

INTERNAL AUDIT REPORT NO. 2018-069

OFFICE OF INSPECTOR GENERAL



Audit of the Retirement Call Center

January 3, 2019

EXECUTIVE SUMMARY

In accordance with the Office of Inspector General's fiscal year 2017-18 Internal Audit Annual Plan, we conducted an internal audit of the Division of Retirement's Contact Center (Contact Center). The purpose of this audit was to evaluate the processes and procedures within the Contact Center, to ensure reliable, consistent, and timely customer service. The scope of the engagement included an examination of the Contact Center's policies, procedures, practices, and internal controls during fiscal year 2017-18.

Contact Center management and staff demonstrated the following during the audit:

- Staff have access to comprehensive and evolving training materials as well as training opportunities to enhance their performance.
- Many of the Contact Center's procedures are formally documented and periodically updated.
- After-call wrap-up times consistently meet or exceed the requirements outlined in the Contact Center's performance measures for fiscal year 2017-18 (not exceeding 90 seconds).
- Management recently added Frequently Asked Questions (FAQs) to provide callers with another means of obtaining information and reducing the need to speak with Customer Service Representatives (CSRs) to help reduce the wait times and abandoned calls.
- Contact Center staff use monthly statistics and data from the Contact Center's software system that measure some of the industry's common performance measures.
- Contact Center management periodically provide status reports to the Division of Retirement (division) and the Department of Management Services' (department) management on customer service survey results, calls answered within 100 and 180 seconds, accuracy and professionalism, and abandoned calls.

The Contact Center has been in operation since fiscal year 2014-15. As expected with a new call center operation, there are some activities that may benefit from process improvements. The audit revealed the following areas of process improvements:

- Implementation of a customer complaint resolution function;
- Alignment of employee specific, measurable, achievable, relevant, and time-bound (SMART) expectations with Contact Center key performance measures;
- Development and implementation of Contact Center goals and objectives along with related performance measures;
- Improvements in processes and procedures for measuring performance; and
- Improvements in processes and procedures for obtaining customer feedback.

BACKGROUND

The department's primary mission is to support other state agencies as well as current and former state employees with workforce and business-related functions so that these agencies can focus on their core missions as defined by the law. The department was formed to improve services and reduce administrative overhead. The department focuses on providing effective customer service, achieving agency obligations and lowering the cost of government through innovation and new efficiencies.

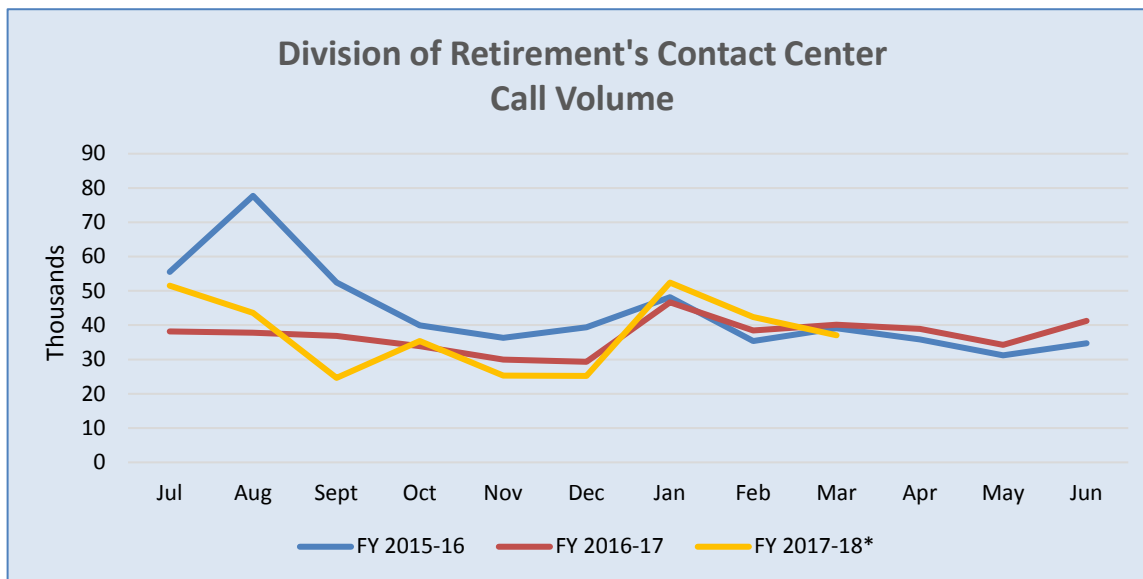
The division is included in the department's workforce functions and is responsible for administering the Florida Retirement System (FRS). The division's responsibilities include enrolling members and agencies in the FRS, collecting and accounting for contributions and payroll data submitted by participating agencies, maintaining members' records throughout their careers and into retirement, calculating benefits, and paying benefits to all retired plan members. As a part of these responsibilities, the division provides customer service to Pension Plan members and agencies. Prior to the division's implementation of the Contact Center, the Bureaus of Enrollment and Contributions, Retirement Calculations, and Benefit Payments were responsible for customer service to plan members and agencies based on each bureau's area of responsibility. Under this process, the division explained that staff increases were needed in order to reduce the unanswered call volume to an acceptable level.

