

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
An Internal Audit of the Complaint Resolution Process
Audit Report # 19-006

Executive Summary

The Office of Internal Audit (OIA) reviewed TDHCA's Complaint Resolution process and its policies, procedures, and controls that are currently in place. Based on our reviews and testing, the Home Resource Center (HRC) has appropriate processes in place for the Complaint Resolutions. We've identified some areas for improvement, as described in the detailed report.

Findings, Observations, and Recommendations

- OIA recommends that HRC add the requirements of Rule §1.2.c4 to their SOP to ensure compliance with all applicable rules and regulations.
- OIA recommends that TDHCA enhance the Complaint Submission System's capabilities to provide complainant with an auto response email confirming receipt of complaint along with language regarding expected time frame for a response from staff.
- TDHCA should consider adding an upload / attachment feature to the Complaint Submission System so supporting documents can be uploaded by complainants for efficiency.

Response:

Management agreed with our recommendations, and detailed responses are included in the body of the audit report.

Responsible Area:

Director of Housing Resource Center

Objective, Scope and Methodology

Our scope included a review of the Texas Government Code Section 2306.066 and 2105.101, and Texas Administrative Code (TAC) 10 Rule §1.2, as well as HRC's activities and policies related to handling and processing of complaints. Based upon our preliminary understanding of the Complaint Resolution process we identified critical points and risk, to develop audit objectives and an audit program including methodology. The Texas Internal Auditing Act, Tex. Gov't Code §2102.005 requires testing of the controls of a state agency's major programs and systems, and the controls related to them.



Mark Scott, CPA, CIA, CISA, CFE, MBA
Director, Internal Audit

8/15/2019
Date Signed



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

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August 15, 2019

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Board Members of the Texas Department of Housing and Community Affairs ("TDHCA")

RE: Internal Audit of the Complaint Resolution Process

Dear Board Members:

This report presents the results of the Office of Internal Audit ("OIA") review of the Complaint Resolution Process at TDHCA. This audit was included in the Fiscal Year 2019 Annual Audit Plan and was conducted in accordance with applicable audit standards. The TDHCA Complaint Resolution Process rated high on the risk assessment due to public interest and the Department's goal and desire for transparency. Complaints related to Fraud, Waste, and Abuse are required to be handled in coordination with the State Auditor's Office and federal oversight agencies; and are not included in this audit.

For this audit we reviewed Texas Government Code Section 2306.066, Texas Government Code Section 2105.101, and Texas Administrative Code (TAC) 10 Rule §1.2. We also evaluated the Housing Resource Center (HRC) Division's activities and policies related to handling and processing of complaints received through TDHCA's Public Complaint System, as well as complaints received via other sources such as direct mail and emails. Based on our preliminary understanding of the Complaint Resolution function we identified critical points and risks, and developed our audit objectives and audit plan including methodology.

Background

The Housing Resource Center is tasked with providing educational materials and technical assistance to the public, community-based housing development organizations, nonprofit housing developers, and other state and federal agencies. In addition, HRC is responsible for the reviewing and processing of external complaints that are related to programs and funding sources that are under the purview and jurisdiction of TDHCA.

Texas Government Code 2306 and 2105 require the Department to establish a procedure where by complaints are filed, handled and resolved, and to have that information available to the public and appropriate state agencies. It also requires the agency to prepare and maintain a written plan that describes how an individual who does not speak English or who has a physical, mental, or developmental disability may be provided reasonable access to and participation in the Department's programs.

Standard Operating Procedures (SOP)

An SOP is a procedure specific to the operation of a division that describes the activities necessary to complete tasks in accordance with applicable rules and regulations. It defines expected practices in a process where quality standards exist. SOPs play an important role in any organization and division. They are policies, procedures and standards needed to operate in a successful way. They can create efficiencies, consistency and reliability, fewer errors, and add value to the Division.

At the start of our review, the HRC Division's formal SOP was last revised and signed by the Executive Director in 2012. However, during our audit a new version was completed and signed by the Acting Executive Director on July 12, 2019. The new document offered more detailed guidance for processes and activities involved in the Complaint Resolution function. We reviewed and evaluated the content of both SOPs in regard to applicable rules in the TAC, and noted that the following rule is not included in either of the SOPs.

10 TAC, Rule §1.2, c4;

The department shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of this rule (TAC).

