



# External Call Center Audit #2023-01 August 23, 2023



From the Director:

Internal Audit has completed its External Call Center Audit at the Employees Retirement System of Texas.

Based on the audit scope areas reviewed, the system of internal controls substantially address significant risks related to operational execution and provide reasonable assurance program objectives will be achieved. Control gap corrections and improvement opportunities were identified, including:

- 1) Improve annual vendor reviews with more performance indicator data. (Significant)

Other matters deemed less significant were communicated to management directly. We thank management and staff of the Customer Benefits division for their courtesy and cooperation extended to us during the engagement.

Sincerely,

**Anthony Chavez, CIA, CGAP, CRMA**  
Director, Internal Audit Division

## ERS Internal Audit Division

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# Objectives and Summary Results

ERS will engage stakeholders for informed decision making.

- ERS Strategic Goal #3

**Audit Objective:** To determine if oversight of the ERS external call center ensures services are in accordance with contractual requirements to meet customer service objectives.

**Overall Results:** Controls are in place to ensure customer service objectives are met, however, improvements are needed over activities to evaluate the effectiveness of initiatives to improve customer service performance. **(Satisfactory)**

SCOPE AREA	SUB-OBJECTIVES		RESULTS/RATING
External Call Center Operations	<ul style="list-style-type: none"> <li>Are controls in place to ensure calls are answered timely?</li> </ul>	Needs Improvement	Controls in place to ensure member inquires addressed accurately and professionally.
	<ul style="list-style-type: none"> <li>Are controls in place to ensure calls are answered accurately?</li> </ul>		Remedies enforced to address timeliness performance issues.
	<ul style="list-style-type: none"> <li>Is performance data accurate and timely?</li> </ul>		Observation 1: Improve annual vendor reviews with more performance indicator data.
Financial Management	<ul style="list-style-type: none"> <li>Are billing hours invoiced accurately?</li> </ul>	Satisfactory	Expenditures and performance assessment accurately processed.
	<ul style="list-style-type: none"> <li>Were performance guarantees accurately assessed?</li> </ul>		(See Appendix A for Control Framework)
Data Privacy	<ul style="list-style-type: none"> <li>Are staff trained and educated to protect confidential customer data in accordance with ERS requirements?</li> <li>Are vendor applicants properly vetted to ensure quality call agents?</li> <li>Is access to ERS IT applications properly granted and monitored for appropriate use?</li> </ul>	Satisfactory	Controls in place to ensure vendor meets the contractual requirements related to data privacy.  (See Appendix A for Control Framework)

## Audit Rating Legend:

**Exemplary** - Effective, sustainable process

**Satisfactory** - Internal controls effective and working as intended

**Needs Improvement** - Internal controls partially effective

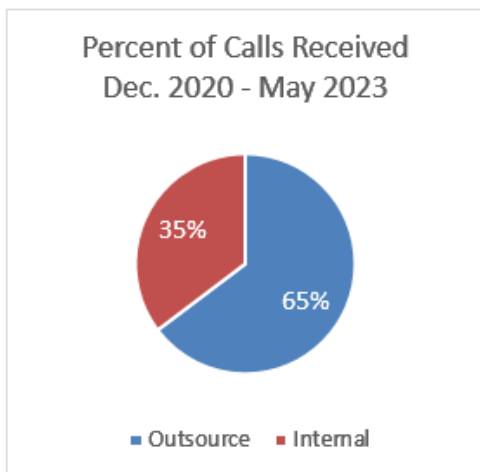
**Unsatisfactory** - Entire control framework in need of repair

# External Call Center Background

ERS has partnered with a vendor to provide a dedicated external call center for select member inquires. All call center operations including hiring, training and quality control are managed by the vendor with ERS oversight. The **primary benefit to outsource external call center services is call agent staffing flexibility**. Due to the inherent volatility of call volume, it is necessary to have the ability to increase/decrease staffing levels quickly to ensure timeliness and productivity. Final external call agent staffing levels are at the vendor’s discretion with input from ERS program management.

The main responsibilities of the external call center are handling non-technical member inquiries, resulting in shorter and more efficient training for new agents due to the less complex nature of the calls they receive.

