

**INTERNAL AUDIT OF
THE COMPLAINT RESOLUTION PROCESSES
AS OF AUGUST 10, 2022**

AT THE

**TEXAS COMMISSION ON THE ARTS
(REPORT NO. TCA 022-001)**



MONDAY RUFUS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS



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Commissioners
Texas Commission On The Arts
Austin, Texas

Dear Commissioners

We have conducted an internal audit (audit) of the Complaint Resolution Processes at the Texas Commission On The Arts (TCA) as of August 10, 2022. Our objectives were to determine the reliability and integrity of information, compliance with policies, procedures, laws, and regulations, efficiency and effectiveness of operating procedures, safeguarding of assets, and achievement of strategic objectives.

The results of our tests disclosed that, generally, the Commission has controls in place to ensure the reliability and integrity of information, compliance with policies, procedures, laws, and regulations, efficiency and effectiveness of operations and programs, safeguarding of assets, and achievement of strategic objectives. However, we observed some opportunities for improving the operations.

The report that accompanies this letter summarizes our comments and recommendations.

We appreciate the courtesy and cooperation shown by the management of the TCA during the course of the audit engagement.

Monday Rufus & Co., P.C.

August 10, 2022
Austin, Texas

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Executive Summary

Texas Commission on the Arts was created by the Texas Legislature in 1965 and operates under the statutory authority of V.T.C.A. Government Code Chapter 444.

The mission of the TCA is to advance our state economically and culturally by investing in a creative Texas. TCA supports a diverse and innovative arts community in Texas, throughout the nation and internationally by providing resources to enhance economic development, arts education, cultural tourism and artist sustainability initiatives.

For fiscal years 2022 and 2023 the General Appropriations Act authorized a budget of \$11,504,338 and \$11,504,338, respectively, with 14 full-time equivalent (FTEs) employees for each year. The TCA's operating budget is prepared and approved by the Commissioners on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

At the time of the audit engagement the TCA had 14 full-time employees.

A nine-member Commission governs the TCA agency. The Commissioners are appointed by the Governor with the advice and consent of the Senate. Members must represent a diverse cross-section of the fields of the arts and be widely known for their professional competence and experience in connection with the arts. At least two members must be residents of a county with a population of less than 50,000. Members of the Commission serve staggered terms of six years. The Chair of the Commission is appointed by the Governor. Commission officers are elected by Commission members and serve at the pleasure of their peers.

The Commissioners appoint an Executive Director who supervises the TCA's activities.

The TCA is divided into two departments reporting directly to the Executive Director: Finance and Programs and Technology.

The Finance Department is responsible for the complaint resolution function for the TCA. The Director of Finance who reports to the Executive Director oversees the complain resolution processes.

The Executive Director is the final authority regarding personnel matters of the Agency, except for actions related to that office.

Summary of Internal Audit Results

The Board has controls in place to ensure the reliability and integrity of information, compliance with rules, policies, procedures, laws, regulations, safeguarding of assets, efficiency and effectiveness of operations and programs, and achievement of strategic objectives. However, the agency can strengthen its procedures by including in its guidelines the processes for logging complaints, documenting resolutions reached, and other available options for resolving complaints. To further ensure efficiency and effectiveness, customers should be made aware of these other options for resolving complaints including appeal processes.

Any insignificant issues noted have been communicated to the management of the Board as required by *Government Auditing Standards*.

Summary of Management's Response

The agency recognizes the benefit to including in its Complaints Policy the process for logging complaints and their outcomes and to providing other available options for resolving complaints. The agency will revisit our Complaints Policy based on the recommendation of this audit report.

Objectives, Results, Recommendations and Management's Response

The primary objectives of the internal audit were:

1. Reliability and Integrity of Information
2. Compliance with Policies, Procedures, Laws, and Regulations
3. Efficiency and Effectiveness of Operating Procedures
4. Safeguarding of Assets
5. Achievement of Strategic Objectives

RESULTS AND RECOMMENDATIONS

Internal Audit Objective 1: Reliability and Integrity of Information.