According to the information in the division's Legislative Budget Request (LBR) for fiscal year 2014-15, the top 10 largest state government retirement systems were surveyed regarding their handling of members' call volumes and those retirement systems chose an in-sourced call center as a best business practice. The newest call center was established over nine years ago, and the longest-running call center in this group was established over 21 years ago. FRS was the only retirement system in this group without a call center. The division also noted in the LBR that its research anticipated investment in a call center would result in savings and create opportunities for cost avoidance while improving customer service.

Historically, the 16 customer service representatives in the Bureau of Benefit Payments received over 20,000 calls a month and could not answer between 24% and 40% of them due to the volume of calls and other responsibilities of the call agents. The LBR noted that to reduce the number of unanswered customer calls to an average 15% for this one bureau in the division, it would take an estimated staff of four additional dedicated full-time employees answering calls. The LBR also noted that at an average cost of \$40,000 for salaries & benefits, the annual cost avoided to reach the level of service targeted would equal \$160,000. The LBR projected that a call center, with a staff focused on responding to customer contacts, supported by specially trained management and software tools that can closely monitor customer contact activity, would be able to avoid the additional staff currently needed to reduce the number of unanswered calls. In addition, the efficiencies expected by investing in the Contact Center would result in a staff reduction of one to two positions, saving \$40,000 to \$80,000, beginning in the Contact Center's third to fifth year of operation.

The Contact Center was funded in fiscal year 2014-15 and established in August 2014. The major goals are to provide callers with information about their retirement accounts and assist with related requests, issues, or concerns. At inception, 25 CSR positions were established to answer retirement related calls and these positions were filled with staff from other areas within the division. In addition, other division staff were required to answer calls when the call volume exceeded the Contact Center staffs' capabilities. The Contact Center now employs an average of 31 full-time CSRs and analysts, and between 16 and 33 temporary CSRs, as needed, depending on call volume levels.

Call volumes appear to peak around July and January of each year when information about cost of living adjustments and taxes become available. The chart below depicts the call volumes for fiscal years 2015-16, 2016-17, and 2017-18.



Source: Division of Retirement

*July 2017 through March 2018

The Contact Center uses the Avaya Call Management software system to manage inbound calls, screen callers based on needs, and provide callers with access to FAQs. The system provides real-time call volume monitoring and historical reporting data. The Contact Center also uses Calabrio Workforce Management software to assist management with staff scheduling tasks.

AUDIT OBJECTIVE

The audit focused on the efficiency and effectiveness of the Contact Center's operations. The objective of this audit was to evaluate the processes and procedures in place within the Contact Center to ensure reliable, consistent, and timely customer service. Based on the results of the audit, we have provided conclusions as to the effectiveness of existing procedures and internal controls, and recommendations for process improvements.

