



**DREW J.
BREAKSPEAR**
Commissioner

INTEROFFICE COMMUNICATION

DATE: May 23, 2013

TO: Drew Breakspear, Commissioner

FROM:  Karen Fisher, Inspector General

SUBJECT: Six-Month Follow-Up to Auditor General Report No. 2013-031, *Collection Agency Registrations, Mortgage-Related and Consumer Collection Agency Complaints, Prior Audit Follow-Up*

Pursuant to Florida Statutes, the Inspector General is required to monitor the implementation of the Office of Financial Regulation's (OFR) response to any report on OFR issued by the Auditor General. Six-months after the Auditor General publishes an audit report, the Inspector General is to provide a written response to the Commissioner and file a copy of the response with the Legislative Auditing Committee. Attached is the Inspector General response to the status of each audit finding in Auditor General Report No. 2013-031.

Cc: Legislative Auditing Committee

OFFICE OF FINANCIAL REGULATION
COLLECTION AGENCY REGISTRATIONS, MORTGAGE-RELATED AND CONSUMER
COLLECTION AGENCY COMPLAINTS AND PRIOR AUDIT FOLLOW-UP

**RESPONSE TO AUDITOR GENERAL FINDINGS REPORT NO. 2013-031
SIX-MONTH FOLLOW-UP STATUS**

Finding No. 1: OFR records for commercial collection agency initial registrations and renewals did not always include all of the information required by law.

Recommendation: We recommend that OFR take steps to ensure that all requirements of Florida law are satisfied by commercial collection agencies prior to the issuance of initial or renewal registrations. We also recommend as part of the renewal process, that OFR consider providing commercial collection agencies registration information on file at OFR and request that the commercial collection agency update the information and certify the information is accurate and complete.

OFR Response: We concur. The Division of Consumer Finance has implemented training to ensure that all statutory requirements are received and reviewed by OFR prior to the issuance of a commercial collection agency registration. Additionally, the Division of Consumer Finance is implementing changes in its renewal procedures. The changes will require commercial collection agencies to update information as needed and to certify that their registration information is accurate and complete. The changes in procedures will also require commercial collection agencies to document that their surety bond remains in force prior to renewing a registration.

Six-Month Follow-up: The Division of Consumer Finance has trained employees and continues to train new employees to ensure that all statutory requirements are received and reviewed prior to the issuance of a commercial collection agency registration. The Division of Consumer Finance has also revised and implemented the renewal procedures that require commercial collection agencies to certify their registration information is accurate and complete and document the company has a surety bond.

Finding No. 2: OFR did not always timely and effectively handle mortgage-related and consumer collection agency complaints and did not always document related correspondence with complainants.

Recommendation: We recommend that OFR, in conformity with applicable OFR policies and procedures, effectively and timely perform and document all phases of the complaint investigation and resolution process.

OFR Response: We concur. The Division of Consumer Finance will conduct training with staff to review and enforce existing processes and procedures. In addition, the OFR has requested modifications to the REAL System that will enforce proper documentation of complaints upon closure.

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COLLECTION AGENCY REGISTRATIONS, MORTGAGE-RELATED AND CONSUMER
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Six-Month Follow-up: The Division of Consumer Finance conducted training with staff regarding the findings in the Auditor General Report and to review and enforce complaint handling processes and procedures. The modifications to the REAL System could not be made because although the Real System could determine when an attachment was not present, it could not determine if the attachment was the correct document. In lieu of the REAL System modifications, the Division of Consumer Finance will implement a monthly process in which the supervisor will review 5% of the complaints for their region using a standardized Quality Control Checklist. A Case Activity report will be used to determine the complaints that have been reviewed monthly to ensure compliance.

Finding No. 3: OFR did not always timely close consumer collection agency complaints investigations. Additionally, OFR did not always adequately perform and document each phase of the complaint resolution process.

Recommendation: We recommend that OFR take steps to reduce the number of consumer collection agency complaints not closed within the 90-day time frame. We also recommend that OFR strengthen its monitoring process to better ensure that all phases of the complaint resolution process are adequately performed and documented.

OFR Response: We concur. The Division of Consumer Finance will amend its policies and procedures and rely on performance metrics established for annual employee performance evaluations. In addition, the OFR has requested modifications to the REAL System that will enforce proper documentation of complaint resolution.

Six-Month Follow-up: The Division of Consumer Finance has revised the Complaint Handling and Processing Manual to include the Quality Control Checklist (mentioned below) and removing the 90-day time frame for closing complaints. The Division of Consumer Finance has established a performance metric for annual employee performance evaluations that evaluates the employee on the average number of days to mail the complaint acknowledgement letter to the complainant. The Division has also established a performance metric that measures the percentage of examinations and complaints the employee completed within the defined timeframes. The modifications to the REAL System could not be made because although the Real System could determine when an attachment was not present, it could not determine if the attachment was the correct document. In lieu of the REAL System modifications, the Division of Consumer Finance will implement a monthly process in which the supervisor will review 5% of the complaints for their region using a standardized Quality Control Checklist. A Case Activity report will be used to determine the complaints that have been reviewed monthly to ensure compliance.

Finding No. 4: OFR did not always timely close mortgage-related complaint investigations.

Recommendation: We recommend that OFR take steps to reduce the number of mortgage-related complaints not closed within the 90-day time frame.

OFFICE OF FINANCIAL REGULATION
COLLECTION AGENCY REGISTRATIONS, MORTGAGE-RELATED AND CONSUMER
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OFR Response: We concur. The Division of Consumer Finance will amend its policies and procedures and rely on performance metrics established for annual employee performance evaluations.

Six Month Follow-up: The Division of Consumer Finance has removed the 90-day time frame from the Complaint Handling and Processing Manual and established a performance metric, for annual employee performance evaluations, that measures the percentage of examinations and complaints the employee completed within the defined timeframes.

Finding No. 5: OFR did not finalize a service level agreement with the Department of Financial Services (DFS) for the Regulatory Enforcement and Licensing (REAL) System services provided by DFS.

Recommendation: We again recommend that OFR pursue the finalization of a service level agreement with DFS.

OFR Response: We concur. The Department of Financial Services has agreed to enter into a Service Level Agreement with the OFR specific to their areas of responsibility for maintenance of the REAL System.

Six-Month Follow-up: In November 2012 the Office of Financial Regulation entered into a Service Level Agreement for the Regulatory Enforcement and Licensing System with the Department of Financial Services, Division of Information Systems.