External Call Center Scorecard	
Contract-to-date Customer Interactions	716,504
Average monthly member interactions	23,883
Contract-to-date expenditures	\$4.13 million
Average monthly expenditures	\$142,366
<i>Both customer interactions and expenditures expected to increase with assignment of additional call type to external call center in May 2023.</i>	

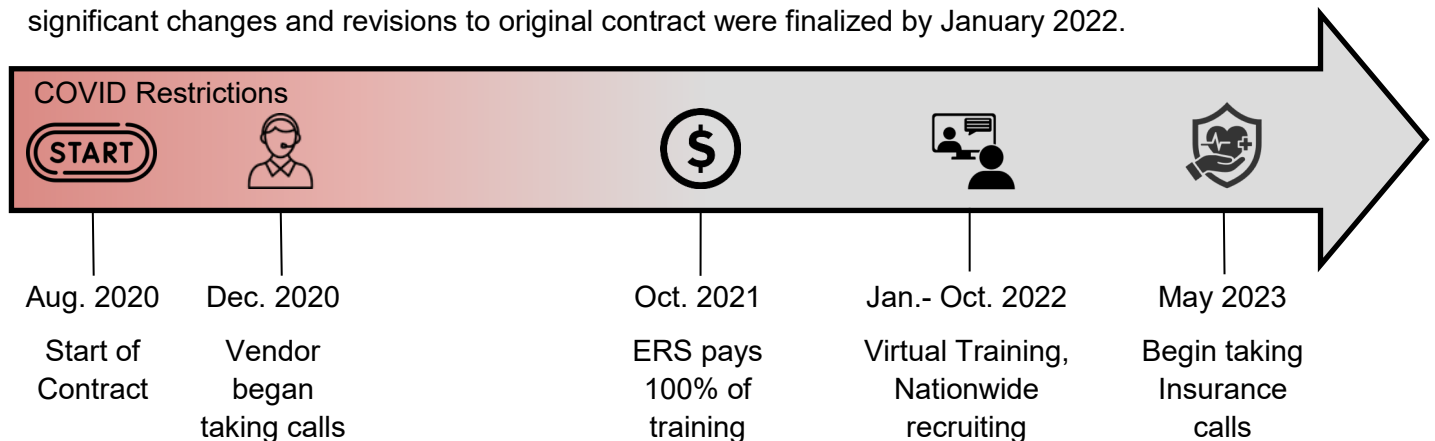


The ERS Call Center is a major function in ensuring members are informed of benefits and processing transactions to ensure those benefits are received. ERS external call center vendor has recently been assigned additional call inquiry responsibilities and expected members interactions are greater than **29,000/month**. External Call Center agents represent ERS to members for calls related to customer service, insurance enrollment (active and retirees), account withdrawals, and recently assigned ongoing insurance questions.

ERS performs daily, weekly and monthly contract monitoring activities to ensure the vendor provides services in accordance with contract requirements (see *Appendix A control framework*).

## CURRENT EXTERNAL CALL CENTER HISTORY

ERS transitioned to the current vendor in the height of the COVID-19 pandemic (December 2020). This significantly impacted the transition and ERS program management coordinated initiatives with the vendor to address hiring, training and retention challenges (See Appendix B for list of key initiatives). All significant changes and revisions to original contract were finalized by January 2022.















## Appendix B: Initiatives Taken by Management

Program management has taken several initiatives to assist the vendor in improving performance over the contract period including:

During COVID-19 restrictions — ERS agreed to work from home permanently

October 2021 — ERS agreed to pay 100% of agent training, regardless of whether they graduated training into production (taking live member calls)