SCOPE AND METHODOLOGY

The scope of this engagement included a review of the division's policies, procedures, practices and internal controls related to the Contact Center for fiscal year 2017-18.

Scope Limitation

While the Contact Center is also responsible for handling the division's email, this process was not included within the scope of this audit.

The audit objective was accomplished using the following audit procedures:

- Identifying and reviewing relevant laws, rules, policies and procedures;
- Researching industry and government best practices for contact center operations;
- Interviewing management and staff regarding the Contact Center's practices;
- Analyzing relevant reports and documents; and
- Testing the Contact Center's procedures.

Industry Standards

We reviewed the practices from other state and federal institutions and industry leaders to identify standards for call center operations. Common standards identified include:

- Setting clear goals, expectations, and productivity standards for the call center and for staff;
- Using automated call center answering and call management software;
- Ensuring staff receive and have access to early and ongoing training;
- Developing written procedures and defining processes for call center operations;
- Ensuring staffing levels are appropriate;
- Performing periodic call monitoring to assess staffs' adherence to quality, productivity and customer service standards;
- Using key metrics to measure the success of the call center and to identify areas for improvement;
- Providing senior management with periodic reports depicting the call center's level of success in meeting the organization's goals, expectations, and productivity standards; and
- Collecting customer feedback to assess the quality of service rendered.

The audit was performed in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and with the Office of Inspector General's Internal Audit policies and procedures.

SUMMARY OF FINDINGS

Customer Complaint Resolution

<p style="text-align: center;">Finding 1 Customer Complaint Resolution</p>
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The Contact Center has an informal process to handle customer complaints. When a CSR has a customer, who wants to speak with a manager, or when a customer calls with a complaint, the call is escalated to a team lead, administrator, or bureau chief. However, the Contact Center does not have a documented process to track and facilitate the resolution of customer complaints as required by section

23.30, Florida Statutes¹ (F.S.). Section 23.30, F.S., requires all state departments to “designate an employee or employees in the department who shall be responsible for facilitating the resolution of customer complaints.” Also, each department is required to “employ a system by which customer complaints and resolutions of the complaints are tracked.” The statute also requires that data from this tracking system should be disclosed in annual reports or performance publications and should be used when conducting management and budget planning activities.

More formal complaint receipt, tracking, and resolution processes and procedures will help provide the Contact Center with an effective system to ensure customer complaints are addressed fully, to improve its customer service satisfaction, and to ensure compliance with section 23.30, F.S. During the audit, we noted that the department has initiated and is currently testing a Customer Care System that may address the customer complaint resolution criteria outlined in section 23.30, F.S. According to the department’s Strategic Planning Officer, this system will apply to and be available for all areas within the department including the Contact Center.

We recommend that division management collaborate with the department’s Strategic Planning Officer regarding the implementation of the Customer Care System to address the Contact Center’s needs regarding customer complaint processing and resolutions and to ensure that the Contact Center complies with section 23.30, F.S.

Management Response:

Concur: The Division of Retirement will consult with the department’s Strategic Planning Officer regarding implementation of the department’s Customer Care System for complaint processing and resolution tracking.

Staffing

Finding 2
Alignment of Employee SMART Expectations with Contact Center Key Performance Measures

The use of key performance measures for customer service call centers is common and expected as one of the ways to assess whether a call center is meeting its overall goals and objectives. It is important to choose measures that provide insight into the customer’s experience as well as demonstrate that a call center is meeting management’s expectations. It is also important that employee performance measures such as SMART expectations align with the performance measures that have been outlined for the call center. Ensuring this alignment will also help support the accomplishment of Contact Center goals and objectives. During the audit, we reviewed the Contact Center employees’ SMART expectations and noted that they did not always align with the Contact Center’s performance measures. Specifically, our review noted the following:

¹ Section 23.30, F.S., *Florida Customer Service Standards Act*

- Although first call resolution was identified as a metric to measure effective customer service, none of the employee SMART expectations correlated to first call resolution;
- Although CSRs and team leads answer the majority of calls, they did not have a SMART expectation that correlated with how promptly calls are answered.
- Although the Analyst II-Coach Trainer position does not answer calls, this position has a SMART expectation regarding how promptly calls are answered.
- Although the customer service survey includes statements about CSR performance, management does not use this information in assessing the CSR's performance as the survey results are not tracked by individual CSRs.

