

ROAD HOME PROGRAM
RESOLUTION PROCESS



PERFORMANCE AUDIT
ISSUED JULY 25, 2007

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FOR QUESTIONS RELATED TO THIS PERFORMANCE AUDIT, CONTACT
PATRICK GOLDSMITH, PERFORMANCE AUDIT MANAGER,
AT 225-339-3800.

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Nine copies of this public document were produced at an approximate cost of \$23.04. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us. When contacting the office, you may refer to Agency ID No. 9726 or Report ID No. 07802208 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225-339-3800.



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July 25, 2007

Jerry Luke LeBlanc
Commissioner of Administration
Division of Administration

Dear Commissioner LeBlanc:

This report provides the results of our performance audit on the Road Home program resolution process. The audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

The report contains our conclusions and recommendations. Appendix A contains the Office of Community Development's response to the recommendations. I hope this report will benefit you in your decision-making process.

Sincerely,

Steve J. Theriot, CPA
Legislative Auditor

SJT/dl

RHPRP07

Office of Legislative Auditor

Steve J. Theriot, CPA, Legislative Auditor



Road Home Program Resolution Process

July 2007

Audit Control # 07802208

Objectives and Overall Results

We conducted a performance audit to review the Resolution process and its related data as of April 10, 2007. The objectives of this audit and a summary of our results are as follows:

Objective 1: Does ICF, International (ICF) have a process to ensure that advisors resolve cases in Resolution consistently and accurately?

Results: ICF does not have an effective process in place to ensure advisors resolve homeowners' complaints consistently and accurately. No policies and procedures are in place to ensure that advisors resolve cases consistently. In addition, a sufficient review process is not in place to ensure advisors resolve cases accurately. According to the Resolution manager, she is developing policies and procedures for the process and is also implementing a formal review process beginning on July 1, 2007.

Objective 2: How many homeowners are in Resolution, what are the reasons they are in Resolution, and how long have they been in Resolution?

Results: We could not accurately determine the number of homeowners, the reasons people are in Resolution, or the aging of cases in Resolution because the data in JIRA (the system to track homeowners' complaints) was not reliable.

Objective 3: Are homeowners satisfied with the Resolution process?

Results: We conducted a survey of 30 applicants who are currently in or have completed Resolution to determine their level of satisfaction with the Resolution process. Seventy-one percent of the applicants we surveyed were not satisfied with the Resolution process.

Audit Initiation, Purpose, Scope and Methodology

This is the fifth audit report in a series of reports that reviews various processes within the Road Home program. We reviewed the Resolution process in response to an Office of Community Development (OCD) request.

We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. We followed the generally accepted government auditing standards as promulgated by the Comptroller General of the United States.

To conduct this audit, we interviewed and corresponded with Resolution management, team leaders, and advisors to gather information on the process. We surveyed 30 homeowners who had either completed the process or were still in Resolution to obtain their feedback. We obtained data on the Resolution process and tested it for reliability.

Appendix A contains the OCD management's response to the recommendations in this report.

Overview of Resolution Process

As part of its contract with OCD, ICF is required to establish a process to resolve homeowner complaints. To fulfill this requirement, ICF established a Resolution process to address homeowners' complaints after they have received their option letter. Applicants can dispute any part of the calculation used to derive their award amount, such as the calculated pre-storm value or insurance payment deductions. There are six Resolution teams that resolve complaints.¹ Each team tracks homeowners' complaints using a tracking system called JIRA. Currently, the teams are grouped by issue type:

- Additional compensation grant
- Insurance
- Pre-storm value
- Delay of benefits
- Home evaluation
- FEMA

According to the Resolution manager, she is planning to cross-train each group on how to resolve all issues. Once all the teams are cross-trained, they will not be grouped by issue type. Each team will be able to resolve all the issue types.

¹ Constituent Services Group resolves applicant's complaints received via OCD, the Governor's Office, or legislative staff. Until recently, this group was part of Resolution but is now a separate division.

Exhibit 1 generally describes how each Resolution team resolves homeowners' complaints.

Exhibit 1 General Steps to Resolve Complaints	
Step One	Resolution team leaders check JIRA daily for new cases and assign those cases to Resolution advisors.
Step Two	Resolution advisors open the case in JIRA and determine what needs to be done to resolve the case.
Step Three	The advisor begins resolving the case. Resolution of the case may involve coordination with other Resolution teams, if multiple issues are associated with the case.
Step Four	Once the advisor resolves the case, the team leader reviews it to ensure the advisor attached all necessary documentation and that the resolution is correct.
Step Five	When the team leader completes the review and the issue is considered resolved, an advisor contacts the homeowner to update the status of the case.
Source: Prepared by legislative auditor's staff using information provided by ICF.	

Objective 1: Does ICF Have a Process to Ensure That Advisors Resolve Cases in Resolution Consistently and Accurately?