October 2021 — Increased number of days in training

January 2022 — virtual training approved for all future training classes

September 2022 — lowered Service Level to align with industry standards

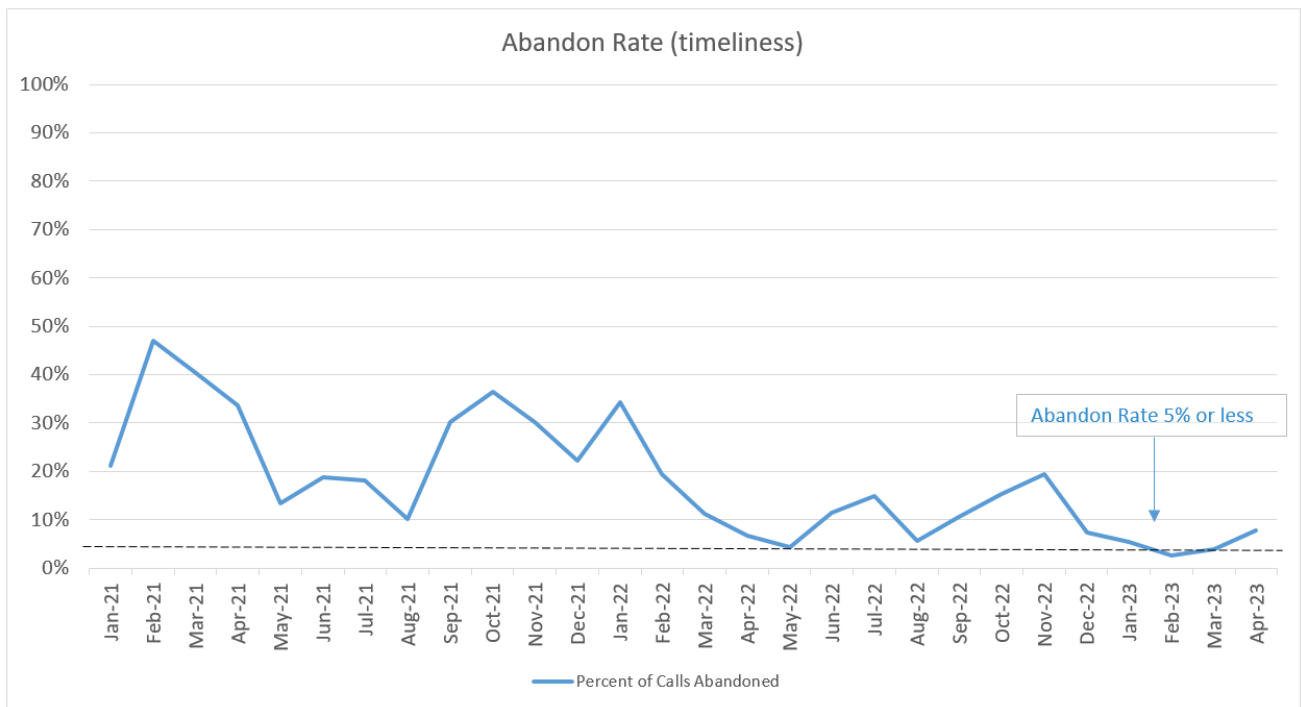
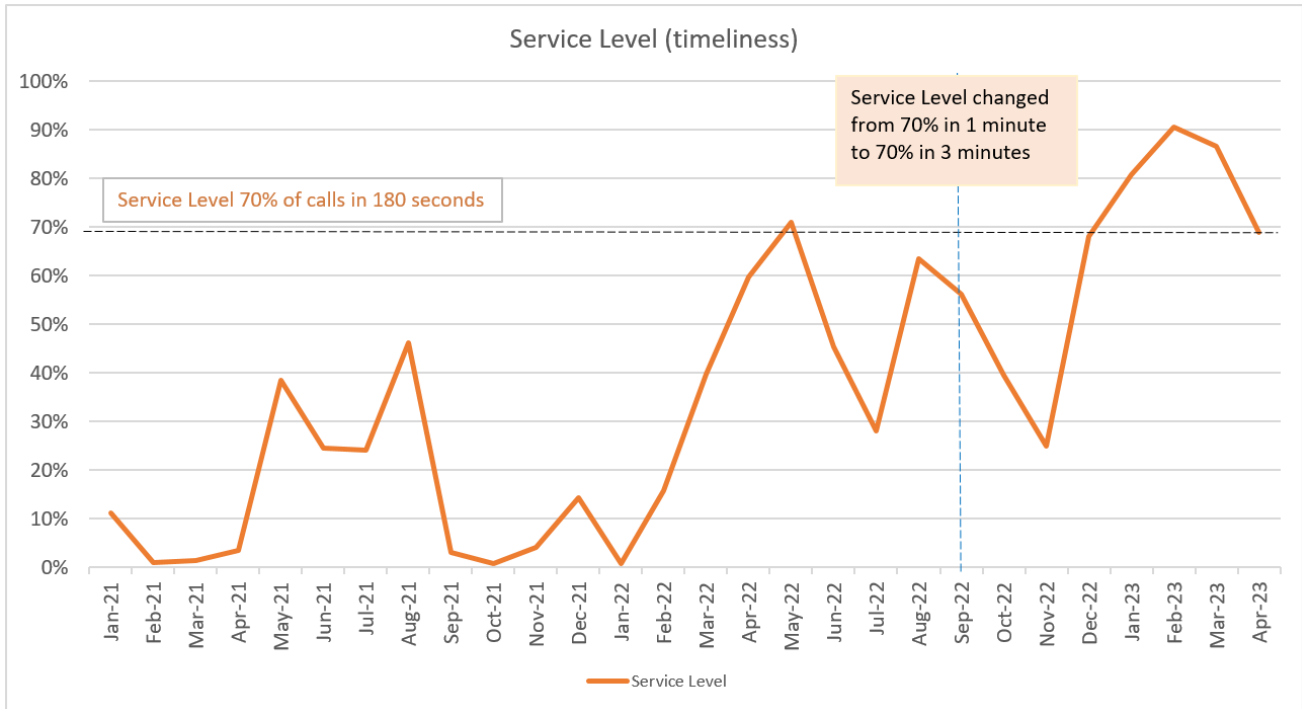
October 2022 — ERS approved nationwide hiring

