



An Audit Report on

# Enforcement Processes at the Board of Plumbing Examiners

- The Board had adequate processes for recording and investigating complaints.
- The Board did not always assess and collect administrative penalties for violations.
- The Board could not provide documentation for missing complaint records.

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The Board of Plumbing Examiners (Board) had processes in place to support the recording, investigation, and resolution of complaints and violations. The Board appropriately prioritized complaints and opened disciplinary cases based on violations identified during complaint investigations. However, the Board did not perform all necessary enforcement activities to assess and collect administrative penalties for violations. In addition, the Board could not provide documentation to explain why complaint records were missing from its enforcement database.

- [Background](#) | p. 3
- [Audit Objective](#) | p. 14

*This audit was conducted in accordance with Texas Government Code, Sections 321.013 and 321.0132.*

## LOW

### COMPLAINT MANAGEMENT

The Board accurately recorded complaints in its enforcement database and obtained the required reviews and approvals.

[Chapter 1 | p. 6](#)

## MEDIUM

### ENFORCEMENT ACTIONS

The Board had processes for assessing and collecting administrative penalties, but it did not consistently follow its processes. As a result, it did not always collect penalties owed.

[Chapter 2 | p. 8](#)

## HIGH

### INFORMATION TECHNOLOGY

The Board lacked documentation for missing complaint records and granted some users excessive permissions to its database.

[Chapter 3 | p. 11](#)

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## Summary of Management's Response

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Auditors made recommendations to address the issues identified during this audit, provided at the end of Chapter 2 and Chapter 3. The Board agreed with the recommendations.

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## Ratings Definitions

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Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

**PRIORITY**: Issues identified present risks or effects that if not addressed could ***critically affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

**HIGH**: Issues identified present risks or effects that if not addressed could ***substantially affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

**MEDIUM**: Issues identified present risks or effects that if not addressed could ***moderately affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

**LOW**: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks ***or*** effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

# Background Information

## Board of Plumbing Examiners

The Board of Plumbing Examiners (Board) is responsible for protecting the public's health and safety by ensuring that plumbing systems are properly designed and installed by qualified individuals. To accomplish its mission, the Board licenses and registers plumbing professionals and enforces compliance with applicable statutory and other regulatory requirements.

As part of its enforcement operations, the Board has a staff of field investigators responsible for investigating complaints and conducting compliance checks at jobsites throughout Texas to identify violations of the Plumbing License Law (Texas Occupations Code, Title 8, Chapter 1301) and Board rules (Texas Administrative Code, Title 22, Part 17, Chapter 367).

The Board receives external complaints from consumers, businesses, plumbing inspectors, and licensed or registered plumbers concerning the installation, repair, or inspection of plumbing. The Board's management and staff may also open internal complaints based on the results of compliance checks, anonymous complaints, or instances in which applicants for licensing or registration provide false information. This report presents the findings from a review of the Board's processes for managing and investigating external complaints.

The Board maintains records of its complaints, investigations, disciplinary actions, and other related enforcement activities in its licensing and enforcement database, Versa Regulation (Versa). See the text box for information on Versa.

### **Versa Database**

Versa is a shared software solution that serves as an integrated licensing, examination, and enforcement computer application and regulatory database used by the Board and other regulatory agencies. The Health Professions Council provides technical support services to state agencies that use Versa.

Source: The Board.

## External Complaint Process

When the Board receives complaints, Board staff review and record specific details of the complaint in Versa. The complaint information is sent to the assigned field investigator. Once the investigation is complete, the field investigator prepares a complaint investigation report, which includes a summary of findings and recommendations, for the Enforcement Committee's review. The Enforcement Committee includes the chief field investigator and two other field investigators. Any recommended disciplinary actions must be approved by the Enforcement Committee. The report may also recommend closing a complaint without disciplinary actions (see text box).

Effective September 2023, the Board's chief field investigator must provide final approval of a field investigator's report before the associated complaint can be closed. Board staff document the approved closure of a complaint in Versa.

### Closing Complaints

The Board may close a complaint without recommending disciplinary actions if it concludes that:

- (1) the Board lacks jurisdiction over the complaint;
- (2) no violation has occurred;
- (3) there is insufficient evidence of a violation; or
- (4) the respondent has voluntarily come into compliance.