An effective performance management system enables managers to evaluate and measure individual performance as it relates to organizational performance. Employee SMART expectations that align with organizational performance measures establishes individual accountability and helps to ensure the accomplishment of the organization's goals and objectives.

We recommend that management evaluate employee SMART expectations to ensure that expectations have been established that correlate to employee functions and tasks. Also, management should ensure that employee SMART expectations align with the Contact Center's performance measures to help ensure the accomplishment of Contact Center goals and objectives.

Management Response:

Concur: Contact Center SMART expectations will be reevaluated based on performance measures developed for new goals and objectives. The division's goals and objectives will be developed after the new Division Director is appointed.

Goals, Objectives, Key Performance Measures and Metrics

Finding 3
Contact Center Goals and Objectives

During the audit, we met with division and Contact Center management to determine the overall goals and objectives for the Contact Center and what key performance measures they identified to assess the achievement of those goals and objectives. We noted that many performance measures are tracked; however, the division has not established and documented specific goals and objectives and the related key performance measures for the Contact Center. To identify the anticipated benefits and basis for establishing the Contact Center, we also reviewed the LBR prepared in fiscal year 2014-15, to support the implementation. We noted the following benefits were highlighted in the LBR:

- Customer service cost savings;
- Customer service cost avoidance;
- Reduction in unanswered calls; and
- Improvement in customer service.

Establishing the goals and objectives for the Contact Center is the first step to determining the appropriate performance measures to track. At a minimum, management should establish goals and objectives and the related performance measures that would track performance in the areas noted in the LBR.

We recommend that division management establish goals and objectives for the Contact Center, including specific performance measures to be tracked and reported for the Contact Center. These goals, objectives, and measures should be communicated to all Contact Center management and staff as well as division and department leadership. **We also recommend** that management consider collaborating with the department's Strategic Planning Officer to address this recommendation.

Management Response:

Concur: Goals and objectives for the Division of Retirement's Contact Center will be developed after the new Division Director is appointed. Performance measures and tracking that align with new goals and objectives will also be developed.

The division will request assistance from the department's Strategic Planning Officer as needed.

Finding 4 Performance Measures Not Tracked

During the audit, we researched and identified common performance measures from four key areas that are used to maximize customer satisfaction and maintain a high performing Contact Center. The table below lists the benchmarks and examples.

Benchmarks	Example of Measurements
Telephone	<ul style="list-style-type: none"> • Time to answer call • Average speed of answer • Abandoned calls
Efficiency	<ul style="list-style-type: none"> • Accuracy of call forecasting • Adherence to work schedule • Call wrap up
Human Resources	<ul style="list-style-type: none"> • Absenteeism • Staff turnover
Service	<ul style="list-style-type: none"> • First call resolution • Customer satisfaction • Aggregate call center performance

During the audit, we also reviewed the activity that the division tracks to measure the Contact Center's performance. We noted that the following measurements were not being tracked:

- Accuracy of call forecasting;
- Staff turnover;

- First call resolution; and
- Aggregate call center performance.

According to industry leaders, call center management should track performance measures that enable management to identify strengths and weaknesses, understand and diagnose performance gaps and triggers, implement actions to improve performance, track and trend performance over time, and establish performance goals for the staff and call center overall. Tracking and reporting appropriate performance measures enables management to evaluate the Contact Center's performance and identify areas requiring improvement.