TCA maintains complaint procedures to ensure that customers are assisted in the most efficient manner possible. All complaints are directed to the Office of the Director. If the complaint cannot be handled over the phone, TCA encourages the customers to put it in writing and assures them that they will have a response within 3 days.

Internal Audit Objective 2: Compliance with Policies, Procedures, Laws, and Regulations.

TCA has policies and procedures for handling complaints, and they are contained in the General Guidelines and Policies.

Internal Audit Objective 3: Efficiency and Effectiveness of Operations and Programs

Complaints can be submitted in person, email, fax, or phone. All complaints are directed to an authorized executive staff member who reviews and shares the information with other executive staff members and other staff as appropriate.

FINDING: Strengthen Complaint Guidelines and Policies

Criteria

Complaint resolution procedures should ensure that customers are assisted in the most efficient manner possible.

Condition

TCA maintains written guidelines and policies for resolving complaints. But these guidelines lack the following critical elements that would be useful in ensuring efficiency and effectiveness:

- There are no written procedures on how to log complaints. Complaints can be made in person, fax, email, or telephone. All complaints are directed to the Director of Finance, but there is no documented process for logging them and resolutions reached.
- There are no documented alternative dispute resolution processes. The complaint overview provided by the TCA indicates the availability of alternative dispute resolution procedures, but there is no documentation internally or on the agency's website of what those procedures are and when they are used.
- There are no documented appeal processes for those who might not agree with the TCA's resolution of their complaints.

Cause

Management did not include these complaint guidelines and procedures as part of the TCA's General Guidelines and Policies.

Effect

When there are no written procedures for logging complaints and documenting resolutions reached, and there is a risk of inconsistent handling of complaints by staff, especially those received over the phone. Additionally, without written documentation and procedures, customers might not be aware of other available options used by the agency to resolve complaints, and staff may not know when to utilize those options.

Recommendation

Management should consider including in its guidelines the processes for logging complaints and documenting resolutions reached, other available options for resolving complaints. To further ensure efficiency and effectiveness, customers should be made aware of these other options for resolving complaints including appeal processes.

Management Response

The agency recognizes the benefit to including in its Complaints Policy the process for logging complaints and their outcomes and to providing other available options for resolving complaints. The agency will revisit our Complaints Policy based on the recommendation of this audit report.

Internal Audit Objective 4: Safeguarding of Assets

Complaints are shared with the executive staff and the appropriate staff members, along with training being provided as deemed necessary.

Internal Audit Objective 5: Achievement of Strategic Objectives

TCA maintains complaint procedures to ensure that customers are assisted in the most efficient manner possible. All complaints are directed to the Office of the Director. If the complaint cannot be handled over the phone, TCA encourages the customers to put it in writing and assures them that they will have a response within 3 days. We noted an opportunity to strengthen the processes established by the agency as stated above.

Appendix 1

Objective and Scope

Objective

The primary objectives of the internal audit were to determine the following:

- *Reliability and Integrity of Information*
- *Compliance with Policies, Procedures, Laws, and Regulations*
- *Efficiency and Effectiveness of Operating Procedures*
- *Safeguarding of Assets*
- *Achievement of Strategic Objectives*

Scope

Our scope was to conduct an internal audit (audit) of the Complaint Resolution Processes at the Texas Commission On the Arts (TCA). Our objectives were to determine the reliability and integrity of information, compliance with policies, procedures, laws, and regulations, efficiency and effectiveness of operating procedures, safeguarding of assets and achievement of strategic objectives.

Methodology

Our procedures included collecting information and documentation, and reviewing operating policies and procedures for adequacy, laws, regulations, if applicable, and review of other pertinent reports and documentation.