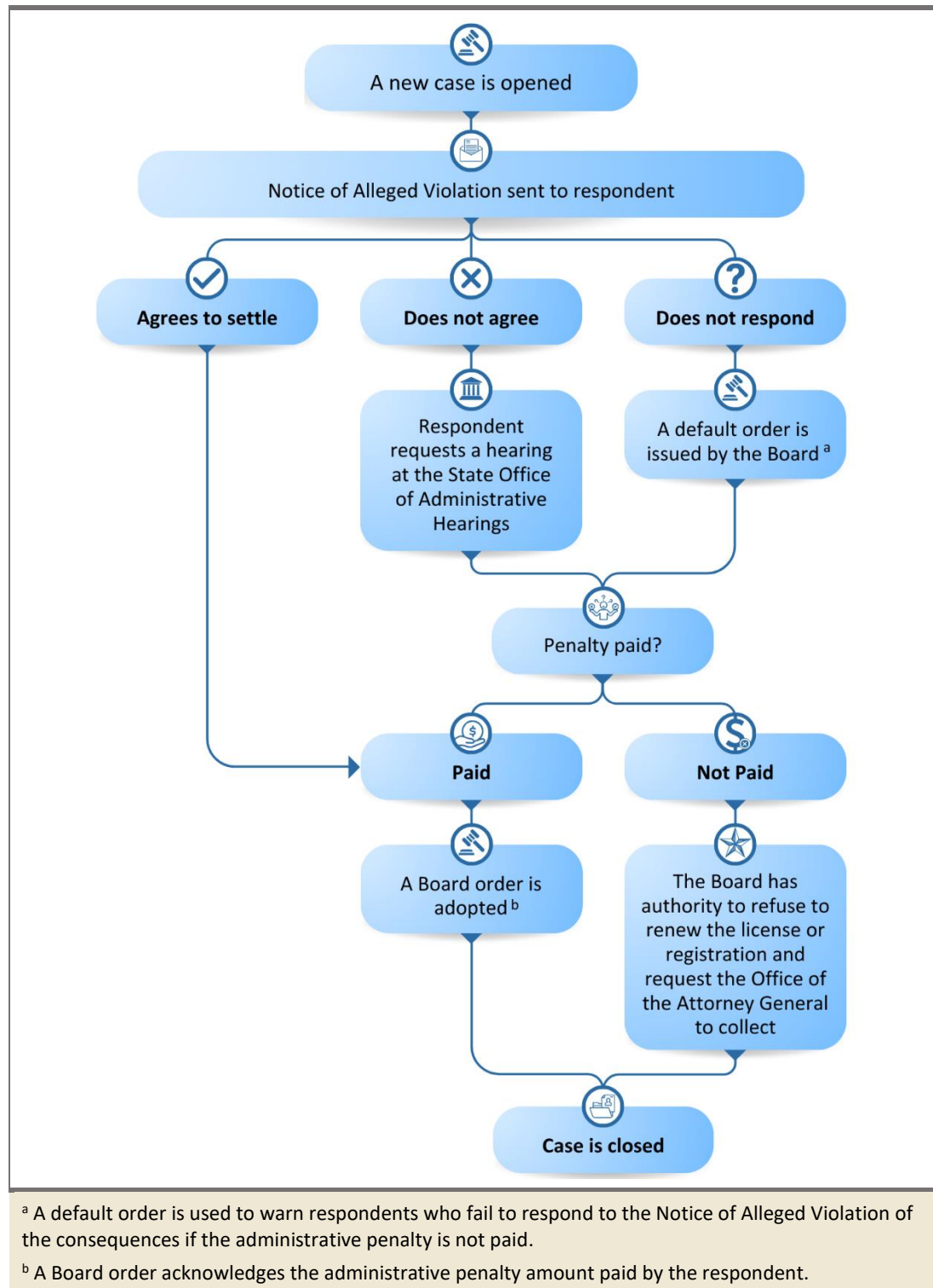
Alternatively, the Board may close a complaint with a warning if: (1) it concludes that a violation may have occurred; (2) the respondent has not received any prior warnings; and (3) the respondent has not committed a previous violation.

Source: Texas Administrative Code, Title 22, Section 367.16(b) and (c).

## Administrative Penalty Process

If a complaint investigation report recommends an administrative penalty, the Board will open a case for assessing and collecting it. The Board issues a Notice of Alleged Violation (Notice) to the respondent of the complaint. The Notice includes a summary of the alleged violation, the amount of the administrative penalty, and a statement regarding the respondent's right to a hearing to dispute the violation and/or administrative penalty before the State Office of Administrative Hearings. The Board's ability to collect an administrative penalty depends on the respondent's response. The Board will close a case when either (1) the respondent satisfactorily responds to the Notice and pays the administrative penalty or (2) the Board has exhausted its options for notifying and collecting an administrative penalty. In the latter instances, the Board will place a hold on a respondent's license or registration that will prevent renewal. Figure 1 on the next page shows the Board's options for closing a case based on whether the respondent agrees, disagrees, or fails to respond to a Notice.