We recommend that management evaluate the performance measures tracked by the Contact Center to help ensure that the data collected align with the Contact Center goals and objectives. Also, the performance measures should assist management in identifying if the Contact Center is meeting or exceeding the goals and objectives, maximizing customer satisfaction, and maintaining high performance so that corrective action can be taken, if needed.

Management Response:

Concur: Performance measures and tracking that align with new goals and objectives will be developed after the new Division Director is appointed.

<p style="text-align: center;">Finding 5 Procedures for Tracking Performance Measures</p>

During the audit, we reviewed some of the performance measures being tracked by management in the Contact Center and noted that some of the measures are not being tracked in the same method that is used by other call centers. A list of these measures and how they are being tracked are outlined below:

- The Contact Center has two types of unanswered calls; calls abandoned by the caller and calls disconnected by the system (forced disconnect) when the wait time is exceeded by a specific amount of time. In most call center environments, calls abandoned represent unanswered calls. The Contact Center does not include calls that are automatically disconnected in the call abandonment information being reported to management; therefore, management may not have an accurate and complete understanding of the Contact Center's performance in this area.
- Some performance factors are assessed by internal staff through monitoring instead of by direct customer feedback. For example, CSR professionalism and accuracy information is not assessed from customer survey responses since survey responses are not tracked by individual CSRs. Also, first call resolution information is not assessed from customer survey responses since no direct feedback regarding first call resolution is obtained from the customer.
- The results being used to assess customer service performance is based on limited data. For example, the customer service surveys are sent to less than half of the customers and only .5% of the total calls are monitored. Also, call monitoring is only being completed on calls over 10 minutes in length when the majority of calls to the contact center are approximately six minutes in length.

Management and staff will not have an accurate representation of the Contact Center's performance if the procedures for gathering data regarding customer service activity are not compiling data that is consistent, accurate, or complete.

We recommend management review the performance measures and the metrics being tracked to ensure the data being gathered is the information intended to be gathered.

Management Response:

Concur: The division will review all Contact Center performance measures and metrics being tracked to ensure alignment with new goals and objectives developed after a new Division Director is appointed.

The division agrees that the metrics for unanswered (abandoned) calls reported to division management is incomplete. Effective Dec. 2018, the Contact Center will report both types of unanswered calls (callers unable to enter a queue that is at maximum capacity and callers who hang up while in queue).

The division will change the criteria for length of calls to monitor to align with the average length of most calls. The new criteria will be based on call data from the previous fiscal year.

<p style="text-align: center;">Finding 6 Procedures for Communicating, Reporting and Addressing Deficiencies</p>
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During the audit, we reviewed the performance measures and metrics being tracked. We noted that some of the metrics being tracked indicate deficiencies. However, we were unable to determine Contact Center management's process for addressing deficiencies and communicating those deficiencies with Contact Center staff and division management.

Communication of performance measures is important for all levels of the organization. The CSR's performance directly impacts the performance of the operations. Also, division management should be completely aware of how the Contact Center is performing and how management is addressing any issues identified as well as the progress of such remediation.

We recommend the Contact Center and division management develop procedures for communicating, reporting, and addressing deficiencies at all levels of the organization.

Management Response:

Concur: Performance measures that align with new goals and objectives will be developed. The Contact Center's new goals and objectives will be developed after the new Division Director is appointed.

When developing, new performance measures, the division will develop procedures for communicating, reporting, and addressing deficiencies at the Contact Center.

Customer Service Survey**Finding 7**
Survey Content

Industry and government leaders identified customer service surveys as the most effective means to capture customer feedback and determine how a call center is performing. Additionally, their information stated that survey questions should be concise, simply worded, and should cover key topics that drive the customer satisfaction experience and that are related to the organization's goals, objectives, performance measures, and employee expectations.

