

Quality Assurance Auditing

SEMINAR HANDOUT



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Quality Assurance Auditing

Class Description: A formal Quality Assurance program is important to any agency that wants to maximize their utilization of the TAM system. Unfortunately, actually conducting such audits on a regular basis often proves difficult, time consuming, and sometimes just downright painful. This session will discuss ways to implement a Quality Assurance program built upon a written Procedures Manual that will work in the real world, not just in theory

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Introduction

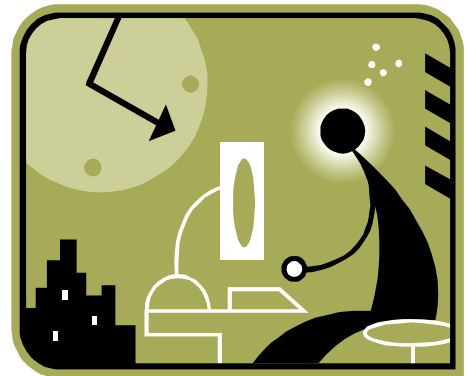
Most agencies will manage to do an audit or two, but then other demands on the time of any individual(s) conducting the audit prevent further audits from being delivered on a regular basis.

This failure on the part of management to see a new practice or policy through for more than a few months is unfortunately, not unusual for many organizations. The scenario repeats pretty regularly: Management has a great new idea, and while that idea is new and fresh it gets the attention, and therefore the time and resources, necessary to see that progress is made. But over time managerial focus shifts to other priorities, and with that focus the time and resources previously allocated are no longer provided. For short term projects or goals this is not a deal breaker. But for projects requiring a steady stream of attention and resources for a year or more it's a killer.

Quality Assurance is not a short term project. It's a permanent addition of responsibility and time requirements to at least one, and maybe many, agency staff member(s).

In order to increase the chances of implementing a quality assurance program and then following through with its execution for years, it is important that the strategy and auditing methods be flexible enough to allow for differing amounts of available time for different periods. While each audit should be as thorough as possible, when such thoroughness is not possible it is better that a less vigorous audit is conducted for that period rather than no audit at all.

Time is the main consideration when developing the tactical aspects of Quality Assurance Auditing.



The Main Goals

It's important to remember that the desired outcome of a formal quality assurance auditing program is improvement. Improvement of customer service, improvement of our E&O defensibility, improvement of the agency's ability to make informed decisions based on system data, improvement of the nature and types of training offered to staff, etc.

One type of improvement that we don't want to overlook is an improvement in agency morale. This last one is counterintuitive and not easy since only a small fraction of the agency workforce will like being audited. So it's important to remember that one of the primary goals for any auditor is to find and point out the things that are being done right. **Audit delivery should always be used as an opportunity to recognize and reward those staff members who are doing a great job for the agency.**

The Foundation

Never forget that **management must EARN the right to do an audit.** This is done by making certain that the agency has a Written Procedures Manual that is kept up to date, and that staff members have been given access to adequate training resources.

If written procedures are not in place, you have no right to do an audit. Attempting to hold staff members to a standard that exists only as some sort of verbal tradition is not reasonable and fails to meet the minimum standard of respect that employees at any agency should be entitled to.

Once written procedures are in place, then the audit can cover any topic that is addressed in them. In addition, audits can include things like coverage reviews, performance metrics that are measured via reporting, or even summarized scoring based on client satisfaction survey results.

Auditing and Agency Morale – a common scenario

There are several situations that seem to be shared by many agencies as variations on common themes. Some are extreme examples of the theme, some are very mild.

One of these themes is the service team member who is fantastic at interacting with clients and production staff but who does a horrible job on all things related to account documentation.

This skill set is rewarded in many agency environments because such an individual can handle a lot of accounts and their clients are very happy. After all, it's easier to handle more accounts if you don't bother to follow procedures or document anything you do – it frees up lots of extra time in your day. So the agency principals and producers love this person and point to them as the shining example of what the rest of the service staff should aspire to be. But the rest of the service team knows what is really going on. They know that servicing any account that this beloved staff member has touched is going to be a nightmare because there is no information on anything they've done outside of their head.

