
  - The apology is proforma and does not reference EQC’s standards of customer service and staff conduct.
  - Correspondence is not specific about what, if anything, will be done as a result of the complaint.
- The failure to proactively seek customer feedback after a conduct complaint has been resolved deprives EQC of the opportunity to improve its complaints resolution processes.

### **Recommendations**

- EQC should review all standard documentation for communication to customers to ensure that it meets good practice. The response to staff conduct complaints should be specific to the complaint but guided by the generic principles underpinning the overall complaints system.
- Communication with customers should include specific reference to the specifics of their complaint, and details about the steps that EQC has taken to resolve the issue. Where these details cannot be provided due to privacy issues or other reasons, this should be explained to the customer.
- EQC should implement a customer feedback programme to understand how customers regarded EQC's performance in resolving their complaints, including conduct complaints.

## **5.4 Systems**

The Claims Management System that is currently used by EQC to manage customer claims has not been specifically designed with functionality for managing complaints.

The system has been adapted to enable complaints to be recorded, however, reporting from the system is challenging, and there is no workflow management component. For instance, there is no automatic escalation of complaints that have not been acted on within EQC's time frames.

Complaints that are recorded in the system are allocated a specific "issue code". Issue codes are categorised under "Land", "Dwelling", and "Contents", with conduct complaints falling within each category. There are nine different issue codes for conduct complaints.

As the Claims Management System is able to be accessed by most staff within EQC, staff conduct complaints are also visible to most employees.

We were advised that the system is due for an upgrade next year, and that this upgrade will include an optional complaints management module.

### **Good practice**

A good practice complaints resolution and monitoring system:

- Allows and supports good workflow management processes.
- Protects employees' privacy.
- Is easy to use.
- Provides a "fail safe" against inaction or a complaint falling through a crack.
- Allows easy tracking and reporting on stock, flow and trends.

### **Assessment**

- The current Claims Management System does not provide the necessary system support for EQC's management of complaints. In effect it's a stop gap measure as no bespoke system is in place.
- Staff conduct complaints are confidential. However they are currently visible to all staff that are able to access the claims management system.
- There appears to be no clear need for all nine issue codes for staff conduct complaints.

### **Recommendations**

- EQC should implement an appropriate IT solution to support its management of staff conduct complaints. Such a system would include features that allow complaints to be logged, tracked and monitored throughout the entire processing. The system should support staff and privacy and the confidential nature of investigations into complaints staff.

There should be a system of automatic escalation of complaints where these have not been managed in accordance with agreed timeframes.

- EQC should review the issue codes that are associated with conduct complaints, with a view to rationalising and simplify the practical range of codes that are available. Conduct complaints should be a standalone code to allow easy tracking and reporting.
- EQC should evaluate whether the optional complaints module for the upgraded Claims Management System will meet its interim/medium/long term needs.

## **5.5 Reporting and analysis**

Reporting regarding staff conduct complaints is limited. Currently reporting is typically confined to quantitative information such as the number of complaints, number open, number closed, and average complaint age.

Very little qualitative reporting is carried out, and no work is carried out to identify trends in staff conduct complaints.

There is currently no hardwired process for analysing complaints and connecting this feedback to service delivery improvement.

### **Good practice**

A good practice complaints resolution process:

- Enables quality reporting.
- Treats complaints as learning opportunities.
- Connects complaints to customer services as valuable feedback used to improve service delivery.

- Provides visibility through reporting to appropriate levels of governance and accountability to the Senior Leadership Team.

### ***Assessment***

- Reporting regarding staff conduct complaints is not being done.
- EQC does not currently use conduct complaints to identify trends in behaviour, or as a basis for creating learning and development plans.
- Complaints (including complaints) are not treated as a source of feedback that can be used to enhance customer service.

### ***Recommendations***

- EQC should report on staff conduct complaints to include qualitative information such as the specific type of conduct being raised.
- Conduct complaints should be analysed and any resulting trends or issues used to inform staff training and customer service design.