During the audit, we compared the Contact Center's customer service survey with best practice information and noted that the Contact Center survey did not include the following information:

- Issue resolution during first call;
- The number of calls before speaking with a customer service representative;
- The number of times transferred before the issue is resolved;
- Offer to follow-up if no resolution is identified during call; and
- Suggestions for improvement.

Also, we noted that multiple survey statements appear to cover the same topic. For example, one statement related to customer satisfaction with the service received from the CSR and another statement related to customer satisfaction with the information received from the CSR. Customer satisfaction surveys that solicit accurate feedback provide management with the appropriate information to effectively assess the call center's performance from the customer's perspective.

We recommend that management evaluate the Contact Center's customer satisfaction survey to ensure that it aligns with the division's goals, objectives, performance measures, and employee expectations. Also, **we recommend** that management evaluate the survey to ensure that it provides the feedback management needs to assess the Contact Center's performance.

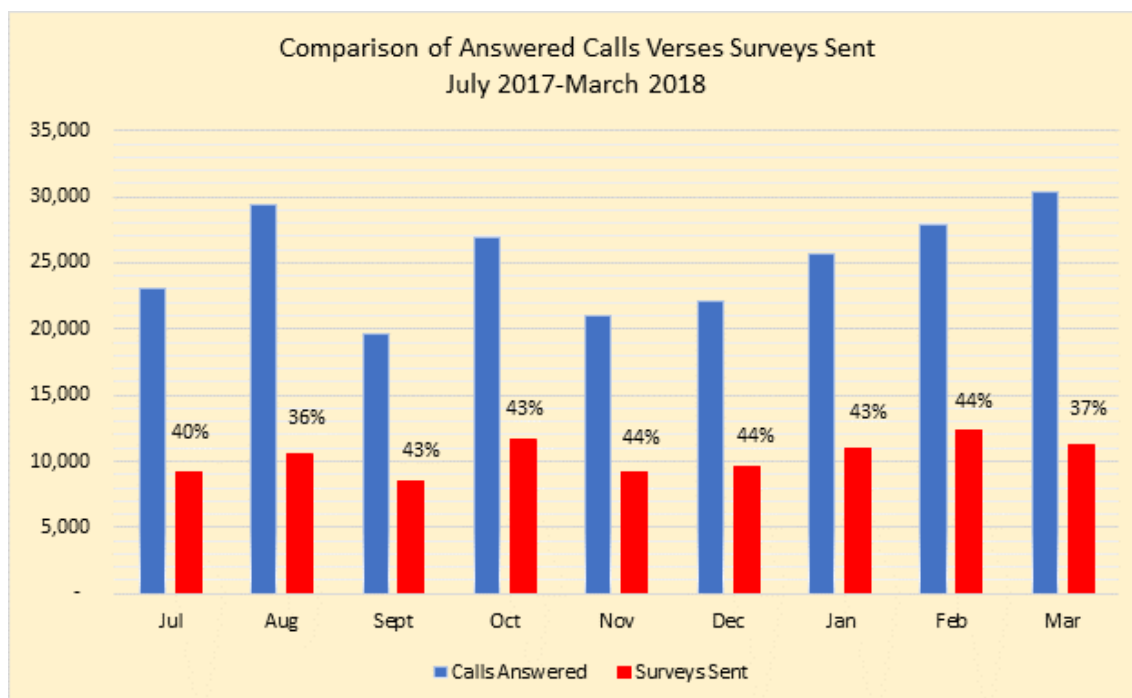
Management Response:

Concur: The division will evaluate the Contact Center's customer satisfaction survey content to ensure it is aligned with the new goals, objectives, performance measures, and employee expectations.

Finding 8
Survey Process

As previously stated, customer service surveys provide direct customer feedback and help determine how a call center is performing. We noted that the CSRs sent surveys to less than 45% of customers as documented in the table below. Although internal procedures state that CSRs are required to send surveys to all callers, they have the ability to choose which callers will receive surveys.

During the audit period, the Contact Center answered a total of 226,141 calls and the CSRs sent a total of 93,124 (41.5%) surveys. The chart below illustrates the number of calls answered and the number of surveys sent.