Adjusted curriculum and allowed access to ERS Online earlier for agents in training

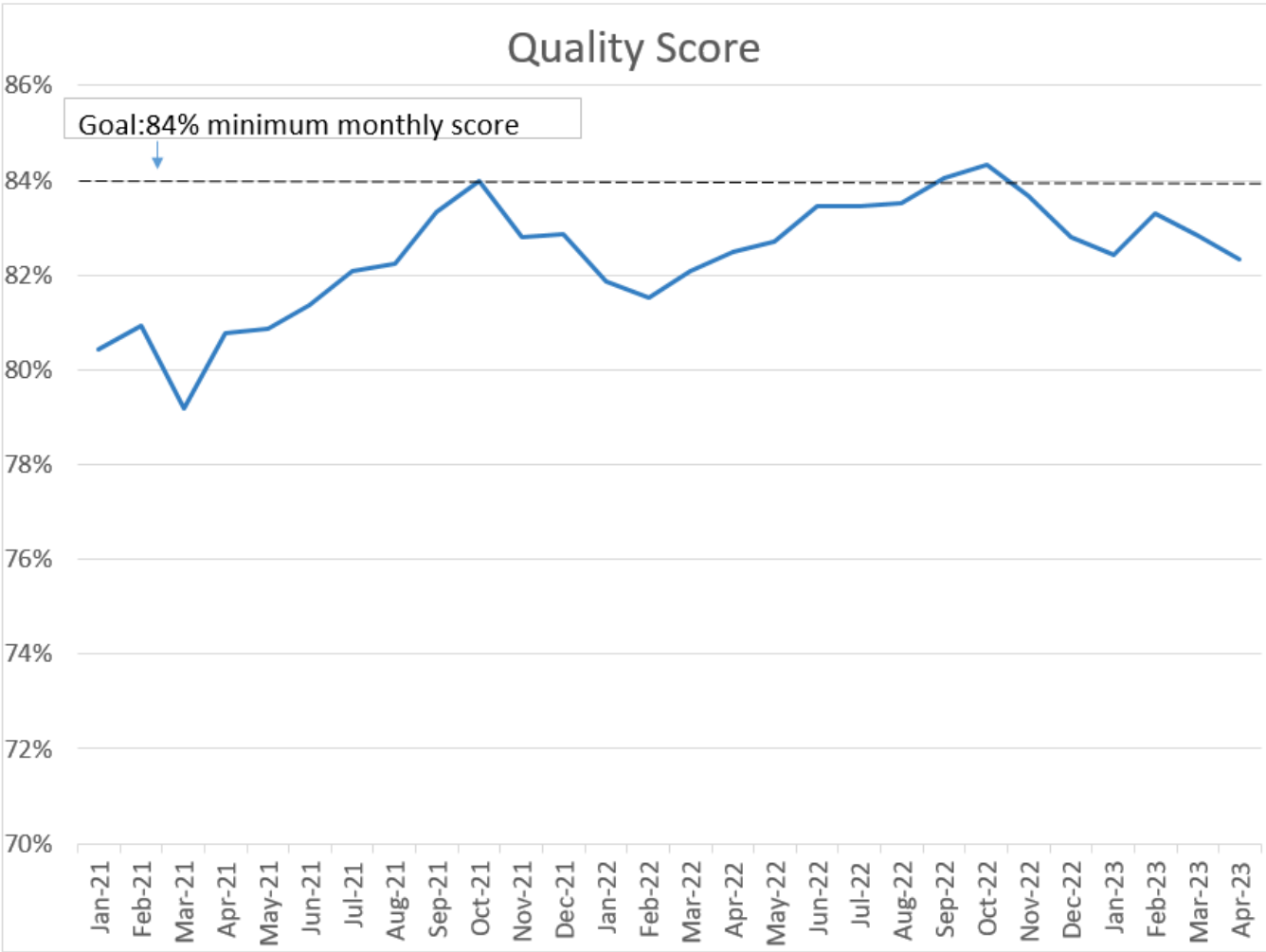
# Appendix C: Performance Guarantees

The contract contains three performance measures by which the vendor is evaluated. When targets are not met, the vendor is assessed a penalty. The performance measures include:

Performance Measure	Description	Goal
Service Level (timeliness)	Percent of calls answered within three minutes	70%
Abandoned Rate (timeliness)	Percent of calls abandoned or not answered by vendor	Not >5%
Quality Score	Monthly average of agent quality review scores	Minimum of 84%