## 6. CHIEF INTEGRITY OFFICER

A key change that we have recommended as a result of this review, is the assignment of accountability for the oversight of conduct complaints to a “Chief Integrity Officer” this in line with examples of good practice that we are aware of.

This role should have ultimate responsibility and oversight of EQC’s performance in relation to conduct complaints. This could be a responsibility assigned to an existing senior manager, noting that EQC’s ‘core’ size will be significantly smaller once all the claims flowing out of the Canterbury earthquakes have been resolved.

Such a role creates a central point for accountability, oversight and assurance to the Chief Executive (and Board) that staff conduct complaints received by EQC are managed in accordance with EQC’s agreed good practice and organisational values. Managers and specialist advisors roles would be to provide support, including to affected employees.

Key duties of the new role would include:

- The creation and review of corporate standards on ethical behaviour and professional integrity.
- Independent oversight of investigation into staff conduct complaints, noting that the investigation into the factual circumstances of a conduct complaint has different outcomes and objectives to an investigation into staff conduct as carried out by Human Resources (although these may inform each other).
- Recommendation of proposed remedies/sanctions following a staff conduct complaint.
- Communication of findings of an investigation with the customer.
- Communicate with Legal, and Human Resources and other business functions for advice on how to appropriately respond to conduct complaints, where necessary.
- Identification and recommendation of improvements to EQC’s policies and practices to ensure that it remains consistent with good practice.
- Monitoring and reporting on staff conduct complaints, and identification of any necessary interventions.

Similar roles are common in large customer facing organisations in the banking and insurance industry noting that, outside of major events such as the Canterbury earthquakes, EQC does not expect to have a large number of customer interactions.

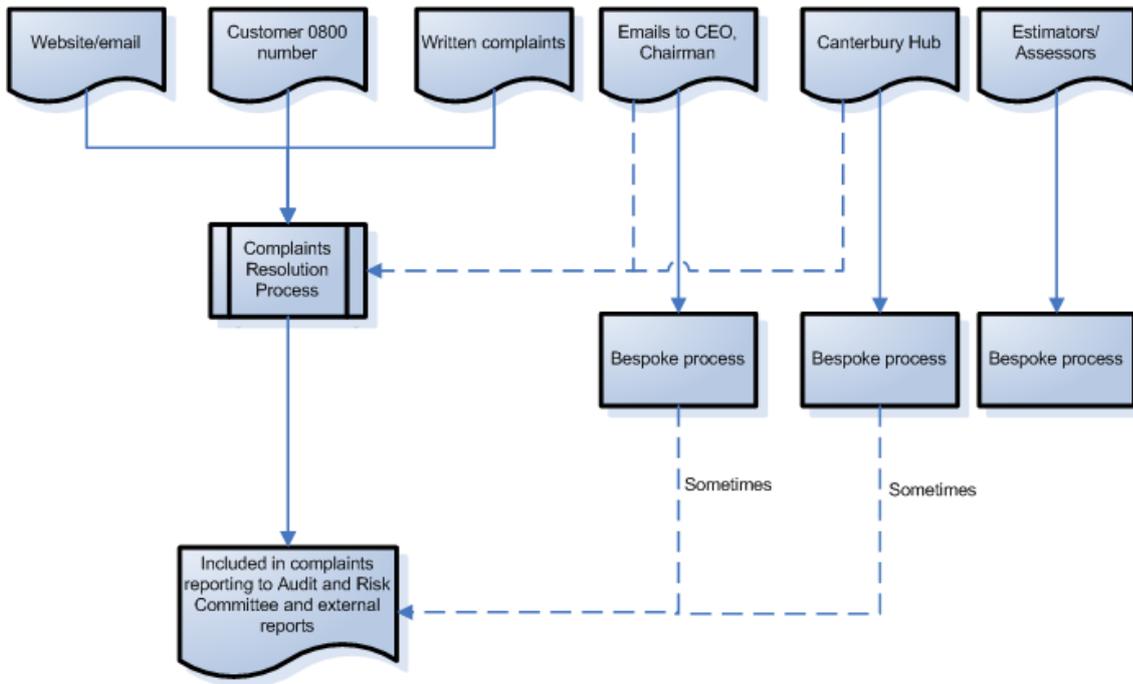
While this specific role is not overly common within the New Zealand public sector, Inland Revenue has a Deputy Commissioner of Corporate Integrity and Assurance whose role covers many of the above duties, as well as managing integrity for the entire tax system. While significantly larger than EQC, Inland Revenue is comparable in its customer focus, and has significantly improved its customer focus in recent years.



