

FY 2021-22

**California Department of
Financial Protection and Innovation**

Office of the Ombuds

FY 2021-22 Report

PROTECTING CONSUMERS
FOSTERING TRUST & INNOVATION

DFPI
DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION



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PROTECTION & INNOVATION

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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 the 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. As such, the Office is responsible for ensuring that complaints about Department staff or actions receive full and impartial review.

The Office produces an annual report for DFPI leadership which highlights trends, issues, and systemic challenges within the Department. The report will also provide an overview of complaints, an outline of actions taken to resolve complaints, and recommendations to address issues.

ACCOMPLISHMENT HIGHLIGHTS

Stakeholder Assistance

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. Below are a few of the cases handled by the Office in FY 21-22:

- Assisted a stakeholder who received conflicting information due to a manual versus automated process. The stakeholder applied for a license, which was approved. However, due to a manual process, they were never notified of its approval. They became aware of the approval when they received an automated notice to remit renewal fees. The Office was able to work with staff to review the involved processes and recommend a path forward to automate necessary processes by leveraging the Nationwide Multistate Licensing System and Registry (NMLS) to automate and enhance the stakeholder experience going forward.
- Assisted a stakeholder who believed that DFPI was interpreting laws and regulations regarding previous convictions unfairly and unequally and withholding licenses without cause. The Office worked with staff from the Program and Enforcement areas to work toward a positive resolution which resulted not only in a positive resolution for the stakeholder, but also a department-wide review of how laws regarding previous convictions are handled during background reviews.
- Assisted a stakeholder who believed that an organization they had a financial relationship with was misrepresenting itself as a government-backed program. The stakeholder had been in contact with multiple state and federal agencies without resolution. After discussions with the stakeholder, it was determined that DFPI had no jurisdiction over the complaint. The Office took the next step, however, and connected the stakeholder with resources to assist them with moving forward by contacting the organization and government program involved to gain additional clarity and providing guidance.

Ombuds Network

A concerted effort was made by the Office throughout FY 2021-22 to research and connect with a network of similar offices throughout the state and federal agencies as well as public and private institutions. Establishing these connections will not only aid in the transfer of stakeholder issues as necessary, but also provide the Ombuds Office a view into issues and trends facing other similar offices. The information and research network will also provide insight into planned or studied improvements that may assist the DFPI.

Office Procedures

This past fiscal year also provided the Office the opportunity to work with different program areas across the organization to develop and implement tracking and handling procedures for stakeholder issues. Establishing these procedures helped the Office gather information about the different programs at DFPI and identified opportunities for efficiencies to be developed to improve the effectiveness of the DFPI's operations.

ISSUES AND TRENDS

The Ombuds Office saw increased utilization throughout FY 2021-22 with stakeholder contacts trending up during the fiscal year. The Office is proud of the information we were able to share, the people we were able to connect with each other, and the issues we were able to resolve during FY 2021-22.

The issues received by the Office during FY 2021-22 focused on three main areas:

1. Technology
 - Manual vs. Automated Processes
 - Paper vs. Electronic
2. Communication
 - Lack of understanding of how/when/if stakeholders should expect a response
3. Timing
 - Lack of understanding of process times

The table below lists the contacts received throughout the fiscal year by process category. Future tables will compare year over year numbers.

Issue Category	FY 21-22 Contacts
Complaints Regarding DFPI Actions	18
Policy/Procedural Questions and Suggestions	14
First-time callers redirected to Consumer Services hotline	87
Referrals to Legal Division	12
Referrals to Other Agencies	32
Other	108
TOTAL	271

RECOMMENDATIONS

Organizational Metrics – Departmentwide

Major program areas at the DFPI, especially those with stakeholder interaction, should develop or refine organizational metrics to track and report timing cycles for major program workload. Programs should work to identify and/or refine their data collection and tracking processes to monitor and report on process timelines (i.e. review of an application) for communication with Executive Leadership and stakeholders. Development of organizational metrics should allow the DFPI to monitor and improve upon major workload areas as well as help identify issues and opportunities before they magnify or become lost.

Informing management quarterly on the status of developed organizational metrics would hold employees accountable, bridge business operations and goals, and provide useful data for business and strategic planning discussions. Sharing organizational metrics publicly could also improve interactions with stakeholders who would be kept abreast of estimated processing or review times.

Reporting and tracking of organizational metrics at the DFPI would also help address the common complaint that the Department is often unable to estimate for stakeholders how long to expect a certain process to take.

Human Resources Information System (HRIS)

An HRIS system has been purchased by the DFPI and an implementation plan has been developed. The first phase of the plan has a completion date of early 2023. Proper implementation of the new system will ensure that the DFPI improves and standardizes its human resource (HR) tasks and that record-keeping and reporting is enhanced.

The HRIS is a software solution that maintains, manages, and processes detailed employee information and human resources-related policies and procedures. As an interactive system of information management, the HRIS standardizes HR tasks and processes while facilitating accurate record-keeping and reporting.

Essentially, the HRIS is a “two-way street” in which information about employees is delivered within the organization as well as disseminated back out to employees. By reducing or eliminating manual and paper-based HR-related processes, an HRIS offers more streamlined and efficient interactions between the DFPI and staff while freeing HR professionals to perform more strategic and high-value work.

Auto-Reply on Email

One of the recurring complaints received by the Office is the lack of perceived stakeholder communication by staff. One specific portion of which is emails that go unanswered (or unanswered for a period of time). Stakeholders are unaware of the workload facing staff regarding items received and a realistic idea of how long processes take. The DFPI should take every opportunity to provide clarity to stakeholders on how and when they should expect to receive communication or resolution to an issue or workload.

The Office recommends that every public-facing email box operated by the Department should be set up with an automatic reply that:

- Confirms receipt of the email,
- Outlines appropriate or inappropriate communication for the email,
- Links to other commonly used methods of contact, and
- Offers an expected time frame for return communications.

This will help not only improve the communication with stakeholders, but also provide clarity as to when the stakeholder might expect a response.

Business Process Reengineering

The rapidly changing business environment brought on by rapid technological advances, and a change in operations caused by a once in a generation global event, provides DFPI with the opportunity to reflect on how it conducts its business – from developing regulations to interactions with stakeholders – and adjust those processes and interactions to ensure the most efficient delivery of services to DFPI's stakeholders.

The DFPI should research possible roads to incorporate a business process reengineering function at the Department. This could be accomplished by outside consultants reviewing DFPI processes and recommending changes or using internal resources to build a team and processes to support Business Process Reengineering (BPR) efforts. Considering the current and future working situation for DFPI staff and stakeholders, many processes and procedures can or should be changed. The DFPI should explore options to review, document, and improve business processes and procedures across the Department.

Implementing a BPR function would improve our service to our stakeholders in this new environment as well as improve the efficiency of the Department's activities.



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