The impact on agency morale from this situation cannot be overstated. To KNOW that a co-worker is doing a lousy and unprofessional job while at the same time watching them being praised and rewarded by your boss is going to generate dissatisfaction in even the most mature and well balanced individual. Auditing goes a long way towards the early identification and redressing of this issue. And it is in this way that auditing can have a very positive net impact on agency morale.

End note: This whole situation is, of course, like playing the E&O version of Russian roulette – you can hope the hammer never falls on a live round, but if you play long enough the odds start to get pretty long. Even in the short term, any attempts to redistribute workloads by moving an account to someone else from the beloved CSR will be met with resistance from all parties involved – that is the problem with disregarding procedure; you can succeed as an individual until something really bad happens, but teams will begin to suffer immediately. As agencies get larger and the need for the organization as a whole to rely on the work and documentation of other team members increase, tolerance for this sort of service team member drops off rapidly. Even so, this theme is still to be found playing out now and then in very large organizations.

Quality Assurance Auditing

Procedures vs. Workflows

Many agencies find the idea of creating a Procedures Manual intimidating. But for every agency there exists a need for at least two related but very different types of documentation. One type to detail “What” gets done, and another that details “How” to do things. Please note that in the context used here, a Procedures Manual covers the “what” and the “when” of a process – not the “how”. So a good Procedures Manual is a relatively short and concise document explaining what must be done and the timeframes involved. The much more detailed and therefore difficult to create, “how” document will be referred to as a Workflow Manual. Of the two types of documentation, the Procedures Manual is far and away the more important of the two.

Procedure Manuals must be created by each agency; you can’t just take something created for another agency and use it. But the step by step “how to” nature of a workflow manual which is so much larger and more labor intensive to create also makes them more generic in nature. This means that good workflow manuals can (and should) be purchased as opposed to painstakingly created by agency personnel. A good workflow manual will include the tools you need to make modifications for those step’s that are not generic at the agency.

Objective vs. Subjective

There are many different types of information that can be gathered and reviewed as part of an audit. All of these different types can be thought of as either objective or subjective.

Objective items are easy to identify as being either correct or incorrect:

- Was the correct activity code used to record the delivery of the policy or wasn’t it?
- Do the coverages in force for this client meet the agency underwriting standards or not?
- Based on the commission volume of this account, is the code value appropriate or isn’t it?

Subjective items are not so easy to classify, and often defy being labeled as simply right or wrong:

- If we did a survey of 100 clients, what would the average service satisfaction score on a 1 thru 10 scale be?
- The overall “tone” and quality of information contained in email correspondence with underwriters?
- How easy or difficult is it for another team member to follow what has occurred on an account based on the description and notes entered for activities?

By necessity, most of the items that we audit are going to be of the Objective type. This is unfortunate because in many ways it’s the Subjective things that are far and away the more important. Subjective items are very time consuming to check, but it’s important to make the time at least once or twice a year to include them in an audit.

Who do we audit?

- CSRs or Account Managers
- Other than CSRs?
 - Producers and assistants, how to handle?
- Accounting people?
 - If there is an accounting issue you should be aware of it
 - Check to see if checking accounts are reconciled
 - Are company reconciliations in balance?
 - Do production reports match income?

Do results get published, and if so to whom and how?

- Published collectively – **(Not Recommended)**
 - Most impact
 - Will work to improve “ranking” or individual score
- Shared Individually – **(Recommended)**
 - Still carries impact
 - Not as much competitiveness to help with improvement
 - Requires more time with each individual – show how they measured up and what they can do to improve

Another common scenario

A lot of agencies have a variant on a theme that is so common that I now just refer to it as “The Story”. It goes something like this:

“Oh yeah, [insert name here] was the greatest CSR on the planet, handled double the workload of any other CSR. But then one day [insert name here] didn’t show up for work because [insert reason here *(this one varies. In mild cases, the reason is sick or vacation. In the really bad ones, the person just never comes into work again because something went really bad and they don’t want to face it)*] and as we were working their desk we stumbled across a [insert descriptive word for size here] whole stash of policies and endorsements that were unchecked or delivered going back [insert time frame here]. Man, what a [insert explicative here] mess. It took us months to dig it all out, and no one on the management team was able to sleep well during that whole time!”