## APPENDIX ONE

Process Diagrams

**Figure A – Current channels for receipt of conduct complaints into EQC**



**Figure B – Proposed channels for receipt of conduct complaints**

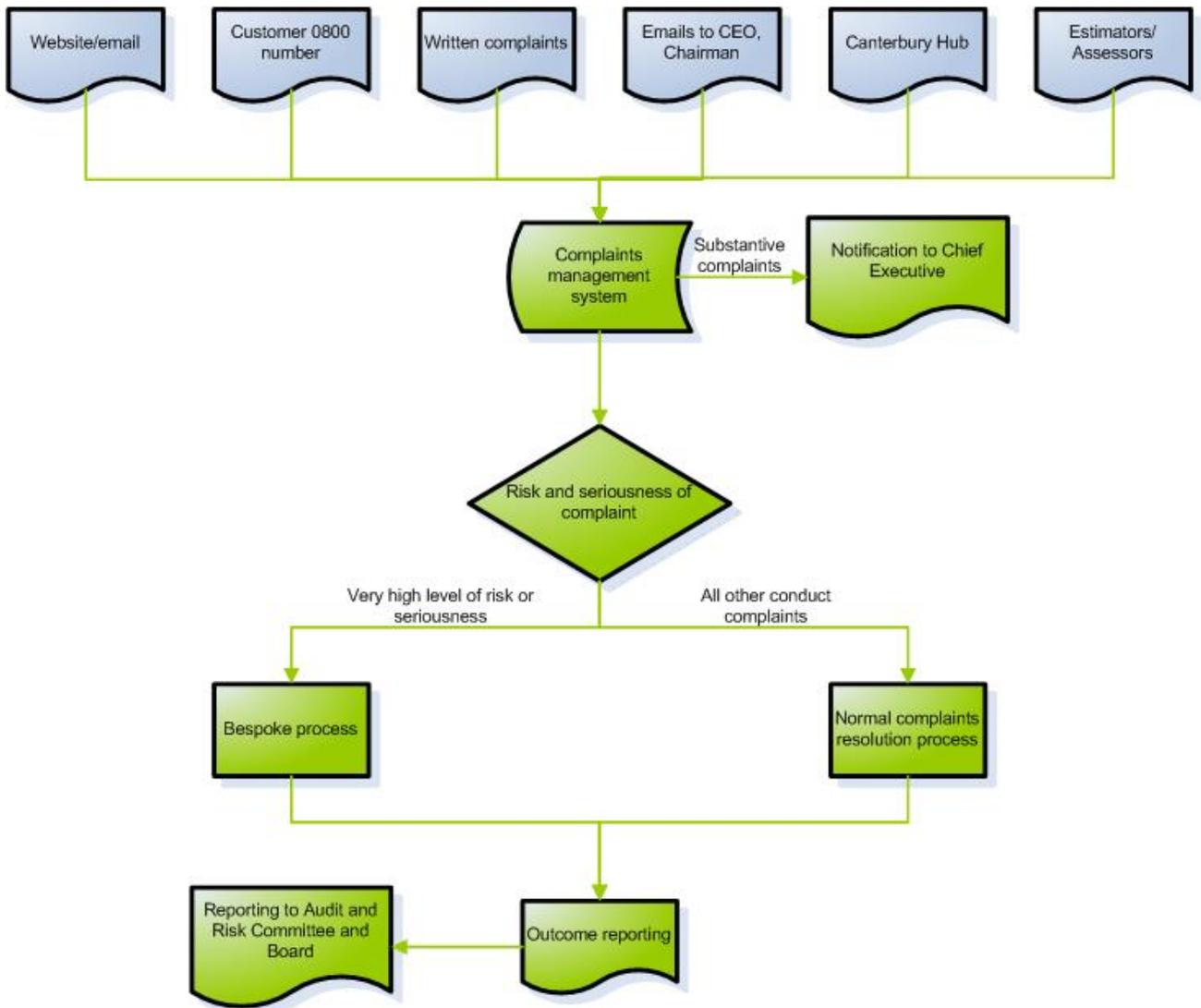


Figure C – Current process