Finding Item Number	Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
19-006.01	OIA recommends that HRC add the requirements of Rule §1.2.c4 to their SOP to ensure compliance with all applicable rules and regulations.	9/30/2019	Director of HRC

Management response:

Per TDHCA SOP 1270.05, 2, f, (ii) for each complaint received by the Department the HRC Coordinator or Backup Coordinator always sends the complainant an initial email response or letter response. With this response a copy of TDHCA's complaint rule is always attached.

The SOP will be updated by September 30, 2019 to add language which requires all TDHCA complaint Division Liaisons and Division Backup Liaisons during the course of their investigation resolving the complaint to send a copy of the complaint rule to all additional parties involved in the resolution.

Public Complaint System

The TDHCA Complaint System is available to the public for submission of complaints related to the programs that are under the purview and authority of the Department. Any complaint that is outside TDHCA's authority will be referred to the appropriate agency and / or individual for resolution.

The HRC division is tasked with handling of public complaints and has established an internal policy and procedures to resolve these complaints in an efficient manner. The procedure includes assignment of a Complaint Coordinator who reviews the Public Complaint System log on daily basis. Based on the information provided by the complainants, the coordinator forwards the complaints to the appropriate division for further review and investigation. Each complaint is also entered into the master database with a unique reference number that is generated by the Complaint system for tracking and future follow ups. The coordinator also issues a letter to the complainant to confirm the receipt of the complaint.

The current Complaint System does not have the capability of allowing the complainant to upload or attach any supporting documents along with their complaints, nor does it generate auto response emails confirming the receipt of the complaints. As a result some duplicate complaints are being submitted from time to time.

Finding Item Number	Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
19-006.02	OIA recommends that TDHCA enhance the Complaint Submission System's capabilities to provide complainant with an auto response email confirming receipt of complaint along with language regarding expected time frame for a response from staff.	8/31/2019	Director of HRC

19-006.03	TDHCA should consider adding an upload / attachment feature to the Complaint Submission System so supporting documents can be uploaded by complainants for efficiency.	8/31/2019	Director of HRC
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Management response

Staff agrees that such improvements would be an ideal best practice for TDHCA. At this time, to make such improvements to the Complaint Submission System would be costly and put limited IT resources into working on a statutorily compliant activity, and possibly detracting from other higher priority efforts. Staff will submit a request to the Department’s Information Technology Steering Committee who will evaluate and assess the priority of this request relative to the other IT projects

Testing

For the purpose of this audit we selected 3% of the complaints that have been submitted to TDHCA in 2017, 2018, and 2019 as of the start of this audit. Using a random sample generator we selected and tested a total of 37 complaints. Our testing included verification of compliance with the requirements established by the Texas Government Code, Texas Administrative Code, and HRC’s Standard Operating Procedures. Our testing results include the following findings and inconsistencies:

- The pre-formatted response letter / email that is sent to the complainant within 15 day does not include an expected resolution date as stated in *Rule §1.2, c 5*¹
- In the sample we tested (total of 38 complains) the resolution letters and quarterly status update letters were missed in 6 cases (Rule §1.2,c 6)²
- Inconsistency within documents saved under master complaint folders.
- Notes in Complaint Tracking System don’t always match with the documentation in the complaint folder.

Finding Item Number	Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
19-006.04	OIA recommends that TDHCA improve its documentation and record keeping of any information related to public complaints	10/01/2019	Director of HRC

¹ Rule §1.2,c5; The department shall either notify the complainant of the resolution of the Complaint within 15 business days after the date the complaint was received or notify the complainant within such period of the date the complainant can expect a response to the complaint.

² Rule §1.2, c5; The department shall notify the complainant of the status of the complaint at least quarterly and until the final disposition of the complaint.

Management response:

Staff agrees that there is room for improvement in documentation and record keeping within the complaint process. There are occasionally differences in the records kept within the Complaint Submission System and in the offline record keeping of the various divisions who handle the responses to complaints. Some of this can be attributed to the limitations of the Complaint Submission System. To that end and knowing the systems limitations, HRC and Compliance generally hold a meeting once a year to discuss Best Practices. HRC will work with Compliance and set regular meetings every 6 months beginning October 1, 2019. Additionally when submitting the request to the IS Steering Committee, noted in the prior Management Response, revisions will also be requested to better address these recordkeeping issues.

OIA extends our appreciation to management and staff of the Housing Resource Center Division for their cooperation and assistance during the course of this audit.

Sincerely,



Mark Scott, CPA, CIA, CISA, CFE, MBA
Internal Audit Director

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