It’s very rare to find an agency that doesn’t have a version of “The Story” to tell. I’m always surprised that it’s not talked about more often at industry events and conferences. The discussions about the factors which lead so many of our service staff members to fall behind and feel that they cannot admit that they are unable to keep up with their workload are many and fascinating.

What is really scary about “The Story” is that in the modern agency environment, we won’t find these backlogs by looking in the “lower left hand desk drawer” and seeing a pile of paper anymore. Today, this backlog exists only in electronic form, most often sitting inside of an Outlook folder someplace. So when someone calls in sick, the odds of another team member stumbling across it are greatly diminished. So as you are thinking about items to audit, be sure to think about what should be looked at every now and then to make sure that your agency doesn’t have their own whopper of a tale brewing unseen.

Who does the Audit?

- Peers
 - Good self improvement and motivator
 - Raises awareness of how to document so that others can follow your trail.
 - Most staff members are strongly motivated to be seen in a positive light by their peers.
 - Difficult to make work for long periods of recurring audits. This makes it a great tool to supplement one of the other “who’s” doing an audit, but it is not recommended that the entire audit strategy be based on peer to peer reviews.

- Manager or Department Supervisor
 - Must book the time to be inaccessible to do only this project or it will not get done.
 - Easy to be distracted or drawn off to other priorities.

- Designated Auditor / Agency Trainer
 - Agency must be larger in order to make such a position worth the investment.
 - If the position exists, this is the best option.

- 3rd party – Consultant or paid Auditor
 - May see auditing only as a way to sell other more “high profile” services.
 - Assured of making sure that the audits actually get done.
 - Eliminates some of the potential for audit score contamination due to the personalities involved.

How often are the audits done?

- Annually
- Semi Annually
- Quarterly
- **Monthly**

Develop Audit Scoring – Sample

Decide what is important and make your own, with your own numbers

Scoring Method:

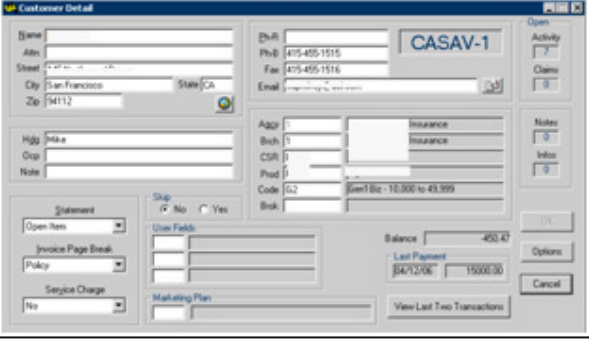
- Each of the areas reviewed begin with a score of 0.
- Points are added or subtracted from the score based on the following set of criteria.
- Not all areas will offer opportunities for adding to the score. This means that in those areas a score of 0 is perfect.

Quality Assurance Auditing

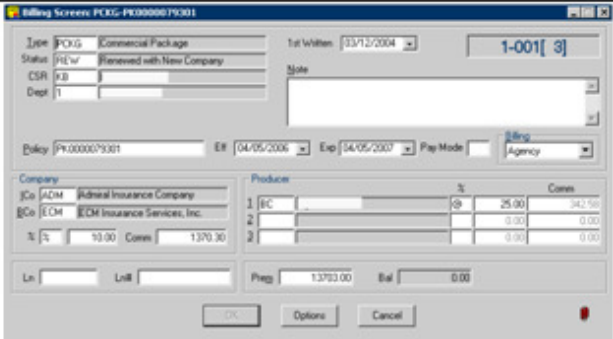
(Sample Quality Assurance Review)