Figure 1

***Administrative Penalty Process***

Source: The Board.



**LOW**

## Chapter 1 Complaint Management

The Board had processes for investigating and closing complaints.

The Board of Plumbing Examiners (Board) had processes in place to support the resolution and investigation of complaints. The Board recorded external complaints in its enforcement database, Versa Regulation (Versa), accurately and in accordance with its policies, procedures, and Board rules. See [Background Information](#) for more information on the complaint processes.

From September 2021 through December 2024, the Board received 1,663 external complaints. For 118 (98 percent) of the 120 (60 open and 60 closed) complaints tested, the complaint details were accurately recorded in Versa. Additionally, the priority number assigned was appropriate for 119 (99 percent) of those 120 complaints (see the text box for information on the priority numbers assigned).

The Board also maintained the official complaint investigation report as required for all 60 closed complaints tested. The Board recommended disciplinary actions for 33 (55 percent) of the 60 closed complaints tested; these complaints were reviewed and approved by the Enforcement Committee as required. In September 2023, the Board's chief field investigator began providing the final approval for recommended disciplinary actions. The chief field investigator reviewed and approved 23 (96 percent) of 24 applicable closed complaints tested.

### Priority Numbers

The Board assigns an investigation priority number from 1 (most serious) to 3 (least serious) to each complaint received. Complaints are investigated in order of priority.

- **Priority 1:** Complaints alleging bodily injury or the imminent threat of harm to the public or to the environment.
- **Priority 2:** Complaints alleging economic damages, but not bodily injury or other imminent threats of harm.
- **Priority 3:** All other complaints.

Source: Texas Administrative Code, Title 22, Section 367.14(d).

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## Management's Response

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The Board agrees that it has processes for investigating and closing complaints. The Board is proud of the quality control it has developed over the years to accurately track and maintain information of approximately 1000 consumer complaints each year. Timely and consistent handling of complaints are the hallmark of proper enforcement processes.



**MEDIUM**

## Chapter 2 Enforcement Actions

The Board had processes for assessing and collecting administrative penalties when appropriate, but it did not consistently complete the required steps. As a result, the Board could not always collect penalties owed. The Board posted information on enforcement actions on its website as required.<sup>1</sup>

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### The Board did not always complete the required processes to assess and collect administrative penalties.

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From September 2021 through December 2024, the Board had 1,747 disciplinary cases (both open and closed) that were opened in response to complaints involving violations, including those that threatened public health or safety or resulted in economic damages.

For 37 (60 percent) of 62 open cases tested, the Board did not perform all necessary enforcement activities. Specifically, the Board did not schedule hearings for 10 cases with the State Office of Administrative Hearings to resolve disputes and finalize administrative penalties, which totaled \$53,500. Additionally, the Board did not pursue collection of \$92,750 in administrative penalties for 27 cases. The Board pursues collections of administrative penalties by either (1) issuing its own default order or (2) sending default orders through the Office of the Attorney General when violators fail to respond to the Board's Notice of Alleged Violation.

For 63 closed cases tested, the Board appropriately:

- Resolved 31 cases without assessing administrative penalties.
- Collected \$43,300 in administrative penalties for 22 cases.
- Prevented licensees with past-due amounts totaling \$35,900 from renewing their licenses or registering with the Board for 10 cases.

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<sup>1</sup> Texas Occupations Code, Section 1301.305(a), requires that the Board make the following information about disciplinary actions easily accessible to the public (through a toll-free telephone number, website, or other means): (1) the identity of the person; (2) the nature of the complaint that was the basis of the disciplinary action; and (3) the disciplinary action taken by the Board.



Board management asserted that its enforcement attorney was responsible for completing the steps necessary for its staff to pursue collections and that it had difficulties staffing that position during the audited period. The enforcement attorney position was vacant 66 percent of the time from September 2021 through December 2024. The position was staffed from September 2021 through November 2021 and then from December 2023 to November 2024. The position became vacant in December 2024 and remained unfilled as of May 2025.

The Board's enforcement authority may be weakened when it does not collect administrative penalties for confirmed violations.

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## Recommendations

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The Board should:

- Follow the necessary processes to assess and enforce collection of administrative penalties.
- Continue to work with the Office of the Attorney General to collect past-due administrative penalties.