We interviewed management and staff numerous times to obtain a detailed view of the Resolution process. However, it was difficult to establish how advisors should resolve cases² because there were no written policies and procedures for this process. In addition, we could not determine whether advisors were resolving cases accurately because team leaders did not conduct a formal, documented review of cases.

ICF does not have written policies and procedures for Resolution advisors to follow to ensure they resolve cases consistently. To better understand the process of how advisors resolve cases, we asked for policies and procedures. However, ICF management had not established formal policies and procedures for resolution at the time of our review. Without formal policies and procedures for how advisors should resolve cases, management cannot ensure that each advisor is resolving cases consistently. When we interviewed the Resolution

² At the time of our review, Resolution was moving from tracking each Resolution issue for a homeowner separately to a case management system. However, management had not completed this transition at the time of our review. In this report, we will refer to applicant complaints as cases.

advisors, we found that there were some inconsistencies in how they were resolving cases. For example, a resolution case can have five statuses:

- **Open** - the case is ready to be worked.
- **In-progress** - an advisor is working on the case.
- **Re-opened** - the case was resolved, but the resolution was incorrect.
- **Resolved** - the case has been resolved.
- **Closed** - the case is completed and the resolution is correct.

According to the previous Resolution manager, advisors are only supposed to set the status of cases to closed if they involve duplicate issues. We reviewed the data in JIRA as of April 10, 2007, to determine the status of Resolution cases. Seventy-nine percent of the closed cases we reviewed were not duplicate issues. According to the new Resolution manager, advisors are not clear on when they are supposed to close cases.

Formal policies and procedures are important, because it will help to ensure consistency amid major changes. Management of the Resolution process changed during the time of our review. First, Resolution was part of the closing, appeals, and resolution department. Then it became its own department, under new management. Recently, a new manager has taken over the process. While change is inevitable with a program of this size and magnitude, formal policies and procedures will provide assurance that advisors resolve cases consistently.

We discussed this concern with the current Resolution manager and she is planning to implement new policies and procedures that will standardize the process and help to ensure advisors resolve cases consistently.

Recommendation 1: OCD should ensure that ICF implements its plan to develop formal policies and procedures for how advisors should resolve Resolution cases.

Management's Response: OCD agrees with this recommendation.

ICF does not have a sufficient review process in place to ensure advisors resolve cases accurately. Once an advisor resolves a case, the team leader is supposed to review the resolution to ensure it is accurate and all the necessary documentation for how the advisor resolved the case is attached. However, the team leader does not document the review nor does the team leader use a standard format, such as a checklist, to ensure the resolution is accurate. As a result, we could not evaluate whether advisors resolved cases accurately or whether team leaders reviewed cases consistently.

A formal quality assurance/quality control (QA/QC) process will allow management to determine if advisors are not clear about certain areas of the process and will also allow management to ensure advisors resolve cases consistently and accurately. According to the current Resolution manager, a formal QA/QC process will go into effect on July 1, 2007. QA/QC advisors will use a checklist to determine whether the resolution is correct and that all documentation of the resolution is present.

Recommendation 2: OCD should ensure that ICF implements its plan to develop a formal QA/QC process to ensure advisors resolve cases consistently and accurately.

Management's Response: OCD agrees with this recommendation.

Objective 2: How Many Homeowners Are in Resolution, What Are the Reasons They Are in Resolution, and How Long Have They Been in Resolution?

We attempted to analyze the number of homeowners in Resolution, the reasons people are in Resolution, how long cases have been unresolved, and how long advisors took to resolve completed cases. However, we could not accurately determine the answer to any of these questions because the Resolution data was not reliable.

We could not accurately determine the number of homeowners in Resolution. To determine how many people were in Resolution, we looked at the applicant identification number. There were 478 invalid or blank applicant identification numbers in the data. According to Resolution management, the invalid or blank numbers are a result of transferring the data from the spreadsheets previously used to track Resolution issues into the current database. We determined the numbers were invalid because they did not have the correct number of digits. However, we cannot be certain that all of the other identification numbers (IDs) are valid because advisors manually entered many of them.

There were 19,548 unique applicant IDs in JIRA with the correct number of digits. We attempted to verify the validity of these applicant IDs by comparing the applicant name for that ID in JIRA to the name in eGrants (the system that contains detailed applicant information). However, the applicant name field was not populated in JIRA for 72% of the records we reviewed.

It is important to have accurate data on the number of applicants, because it will allow management to track the number of people moving in and out of Resolution.

Recommendation 3: OCD should require ICF to ensure that the data to determine the number of applicants in Resolution is available and accurate.

Management's Response: OCD agrees with this recommendation.

Recommendation 4: OCD should require ICF to analyze on a monthly basis the number of applicants in Resolution to determine whether there is a decline or increase in the number of applicants seeking resolution.