Sample Agency Quality Assurance Review

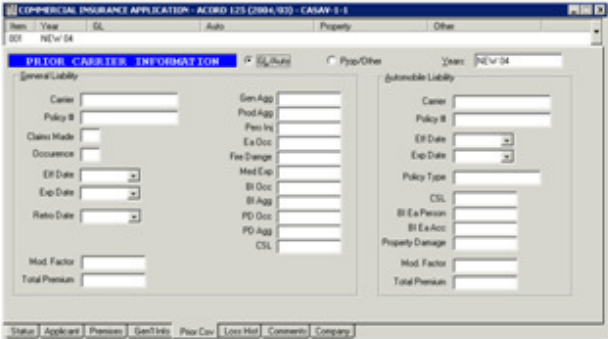
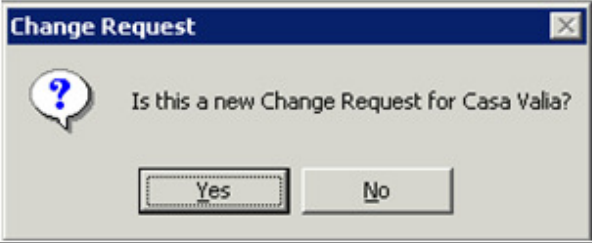
AM:	John Doe
Client:	ABC Construction
Date:	1/1/2006

Overall Client: This covers the general quality of the client as it is entered into TAM.	Possible Score	Your Score
Name, Address or phone number info entered incorrectly	-2	0
Attention field used incorrectly	-2	0
Heading field entered incorrectly	-2	-2
Incorrect use of Occupation Field	-1	-1
Incorrect use of Note field	-1	0
Incorrect use of Code Field	-1	0
Non Activity Descriptions are good (Including Documents, Spreadsheets, Memos, & Images)	+1	+1
Non Activity Descriptions are not good (Including Documents, Spreadsheets, Memos, & Images)	-2	0
Contact Screens are present and being used appropriately	+2	0
 <p>Heading is supposed to be first and last name.</p> <p>Occupation is blank</p>		
Total		-2

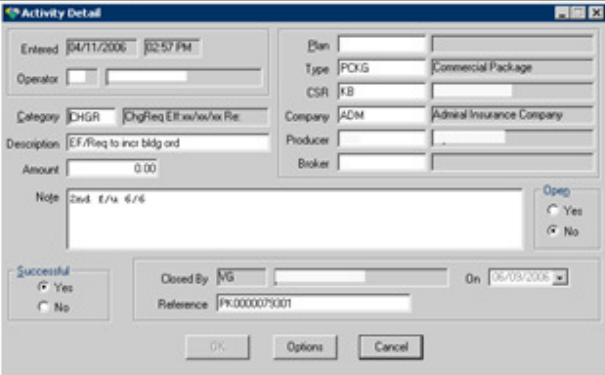
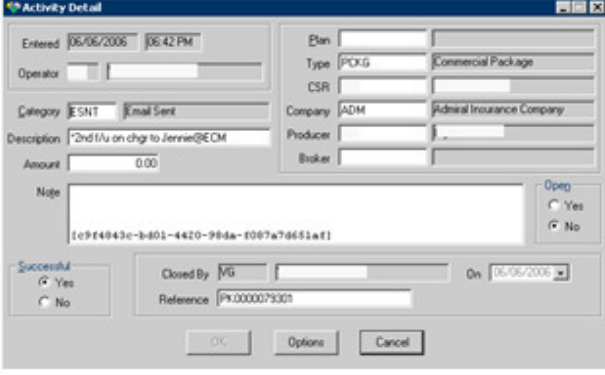
Quality Assurance Auditing

Policy \ Billing Screens & Invoicing: The quality of the billing screens – only for those policies being reviewed	Possible Score	Your Score
No Sub-Sections on a Package Policy	-2	0
Status Field is not correct	-2	0
Good use of Note Field. (Note has meaning and is useful)	+1	0
Pay Mode is filled in and accurate	+1	0
Policy number has not been entered	-2	0
ICO or BCO codes or percentages entered incorrectly	-2	0
Company indicated in the ICO field is not an appropriate ICO	-2	0
Producer commissions entered incorrectly (based on combination of Status & Code)	-1	0
	REW instead of REN is verified and accurate. +1 to score.	+1
Total		+1