Source: Division of Retirement

During interviews with division management, we noted that the following types of callers do not receive a survey:

- Employers;
- Survivor section callers;
- Members' representatives, e.g. Attorneys;
- Family members of FRS members;
- Members who do not have email addresses; and
- Callers who receive a callback.

When the number of customer service surveys issued to callers are representative of the number of calls answered, management is more likely to have the information necessary to more effectively evaluate the Contact Center's performance and address areas of concern.

We recommend management develop a methodology that ensures the number of surveys issued are representative of the volume and types of calls.

Management Response:

Concur: The division will review the Contact Center's customer service survey methodology to determine if changes may be implemented within the division's existing budgetary restraints to increase the volume of surveys sent.

Finding 9 Survey Results

Our research of best practices revealed that survey results should be evaluated using responses to all information requested in the survey. We noted that division management only reports the results of statement seven in the FRS Customer Service Survey to department leadership. The table below lists the statements.

Statement Number	Statement
Statement 3	I was satisfied with the amount of time I waited before being assisted by a customer service representative.
Statement 4	The customer service representative treated me in a courteous manner.
Statement 5	The customer service representative responded to all of the questions I asked.
Statement 6	Overall, I was satisfied with the information I received from the customer service representative who assisted me.
Statement 7	Overall, I was satisfied with the service I received from the customer service representative who assisted me.

Also, industry leaders noted that only survey results indicating agreement with a question should be included in the satisfaction calculation rate. We noted that management included neutral responses (neither agree nor disagree) with the responses indicating agreement with the statement when the satisfaction rate was calculated.

The chart below illustrates the differences in the survey results when all relevant statements listed above and only responses indicating agreement with the statements are used to calculate the survey results.

Quarterly Customer Satisfaction Survey Results July 2017 – March 2018											
1 st Quarter			2 nd Quarter			3 rd Quarter			Average		
Statement(s)			Statement(s)			Statement(s)			Statement(s)		
7*	7**	3-7**	7*	7**	3-7**	7*	7**	3-7**	7*	7**	3-7**
97.77%	96.09%	92.36%	98.01%	96.86%	94.89%	97.8%	96.43%	92.27%	97.86%	96.46%	93.17%

* With Neither Agree Nor Disagree Responses

** With Agree Responses Only

When management receives an accurate picture of the Contact Center's customer satisfaction ratings, they can effectively evaluate the Contact Center's performance and address appropriate areas of concern.

We recommend that management calculate and report the survey results using responses from all the questions about customer service to determine an accurate picture of customer satisfaction from the customers' perspectives. **We recommend** that management use only responses that indicate

agreement with the questions when calculating survey results. In addition, **we recommend** that management utilize the data from the survey responses to identify areas of concern.

Management Response:

Concur: The division will review the Contact Center's customer service questions and how the satisfaction rating is calculated. Division management will develop a process to use survey data to identify areas of concern.

ACKNOWLEDGEMENTS

The Office of Inspector General would like to thank department management and staff for their cooperation and assistance during this audit.

Distribution

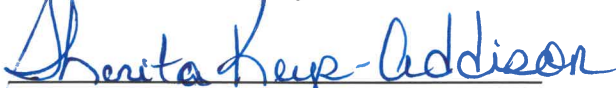
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Statement of Accordance

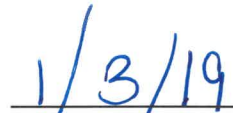
This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General.

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Please address all inquiries regarding this report to the OIG at (850) 488-5285.


Audit Completed by:²

Sherita Keys-Addison, Auditor


Date

Approved by:

Dawn E. Case, Inspector General


Date

² This audit was initiated by former Staff Auditor Marsha Baine, who left her position with the Office of Inspector General on September 9, 2018. The audit was supervised by former Audit Director Yolanda Lockett, who retired from the Office of Inspector General effective October 31, 2018.