Management's Response: OCD agrees with this recommendation.

We could not accurately determine the reasons homeowners are in Resolution.

Before tracking all of an applicant's complaints in a single case, Resolution advisors tracked each complaint separately in spreadsheets. If an applicant called in multiple times with the same complaint, a Resolution advisor entered each call into the spreadsheet as a separate issue. Now, instead of tracking each complaint that comes in separately, Resolution has gone to a case management system. Under the case management system, when a Resolution advisor begins working a new case, the advisor should check for duplicate issues for the homeowner and consolidate those issues into one case. However, not all of the separate issues have been consolidated into cases. As a result, some applicants are in the system multiple times. We found that 29% of the applicants we reviewed were in the system multiple times, sometimes for the same issue.

Also, we could not query JIRA to determine all of the issues in a single case. Under the case management system, if a homeowner is in Resolution for multiple issues, the case is only coded to one of those issues. Therefore, we could not obtain an accurate count of the number and type of issues in each case. In addition, 12% of the cases we reviewed did not have an issue category assigned to them. As a result, we could not determine the reason these cases were in Resolution.

It is important for management to have an accurate count of the different issues that lead applicants to Resolution, because it may point to a problem in the program's processes. For example, many of the cases in Resolution deal with applicants disputing their pre-storm value. This may point to a problem with the pre-storm value assessment. If ICF can determine the frequency of issues in Resolution, it may be able to address the process problem, resulting in fewer applicants going to Resolution.

Recommendation 5: OCD should require ICF to ensure that the data to analyze the types of issues in Resolution is available and accurate.

Management's Response: OCD agrees with this recommendation.

Recommendation 6: OCD should require ICF to periodically analyze the types of issues in Resolution. This type of analysis will allow ICF to determine if there is an underlying problem with the whole process and may prevent people from having to go through Resolution.

Management's Response: OCD agrees with this recommendation.

We could not accurately determine how long homeowners were in Resolution. We could not determine how long it took to resolve issues or how long issues have remained unresolved because 23% of the records we reviewed had erroneous or blank dates.

Management needs accurate data on the aging of cases to set time frames for how long it should take to resolve the different types of Resolution issues. While conducting our survey, many of the applicants complained that the Resolution process takes too long. If management sets time frames for completion, then it can hold advisors accountable for the time it takes them to resolve complaints.

Aging information is also needed to monitor ICF's performance in resolving homeowner's complaints. To monitor ICF's performance, OCD set monthly reporting goals for the Resolution process for April, May, and June. According to Amendment 4 of the ICF contract, OCD implemented a performance goal to promote performance in ICF response time on homeowner issues in the Resolution process: for 95% of all issues, ICF has to either resolve the issue within seven business days or contact the homeowner to report on the status of the application within three business days. OCD will enforce a penalty of \$25,000 for each month ICF does not meet this performance measure.

According to OCD staff, they could not determine if ICF met this performance goal for April, because ICF was not collecting this data. As a result, OCD enforced a \$25,000 penalty to ICF for April.

Recommendation 7: OCD should require ICF to ensure that the data to analyze the aging of Resolution cases is available and accurate.

Management's Response: OCD agrees with this recommendation.

Recommendation 8: OCD should require ICF to analyze the aging of cases to determine reasonable time frames for how long it should take to resolve cases. Once OCD and ICF set time frames for resolution, they should continually monitor whether or not cases are being resolved timely.

Management's Response: OCD agrees with this recommendation.

Objective 3: Are Homeowners Satisfied With the Resolution Process?

Based on our sample, homeowners are not satisfied with the Resolution process. We conducted a survey of 30 homeowners to determine their satisfaction with the process (we did not ask survey participants about their satisfaction with the results of the resolution of their case). Seventy-one percent of the applicants we interviewed were not satisfied.

We surveyed 15 applicants who are still in Resolution and 15 who have completed Resolution. Thirteen of the 15 (87%) applicants who are still in Resolution did not think they received sufficient information on where their case is in the process. Twelve of the 15 (80%) applicants who have completed the process did not think they received sufficient information about the status of their case. Exhibit 2 on the following page summarizes our survey results.