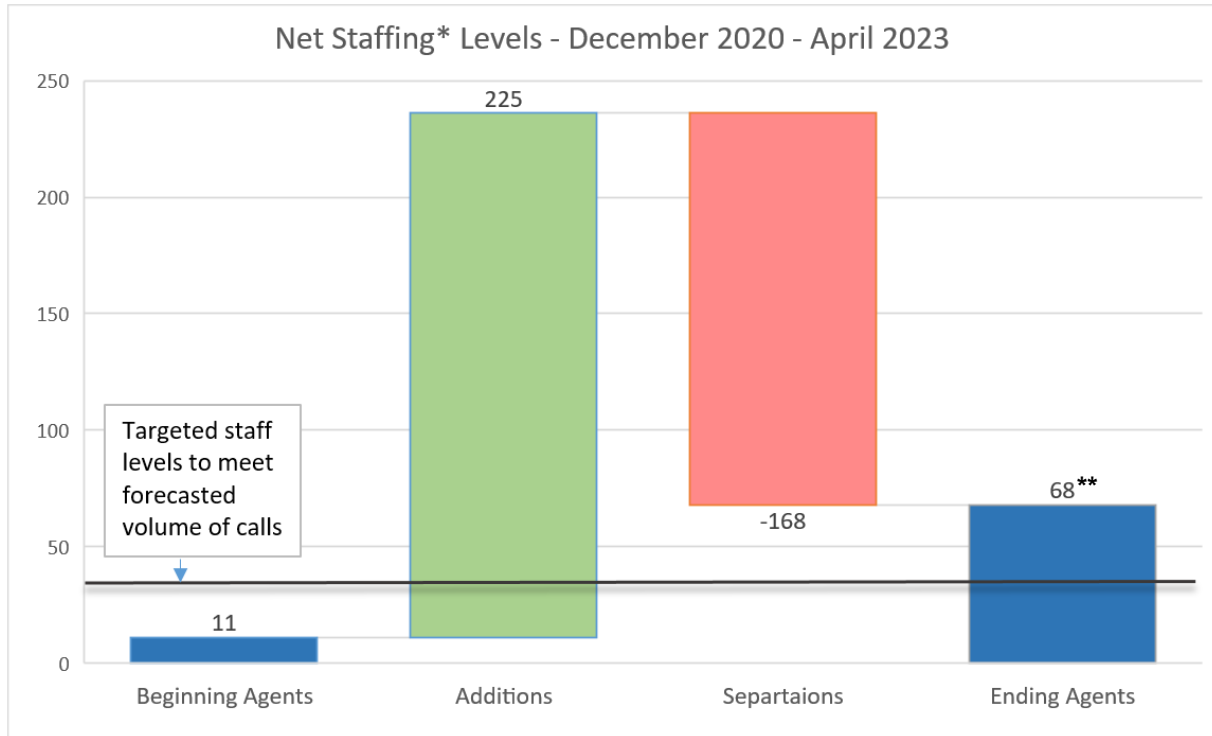


# Appendix C: Performance Guarantees



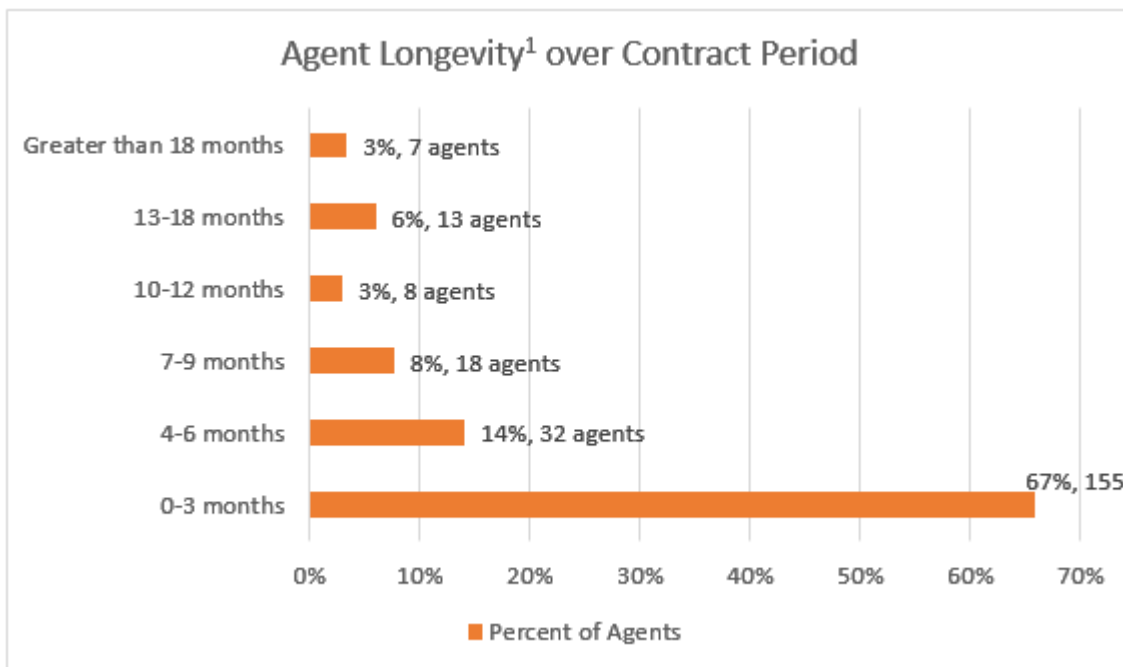
## Appendix D: Example data performance metrics

The following graphs are based on actual data but are included for illustrative purposes only.



\*Agents that graduated training and were placed into live production (receiving member calls)

\*\*68 agents includes 34 agents with currently one to three months of tenure and also includes ramp up of new staffing for new call type responsibilities



<sup>1</sup>Agents that graduated training and placed into live production. New hires separated during training excluded.

# Appendix D: Example data performance metrics:

The following graph is based on actual data but is included for illustrative purposes only.