Sampling Methodology

Sampling was not considered necessary during the audit. Our primary goal was to review the adequacy of the guidelines and procedures established by the TCA for resolving complaints.

Data Reliability, Completeness, and Sampling Methodology

The internal auditors determined based on information from management only one complaint was received in the in Fiscal Year 2021 and none had been received of as of the end of our fieldwork in fiscal year 2022. As a result, we elected to review the processes for complaint resolution to ensure they are adequately designed. Sampling was not considered necessary during the audit since our primary goal was to review the adequacy of the guidelines and procedures established by the TCA for resolving complaints.

Information collected and reviewed included the following:

- Guidelines and procedures for resolving complaints.
- Responses to auditors' questionnaire

- List of agency's employees responsible for complaint resolution.
- TCA Annual Financial Report for Fiscal Year Ended August 31, 2021
- TCA Website (<https://arts.texas.gov>)
- Agency's Approved Budget for Fiscal Years 2022 and 2023
- Agency Strategic Plan for Fiscal Years 2021-2025

Procedures and tests conducted included the following:

- Obtained an understanding of the processes for receiving and resolving complaints.
- Researched the State Auditor's Office report system for any TCA audit reports issued within the last three years for any pertinent audit findings.
- Reviewed the TCA Annual Financial Report for year ended August 31, 2021
- Inquired regarding legislative changes or potential changes in agency administrative processes which have had or may have an impact on the complaint resolution processes.

Criteria Used included the following:

- TCA Guidelines and Procedures for complaint resolution.
- Overview – Complaint Process.
- Complaint Form and Process for Filing Complaints & Feedback
- Review of other pertinent reports and documents.

Other Information

Our audit was conducted in accordance with *generally accepted government auditing standards*. These standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our internal audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our internal audit objectives. Our internal audit also conforms with the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing*.

Appendix 2

Background Information

Texas Commission on the Arts was created by the Texas Legislature in 1965, and operates under the statutory authority of V.T.C.A. Government Code Chapter 444.

The TCA's Mission

The mission of the TCA is to advance our state economically and culturally by investing in a creative Texas. TCA supports a diverse and innovative arts community in Texas, throughout the nation and internationally by providing resources to enhance economic development, arts education, cultural tourism, and artist sustainability initiatives.

The TCA is guided by the following:

Core values:

- Accountability for public investment
- Efficiency in the delivery of core functions and services
- Effective and accessible programs available to the diverse population and geography of Texas
- Excellent customer service for all constituents
- Transparency in all agency operations

Goals:

1. Building the economy and creative industries
2. Enhancing education through arts and culture
3. Growing cultural tourism opportunities
4. Advancing leadership in arts and culture in the state and nation

To carry out its mission, the TCA has appropriations approval to hire 14 positions. The Commission is composed of nine members appointed by the Governor with the advice and consent of the Senate. Members must represent a diverse cross-section of the fields of the arts and be widely known for their professional competence and experience in connection with the arts. At least two members must be residents of a county with a population of less than 50,000. Members of the Commission serve staggered terms of six years. The Chair of the Commission is appointed by the Governor. Commission officers are elected by Commission members and serve at the pleasure of their peers.

TCA's operating budget is prepared and approved by the Commissioners on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature. The Commission's departments consist of the Executive, Programs & Technology, and Finance. Each department head reports to the Executive Director.

Appendix 3

Report Distribution

As required by Gov't Code 2102.0091 copies of this report should be filed with the following:

Governor's Office of Budget and Planning

Attn: Sarah Hicks

Phone: (512) 463-1778

Budgetandpolicyreports@governor.state.tx.us

Legislative Budget Board

Attn: Christopher Mattsson

Phone: (512) 463-1200

Audit@lbb.state.tx.us

State Auditor's Office

Attn: Internal Audit Coordinator

Phone: (512) 936-9500

iacoordinator@sao.state.tx.us

Texas Commission on the Arts Commissioners

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