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## Management's Response

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The Board agrees to continue to strengthen its processes for the enforcement and collection of administrative penalties. In January 2024, the agency met with the Office of the Attorney General (OAG) to discover the current requirements for submitting administrative penalties to its collections division. The OAG required an additional "second letter" be sent to a delinquent respondent by the agency in advance of referral to the OAG. The agency implemented the "second letter" protocol and began sending a second letter to delinquent respondents as directed by the OAG. The OAG instructed the Board to email the information of delinquent respondents with outstanding penalties to their collections division. The agency has updated its email system to allow encryption to send that information securely. The agency will begin forwarding this information immediately via secure means to the OAG.

Since the audit, the agency also implemented its own internal secondary effort to efficiently address penalties due. The agency has designated our Accountant III position within the Finance Division to contact the delinquent respondent to inform them of the past due penalty and assists them in efficiently receiving payment or putting them on a payment plan which that staff member tracks. This effort has resulted in the collection of \$42,793.

Lastly, the agency relies on an enforcement attorney to prosecute enforcement cases before the State Office of Administrative Hearings. Over the last three years, the agency has substantially expanded its efforts to recruit qualified applicants for the legal department by posting positions at all Texas law schools, recruiting at job fairs, and initiating an internship program. The agency has inquired into posting the open position with the State Bar of Texas, regional bar associations, and LinkedIn; however, the posting services will incur fees for which the agency does not have appropriations. We have in fact left no affordable stone unturned in the pursuit of an enforcement attorney. Despite its expanded efforts, the agency has had difficulty hiring and retaining an enforcement attorney despite offering the maximum salary allotted by the legislature for the position.

The agency has received only two applications for the enforcement position. The first stayed one year and left for a higher paying position. The second applicant was offered the position and declined because it did not meet his salary requirements. As a result, the position remains unfilled.

The OAG had previously provided legal services, prosecutorial services and general counsel services, to the TSBPE without cost to the agency. Enforcement cases were referred to the OAG until 2022. In December 2022, TSBPE was informed that the OAG would not represent TSBPE without compensation. TSPBE was presented with an interagency agreement for the prosecution of six administrative cases for the cost of \$70,000.00, not inclusive of expert witness or travel expenses. This exceeded the appropriations of the agency and did not meet the needs of the agency. As a result, the agency did not pursue the agreement.

The agency will continue its efforts to attract a qualified enforcement attorney. The agency will again attempt to negotiate an agreement with the OAG that will meet the needs of the agency within the available appropriations.

**HIGH**

## Chapter 3

# Information Technology

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### Complaint records were missing from Versa.

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A total of 57 complaint records were missing from Versa during the audit period of September 2021 to December 2024, based on gaps in the sequential numbering of the complaints recorded. The Board asserted that the complaint records may have been deleted because they were either duplicate records or “spare” records that were not used.<sup>2</sup> However, the Board could not provide documentation to support that assertion.

Deleting complaint records compromises the integrity of complaint data in Versa and increases the risk of inadvertently or intentionally preventing documentation and investigation of valid complaints.

Additionally, the Department of Information Resources’ *Security Control Standards Catalog*, version 2.1, requires state agencies to establish controls to protect information and activity logging tools from unauthorized access, modification, and deletion.

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### Some Board staff were granted excessive permissions to Versa.

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Some active user accounts had permission to change and delete complaint records in Versa, although the users’ job titles and responsibilities did not require that level of access. The users’ excessive permissions prevented separation of duties.

The Department of Information Resources’ *Security Control Standards Catalog*, version 2.1, requires state agencies to establish certain access controls to mitigate the risk of unauthorized data changes and deletion.

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<sup>2</sup> The Board indicated that it created “spare” records in Versa as placeholders for complaints that might be received by mail at the end of a fiscal year. This practice was intended to ensure that all complaints received were recorded in the correct fiscal quarter.

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## Recommendations

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The Board should:

- Establish a process to authorize and track deletion of complaint records from Versa.
- Review user accounts' access rights to Versa and verify that permissions appropriately align with staff job titles and responsibilities.

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## Management's Response

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We acknowledge and agree that some sequential complaint numbers were missing from the data provided to the auditors and that some staff have delete permissions. Every September the agency confirms the needed or not needed access and permissions to the Versa database. Versa case numbers are sequentially assigned to 1) consumer complaints and to 2) field investigator contacts made in local jurisdictions to conduct license checks, permits, and installations also referred to as "job site complaints." There is no way in Versa to prevent a consumer complaint and a job site complaint number from being assigned a number from the available sequential pool of numbers.

The agency has established procedures to document and flag complaints that are entered in error— such as duplicate submissions of the same issue. During the audit period, 32 such error complaints were identified and the established procedure followed. These were not deleted; rather, they were noted as erroneous entries. Management will ensure that all staff are clearly trained in this process and appropriate use.

