

FY 20-21

**California Department of
Financial Protection and Innovation**

Office of the Ombuds

FY 20-21 Report

PROTECTING CONSUMERS
FOSTERING TRUST & INNOVATION

DFPI 
DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION



DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION

Christopher S. Shultz, Acting Commissioner

Department of Financial Protection and Innovation

Brian Gould, Ombuds

Published September 2021

Table of Contents

The Office Of The Ombuds	1
Accomplishment Highlights	2
Issues And Trends	3
Recommendations	4

THE OFFICE OF THE OMBUDS

Pursuant to AB 1864 (Limon, Chapter 157, Statutes of 2020), the California Department of Financial Protection and Innovation (DFPI) in 2021 established the Office of the Ombuds (Office), to act as a resource to stakeholders to ensure complaints about the DFPI staff or actions receive full and impartial review.

The Office provides a confidential, informal, impartial, and independent process for stakeholders to raise issues to DFPI. The Office promotes responsiveness and accountability at the Department by identifying and solving the underlying causes of complaints received. The Office ensures complaints are addressed thoroughly and as quickly as possible and offers recommendations for improvement.

The Office's primary function is to ensure the Department provides the highest level of customer service to the public, including consumers, consumer groups, licensees, prospective licensees, and trade groups and is responsible for ensuring that complaints about Department staff or actions receive full and impartial review.

The Office will produce an annual report for the DFPI leadership which shall highlight trends, issues, and systemic challenges within the Department. The report will also provide an overview of complaints, an outline of actions taken to improve problems, and recommendations to address issues. This is the initial report for FY 20-21.

ACCOMPLISHMENT HIGHLIGHTS

Establishment of the Office

Pursuant to the 2020-21 budget, the DFPI established the Office and hired the first Ombuds in May 2021 to develop and implement the processes and procedures for the Office. The Office page was developed and posted to the [website](#) on June 30, 2021. It offers general information about the Office, the Ombuds, and the process. The submission form allows stakeholders to submit complaints or suggestions to the Office for review.

Technology Infrastructure

In 2019, Information Technology staff embarked on a program to modernize IT systems like the IT ticketing system as well as business application systems (DOCQNET, LIS, FIMIS, etc.) to move from antiquated on-premise systems to more cloud-based technologies. The Ombuds program is now making progress on an IT system thanks in part to stakeholder feedback and a request for proposal that will soon be out for bid to assist with development of the new systems.

Efficiency Survey

In fall 2020, the Department put out a call to internal staff and external stakeholders to provide suggestions to improve operational efficiency. Suggestions have been received, categorized, and reviewed, and the Office is currently working with staff across the organization to research possible implementation of improvements.

ISSUES AND TRENDS

As the Office was operational for only the final quarter of FY 2020-21, there is a lack of trend data to analyze and interpret. As Office operations become normalized throughout the agency and stakeholder communities, additional data received will provide another lens through which to view the DFPI to identify opportunities and risks.

Below are the counts for communications received for FY 20-21. As additional reports are prepared, year over year data will be analyzed and presented to assist with management decision making.

Issue Category	FY 20-21 Contacts
Forwards to Customer Service	2
Outside of Jurisdiction	2
Requests for Clarification	1
Complaints Regarding DFPI Actions	1
Complaints Regarding DFPI Staff	0
TOTAL	6

RECOMMENDATIONS

Background Checks – Student Loan Servicing Program

The current background check process in the Student Loan Servicing Program requires DFPI staff to physically mail fingerprint cards to prospective licensees and receive completed fingerprint cards back in the mail. When completed cards are received, staff then logs and forwards the fingerprint card to the California Department of Justice (DOJ) while also retaining a hard copy. Challenges with this process include lost mail, potential confidentiality breaches, and increased postal costs. The current process also requires a Department staff member to physically go into the office to complete these tasks, as well as requiring confidential and secure office space to store copies of the fingerprint cards.

The Department should research transitioning the background check process to run through the Nationwide Multistate Licensing System (NMLS), which the Student Loan Servicing licensees already use for all other licensing materials. Making this change would not only be seamless as staff are already familiar with the program but would also make all licensee requirements available through NMLS. It would offer a more transparent, expedient, and secure process.

This change requires legislative action as the current law obligated the DOJ to complete the background checks. It is important to note that the Department would be able to collect the same information as the DOJ if the background checks were completed through NMLS.

Outside Employment Process

The current approval process for an employee to work outside of the Department is to complete form [DFPI-HRO 215](#) and submit to the employee's supervisor for review. Upon approval by the supervisor, the form currently requires the signature of the Chief Deputy Commissioner and the Commissioner, which can prove burdensome for these executives and cause delays in the request. To expedite, the signature approval process should be updated. It is recommended the form be approved by a supervisor, and then sent to General Counsel or his/her designee for final review and approval. This will streamline the process and reduce the workload commitment of the Commissioner and Chief Deputy Commissioner.

A review should be conducted to verify if this change can be made under the current delegation of authority, or if modifications are needed to the delegations or to 10 CCR §260.607 of the California Code of Regulations.

Onboarding Process

The changes brought on by the COVID-19 pandemic, along with improvements in the technological infrastructure and increased hiring at the Department, provide a perfect opportunity for the DFPI to review and update its employee onboarding process. As a leader in state financial regulation, the DFPI seeks to ensure that all new employees feel welcome and prepared to do their jobs efficiently and effectively.

As such, the Office recommends a project team to review the current onboarding process and provide recommendations for updates.



DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION

California Department of Financial Protection and Innovation

Toll-Free: 1-866-275-2677

TTY: 1-800-735-2922

Online: www.dfpi.ca.gov