Exhibit 2 *Survey of Applicants Who Have Completed or Remain in Resolution			
Question	Response	Number of Respondents	Percentage of Total
Did a Resolution advisor ever contact you regarding your case?	Yes	14	47%
	No	16	53%
In your opinion, did you receive sufficient updates regarding the status of your case, such as whether or not your case is (was) in-progress?	Yes	5	17%
	No	25	83%
In your opinion, did you receive sufficient information regarding how your case was being resolved, such as any additional documentation necessary to complete resolution?	Yes	4	13%
	No	26	87%
**Overall, were you satisfied with the Resolution process?	Yes	8	29%
	No	20	71%
<p>*We surveyed 30 applicants. Fifteen applicants were still in Resolution and 15 had completed Resolution. This table summarizes the results from both groups.</p> <p>**We determined overall satisfaction by asking the applicants to rank their satisfaction on a scale of 1-10, one being the least satisfied and 10 being the most satisfied. Two survey participants did not rank their satisfaction.</p> <p>Source: Prepared by legislative auditor's staff.</p>			

Survey participants also had concerns about the length of time it takes to complete the process. The 15 applicants who are still in Resolution have been in an average of 117 days, ranging from 78 to 204 days. The 15 applicants whose issues have been resolved were resolved in an average of 111 days, ranging from 11 to 220 days. Generally, homeowners who said they were satisfied with the program were in Resolution the least number of days.

APPENDIX A: MANAGEMENT'S RESPONSE



Kathleen Babineaux Blanco
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF COMMUNITY DEVELOPMENT

Jerry Luke LeBlanc
COMMISSIONER OF ADMINISTRATION

July 13, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
Office of Legislative Auditor
State of Louisiana
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The purpose of this letter is to respond to your July 2, 2007 draft of the performance audit on ICF's Resolution process, Audit Control Number 07802208.

OCD agrees with each recommendation discussed in the report, as they pertain to concerns identified by the OCD in the Resolution process and have been discussed on a continual basis with ICF since the development of the Resolution process.

Since late January 2007, the Resolution process has been the subject of several major internal revisions in order to make it more effective and responsive. In fact, that is why the audit began in February but was only recently completed. The OCD has been very active in getting ICF to provide regular reports on applications in resolution, as evidenced by data presented every week in the Pipeline Report. Prior to Audit being completed, the OCD had already assigned a staff person to work closely with ICF in evaluating the aging of applications and to move them out of resolution to closing. Most importantly, also prior to the Audit report, OCD had already negotiated a performance measure pertaining to the Resolution Process, and is now negotiating a new more rigorous performance measure (Performance Measure Number 5) with ICF. This new measure is designed to assure a quick and efficient resolution for each applicant file in the resolution process. The ability of ICF to meet this performance measure requires ICF to provide accurate data to analyze issues and applicants in resolution. With new personnel on board in ICF directing the resolution process, the OCD, as part of its monitoring activities, has already met with the new managing personnel and requested formal written policies and procedures for processing and resolving issues. These procedures are currently being completed and will be used by the OCD for future monitoring of the Resolution process.

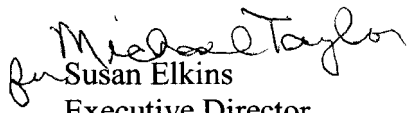
The results of this audit report have been and will continue to be discussed with ICF. As noted in the report, the audit was performed at the request of the OCD to validate our concerns so that appropriate actions can be designed and taken to enhance the Resolution process. We have been working diligently with ICF to make the process more timely and effective. A number of the recommendations in the audit report are underway and all will be required to be implemented,

Mr. Steve J. Theriot, CPA
July 13, 2007
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with future OCD monitoring geared to assuring that the policies and procedures of the Resolution process are followed and are actively being analyzed for improvements.

Should you have any questions, please don't hesitate to contact me.

Sincerely,


for Susan Elkins
Executive Director
Office of Community Development/DRU

SE/MT



Louisiana Legislative Auditor
Performance Audit Division

Checklist for Audit Recommendations

Instructions to Audited Agency: Please check the appropriate box below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

RECOMMENDATION(S)	AGREE	PARTIALLY AGREE	DISAGREE
Recommendation 1: OCD should ensure that ICF implements its plan to develop formal policies and procedures for how advisors should resolve Resolution cases.	X		
Recommendation 2: OCD should ensure that ICF implements its plan to develop a formal QA/QC process to ensure advisors resolve cases consistently and accurately.	X		
Recommendation 3: OCD should require ICF to ensure that the data to determine the number of applicants in Resolution is available and accurate.	X		
Recommendation 4: OCD should require ICF to analyze on a monthly basis the number of applicants in Resolution to determine whether there is a decline or increase in the number of applicants seeking resolution.	X		
Recommendation 5: OCD should require ICF to ensure that the data to analyze the types of issues in Resolution is available and accurate.	X		
Recommendation 6: OCD should require ICF to periodically analyze the types of issues in Resolution. This type of analysis will allow them to determine if there is an underlying problem with the whole process, and may prevent people from having to go through Resolution.	X		

<p>Recommendation 7: OCD should require ICF to ensure that the data to analyze the aging of Resolution cases is available and accurate.</p>	<p>X</p>		
<p>Recommendation 8: OCD should require ICF to analyze the aging of cases to determine reasonable timeframes for how long it should take to resolve cases. Once OCD and ICF set timeframes for resolution, they should continually monitor whether or not cases are being resolved timely.</p>	<p>X</p>		