Quality Assurance Auditing

Coverages & Forms: The presence and quality of the Applications, Custom Dec, or other areas used as the reference for current coverages in force or for the transmittal of information pertaining to those coverages. Also verifies that Change Requests are being entered for every change in coverage.		Possible Score	Your Score
Incomplete or sloppy maintenance of coverage info		-2	0
Custom Dec with no ACORD 125 created		-2	0
No prior carrier info on ACORD 125		-2	-2
Change request done and no Change Request in system		-3	-3
Policy History descriptions incorrect		-1	0
Policy History: Eff Until date does not correspond with Renewal/Change date		-1	0
Proposal / Summary not done		-2	0
Proposal / Summary created but not complete		-4	0
No Coverage Info		-5	0
		Acord 125 prior coverage information never entered or updated.	
		No change request form was entered for the 4/11 request. Easy to find at least since there hasn't been a single change request form ever entered for this account.	
Total		-5	-5
Report Review: Activity Tracking / Procedures		Possible Score	Your Score
Renewal process not being completed within prescribed time frames		-2	0
Non Compliance with Procedures indicated by codes used – Minor		-2	-2
Non Compliance with Procedures indicated by codes used – Major		-4	0
Compliance with Procedures indicated by codes used is very good		+2	0
ZYX Sample Co. seems to be missing a lot of key activity steps Still not consistent with CHKR's			
Total		-2	-2
Report Review: Policy & Endorsement Checking		Possible Score	Your Score
Policy Checking – More than 10% Account Manager Error rate		-2	0
Endorsement Checking – More than 10% Account Manager Error rate		-2	0
Total		0	0

Quality Assurance Auditing

Activities: Quality of activities entered	Possible Score	Your Score
Descriptions are not adequately descriptive	-2	0
Descriptions have not been changed from the default description	-2	0
Conversations are not well documented	-2	0
No "EF/" at the beginning of activities used to index items in PaperWise	-2	0
Change Request done without use of CHGR activity	-4	0
 	<p>There are 2 things wrong here.</p> <p>#1, the CHGR description should start with the effective date of change. The default description has the xx/xx/xx in it as a reminder of this. -1 to score.</p> <p>#2 is that the note says there was a second request done on this. But I can't find another CHGR that was entered and closed unsuccessfully for that second request. XXXXXX did it using an ESNT instead of the CHGR code of the original as stated in the procedures manual. Also, the description on the second request activity has no tie in to the original request. The only thing done right here was the note of the original being updated properly.</p> <p>I was going to give this a -2 for the second request thing, but since it is obvious that this portion was done entirely by XXXXXX, I'm lowering that to only a -1 for it being on your account. I will include the same -1 for XXXXXX's audit. Please be sure to go over the procedure for additional requests with her when you get a chance.</p>	-1
		-1
	Total	-2
Report Review: AT Checking Audit Report	Possible Score	Your Score
Not Finding anything wrong, EVER	-3	0
Self Checking	-1	-1
Not using correct rejection reasons on CHKE's and ECHE's	-2	0
Not entering adequate error descriptions in the note area of CHKE's and ECHE's	-2	0
Only 6 checks done in April, so 100% accuracy is OK.		
	Total	-1
Overall Client Total		-11

Quality Assurance Auditing

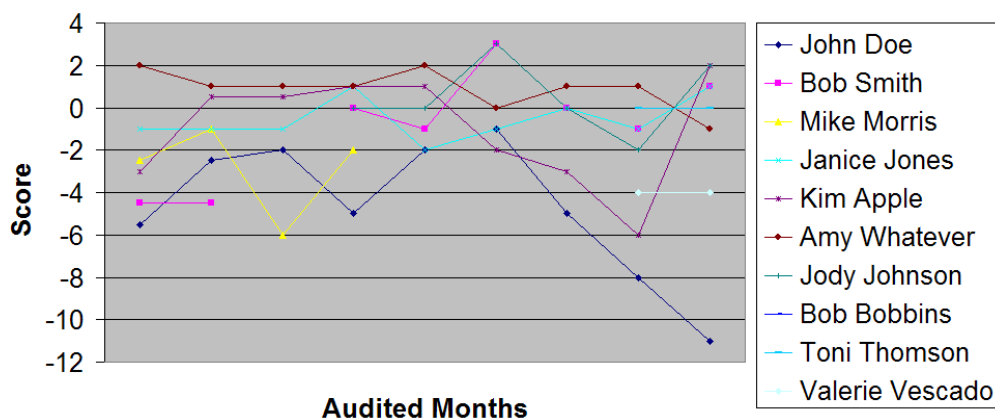
QC Audit Score sheet – publish the results?