for management of conduct complaints

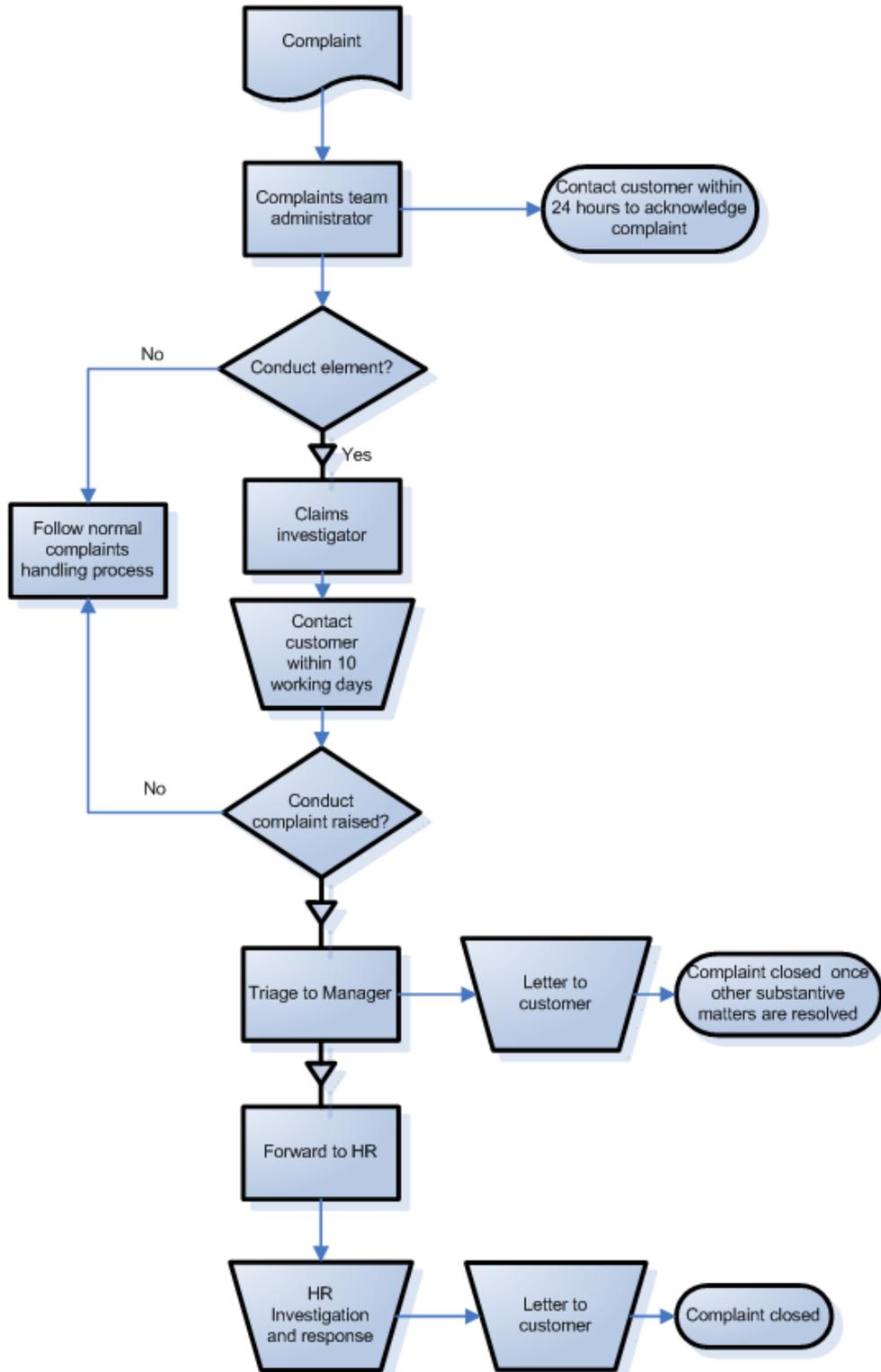
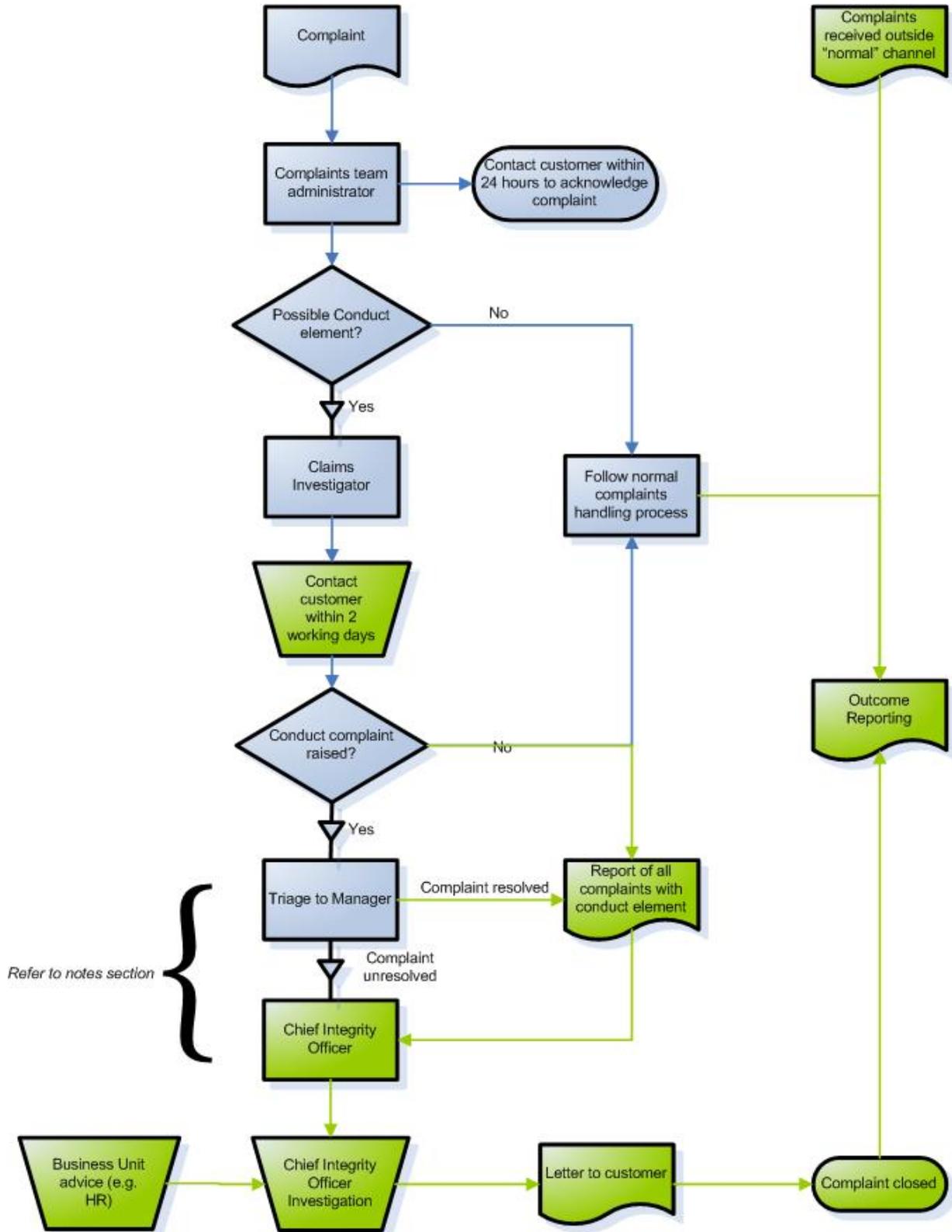