Only the Director of Enforcement, the Enforcement Manager and the Executive Director had permissions to delete records. The Executive Director did not use the permissions to delete and therefore no longer has the ability to delete any record. However, in the future, any necessary deletions of J type complaints will be documented by the Enforcement Manager to ensure consistency and accountability. All types of complaint numbers will be tracked by the Enforcement

manager to ensure deletion or entered in error closures are sufficiently documented.

While the Board agrees to strengthen its internal procedures, it maintains full confidence in the integrity and professionalism of its staff in processing and tracking complaints accurately.



## Appendix 1

### Objective, Scope, and Methodology

#### Objective

The objective of this audit was to determine whether the Board of Plumbing Examiners (Board) has enforcement processes and related controls to ensure that it resolves complaints and violations in accordance with applicable requirements.

#### Scope

The scope of this audit covered the Board's enforcement processes and related controls for external complaints received and actions taken from September 1, 2021, through December 31, 2024. The scope also included a review of significant internal control components related to the Board's enforcement processes.

#### The following members of the State Auditor's staff performed the audit:



- Bianca F. Pineda, CIA, CFE, CGAP (Project Manager)
- Thanh Le (Assistant Project Manager)
- Michael Bennett
- Lindsay Escalante
- Joseph Kozak, CPA, CISA
- Minh Nguyen
- Josh Tsao
- Sarah Puerto, CIA, CISA, CFE (Quality Control Reviewer)
- Willie Hicks, CIA, CISA, MBA, CGAP (Audit Manager)

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## Methodology

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We conducted this performance audit from October 2024 through May 2025 in accordance with generally accepted government auditing standards. Those 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Board management for consideration.

### Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed and conducted walkthroughs with Board management and staff to gain an understanding of processes and controls related to complaints and enforcement actions.
- Analyzed complaint data in Versa Regulation (Versa), the Board’s enforcement database, to determine how long complaints and cases remained open as well as the average time required to resolve them, and to verify that all complaint records were recorded in Versa.
- Reviewed complaint and case records.
- Identified the relevant criteria:
  - Texas Occupations Code, Title 8, Chapter 1301.
  - Texas Administrative Code, Title 22, Part 17, Chapter 367.
  - Department of Information Resources’ *Security Control Standards Catalog*, version 2.1.
  - Board policies and procedures.
- Tested user access to Versa.



Samples Tested

Auditors tested nonstatistical samples to determine whether the Board processed external complaints and cases in accordance with applicable statutory requirements and Board policies. The following tests were performed for the audit period from September 1, 2021, through December 31, 2024:

- Tested samples of open and closed complaints to determine whether external complaints were processed, investigated, and resolved in accordance with applicable requirements.
- Tested samples of open and closed cases to determine whether administrative penalties and other disciplinary actions for complaints with violations were reviewed, enforced, and approved, and whether the cases were appropriately closed in accordance with applicable requirements.

Figure 2 provides details about the populations and samples selected for the testing described above.

Figure 2

Populations and Samples Selected			
Description	Population	Sample size	Methodology
Open Complaints	240	60	Nonstatistical random <sup>a</sup>
Closed Complaints	1,423	60	Nonstatistical random <sup>a</sup>
Open Cases	190	60 random, 2 targeted	Combination of sampling techniques <sup>b</sup>
Closed Cases	1,557	60 random, 3 targeted	Combination of sampling techniques <sup>b</sup>
<sup>a</sup> Auditors tested nonstatistical random samples of 60 for each population of open and closed complaints. This sample design was chosen so that the sample could be evaluated in the context of the population. The test results may be projected to the population, but the accuracy of the projection cannot be measured.			
<sup>b</sup> Auditors tested nonstatistical random samples of 60 for each population of open and closed cases. In addition, auditors selected two additional open cases and three additional closed cases to address specific risk factors identified in the population. The test results as reported are not representative of the population; therefore, it would not be appropriate to project the test results to the population.			

Data Reliability and Completeness

Auditors determined that the Board’s data population of external complaints and cases obtained from Versa was sufficiently reliable for the purposes of the audit.

To determine the reliability of the datasets used, auditors (1) observed the extraction of the requested data, (2) reviewed data queries and applicable reporting parameters, (3) analyzed the population for reasonableness and completeness, and (4) tested controls over user access to Versa.

### Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.



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The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

## **Office of the Governor**

The Honorable Greg Abbott, Governor

## **Board of Plumbing Examiners**

Members of the Board

Ms. Lisa Hill, Executive Director



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