Publish with all scores & names	Publish with scores but no names																																																
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Other Benefits of Numeric QA Scoring:

Name	Jan-05	Feb-05	Mar-05	Jul-05	Sep-05	Dec-05	Feb-06	Mar-06	Apr-06
John Doe	-5.5	-2.5	-2	-5	-2	-1	-5	-8	-11
Bob Smith	-4.5	-4.5		0	-1	3	0	-1	1
Janice Jones	-1	-1	-1	1	-2	-1	0	-1	1
Kim Apple	-3	0.5	0.5	1	1	-2	-3	-6	2
Amy Whatever	2	1	1	1	2	0	1	1	-1
Jody Johnson				0	0	3	0	-2	2
Bob Bobbins								0	
Toni Thomson								0	0
Valerie Vescado								-4	-4
Mike Morris	-2.5	-1	-6	-2					

QA Scores Over Time



Quality Assurance Plans for the Real World

Quality Control Reports and delivery to upper management

If the audit is being done by either an in house trainer/auditor or by a third party, it's not a bad idea to take the time to put the quality scores into context with the rest of an individual's workload. It's really not that hard to do high quality work on a desk with 1 Million in revenue when that revenue is generated by 5 or fewer accounts. But someone working a commercial lines desk generating only \$300k in revenue but doing so with 250 accounts or more just might be working extremely hard and deserving of a bit more slack on their audit scores.

Monthly Quality Control Review - Management Summary - February 2002												
CSR (As listed on Policy Screen)	Monthly Quality Control Info				Monthly Reports Info -Feb 2002		Annual Reports Info					
	# of Clients	# of Policy Sections	Quality Control Score	Total # of Activities in the Month of Feb 2002	Commission Volume of Accounts (Book of Biz)	Commission Volume of Transactions (Production - including fees)	Total # of Clients Being Handled (Book of Biz)	Total # of Policies Being Handled (Book of Biz)	Total # of Sections Being Handled (Book of Biz)	Commission Volume (Book of Biz)	Commission Volume (Production Report)	
Jean Stone	7	32	0.37	315	33,221.90	67,529.25	35	121	198	3/1,122.13	202,275.62	
Tom Johnson	4	13	0.09	320	153,229.06	96,875.22	30	88	110	601,998.76	242,934.88	
Dave Unger	5	25	-0.19	302	55,075.48	47,098.45	27	103	166	442,476.00	401,997.46	
Marie Hogan	3	3	-0.49	292	3,098.32	3,162.45	31	68	83	241,098.66	55,420.89	
Anne Richmond	1	6	-1.01	12	1,900.00	2,698.15	9	31	38	118,245.98	N/A	
Jeff Franklin	25	83	-1.11	338	57,205.95	51,234.85	188	350	460	388,198.35	340,921.02	
Kathy Meyers	5	6	-2.16	75	25,654.78	2,635.10	50	120	135	69,877.30	36,645.19	

Conclusion

- Management must buy into the concept. Everyone loves the idea, noone actually does it.
- Make certain that everyone knows what is going to be checked. This is not a surprise quiz. The end result of improved quality is the objective, so give everyone every chance to do well on the audits.
- Good people will not take a bad audit quietly. Some will see negative items on their audit as a personal slight. Remember that it is exactly this type of employee that we want; people who take pride in their work and are passionate about it. So take your patience pills and be combat ready.
- Back check! Recheck accounts previously reviewed. Few things tell you more about the underlying attitude of an employee than when you point out an error that they made on an account and then find that they could not be bothered to go back and try to correct it.