Figure D – Proposed process for management of conduct complaints



## Commentary regarding amended processes

### General commentary regarding proposed processes

The proposed processes set out in Figures B and D are intended to illustrate a process that would be consistent with the good practice principles set out in the body of this report.

However, it is important to note that good practice requires processes to be flexible and adaptable, and the appropriate response will often be determined by reference to the seriousness, organisational risk, and specific nature of a complaint. Accordingly, EQC should consider the process diagrams provided as a guide to be adapted as appropriate.

For instance, we would envisage that, depending on the specific nature of a complaint, the Chief Integrity Officer, and potentially other business units such as HR and Legal, may be required to provide advice and oversight at an earlier stage than is indicated by the process diagrams in instances where a complaint is particularly serious.

### Channels for receipt of conduct complaints (Figures A and B)

- Introduction of a requirement that all complaints are logged within the claims management system, irrespective of the channel in which they are received. This allows progress of conduct complaints to be better monitored, and simplifies reporting.
- Substantive conduct complaints to be notified to CEO to ensure that the CEO has visibility over conduct complaints that have been received by EQC.
- The introduction of a consistent approach and process for the resolution and investigation of conduct complaints, except where those complaints are serious enough to warrant a bespoke process. The objective of this change is to ensure that conduct complaints are dealt with in a fair, transparent and consistent manner.
- We have also recommended that reporting is introduced to give the Audit and Risk Committee a greater awareness of conduct complaints, volumes and trends.

### Process for management of complaints (Figures C and D)

- Reduction of the timeframe for contacting a customer to discuss their complaint from 10 days to two working days, to reflect a good practice response to conduct complaints.
- Conduct complaints that require investigation are reported through to the Chief Integrity Officer who maintains oversight of the formal investigations. This replaces the investigation by Human Resources, who now provide advice to the Chief Integrity Officer, and support to the employee and their manager(s). This creates a central point of accountability for the management of conduct complaints.
- Outcome reporting is included to give the Audit and Risk Committee greater visibility of the number, resolution, and seriousness of complaints that have been received.



## APPENDIX TWO

Good practice checklist  
Ombudsman's Office

## Checklist for an effective complaints process

The following checklist sets out ten good practice principles for complaint handling. When using the checklist, consider the type of system that will meet your agency's needs. Not all components of the checklist will apply to your agency. They are prompts to guide your decision making in designing the right type of system for your agency. Some aspects of the principles may be more relevant to your agency than others and different agencies may be able to meet the complaint handling principles in different ways.

### Customer focus

**Good practice principle: The agency is committed to effective complaint handling and values feedback from complaints.**

- Do you have customer service standards and a complaints process that is valued, supported and followed by management?
- Is your agency open to feedback from clients, including through complaints?
- Are the benefits of complaints and the complaints process communicated to staff, including new staff at their induction?

### Visibility

**Good practice principle: Information about how and where to complain is well publicised to clients, staff and other interested parties.**

- Is information about how to make a complaint and how it will be handled readily available, for example on your website and at your reception or front counter?
- Are the contact details for making complaints prominently displayed, for example in leaflets, on your website or on posters?
- Are front line staff aware of the complaints process and the contact details for your complaints officer?
- Does your complaints process identify alternative external parties the complainant can go to with a complaint?

## Accessibility

**Good practice principle: The complaints process is easy for complainants to access and understand.**

- Are complaints handled at no charge to the complainant and is this information clear in publications about how to make a complaint?
- Can complaints be made in a number of different ways, verbally and in writing using different methods of communication?
- Do you provide access to translating and interpreting services for non-English speaking people to assist them to make a complaint?
- Is the process for making a complaint accessible and easy to use by people from different cultural backgrounds, children and young people, and people with disabilities?

## Responsiveness

**Good practice principle: Complaints are acknowledged in a timely manner, addressed promptly and according to order of urgency, and the complainant is kept informed throughout the process.**

- Do you provide guidelines for staff on how to respond to and prioritise complaints, which cover:
  - who will be responsible for handling complaints
  - how to assess complaints to decide what can be resolved easily and what requires review
  - how and when the complainant will be kept informed during the process?
- Is each complaint acknowledged promptly and is the complainant kept informed throughout the process?
- Are complaints addressed promptly and in order of urgency and do you have performance targets which set out the timeframe for resolving complaints?
- Are front line staff empowered to resolve certain complaints at the earliest point of contact with the complainant?

## Objectivity and fairness

**Good practice principle: Complaints are dealt with in an equitable, objective and unbiased manner, and the complaint handling process is fair and reasonable. Unreasonable complainant conduct is not allowed to become a burden.**

- Do you ensure that your staff are aware of, and given guidance on, conflict of interest requirements and how to make declarations where required?
- Are relevant staff given guidance or training in:
  - complaint resolution
  - evidence based investigation techniques
  - managing unreasonable complainant conduct?
- Is the complainant (and any person who is the subject of the complaint) given:
  - sufficient opportunity to present their position
  - the opportunity to comment on any adverse findings
  - reasons for the decisions made about the complaint?
- Where appropriate, is there a process in place for a “second person check” or approval of the outcome of the complaint?

## Confidentiality

**Good practice principle: Personal information relating to complaints is kept confidential.**

- Do you advise staff about confidentiality requirements when handling or involved in complaints?
- Are the personal details of the complainant kept confidential and only used for the purposes of addressing the complaint?
- Are the personal details of any people who are the subject of the complaint kept confidential and only used for the purposes of addressing the complaint and any follow up actions?

## Remedy

**Good practice principle: If a complaint is upheld, the agency is able to provide an appropriate remedy.**

- Do you support and give guidance to staff on providing remedies when complaints are upheld?

- Are responsibilities for providing remedies clearly defined and at the appropriate level in the agency, for example are front line staff empowered to provide appropriate remedies?
- Do you give guidance to staff on the appropriate use of remedies?
- Are the reasons for decisions relating to remedies provided to the complainant?

## Review

**Good practice principle: There are opportunities for internal and external review and/or appeal about the agency's response to the complaint, and complainants are informed about these avenues.**

- Do you provide complainants with access to an independent internal review of the handling of their complaint by someone who was not involved in dealing with the complaint?
- Do you provide the complainant with information about external review or appeal options, such as the Ombudsman, at the conclusion of the complaints process?

## Accountability

**Good practice principle: Accountability for complaint handling is clearly established, and complaints and responses to them are monitored and reported to management and stakeholders.**

- Are staff aware of their responsibilities for handling complaints and the responsibilities of specific nominated complaints officers?
- Are reasons for complaint decisions and remedies recorded?
- Are any remedial actions and proposed practice improvements acted on, followed up and reported to senior management?
- Do you have a "fit for purpose" information system for recording and tracking complaints?
- Do you ensure that all correspondence relating to feedback and complaints is managed in accordance with the agency's record keeping policies and procedures?
- Is standardised and consistent data from complaints reported to senior management along with proposed or actual improvements to your agency's practices?
- Is the effectiveness of complaint handling monitored through appropriate quality assurance and reported to senior management along with any recommended improvements to the complaints process?

## Continuous improvement

### Good practice principle: Complaints are a source of improvement for the agency.

- Do you analyse feedback and complaints data to identify:
  - recurring themes that may highlight systemic issues
  - service, process and information inadequacies
  - opportunities for improvement?
  
- Is the analysis of feedback and complaints data reported to senior management and used to identify and implement practice improvement.

