

An Audit Report on

# Fiscal Year 2001 Performance Measures at 14 Entities

November 2002

SAO No. 03-008



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## Overall Conclusion

Serious deficiencies exist in the methods 12 of the 14 audited entities use to collect, calculate, and report key performance measures. The deficiencies are a combination of inadequate controls over the performance measurement process, entities' not following the definitions of the measures, and entities' not being able to support their results. (See Figure 1 on next page.) These deficiencies compromise the usefulness of the State's performance measure system as a decision-making tool. Decision makers cannot rely on reported results for 53 percent of the audited measures, all of which were key measures, that the 14 entities reported for fiscal year 2001. This is the highest rate of unreliability since the State Auditor's Office began certifying performance measures in 1994. (A measure is reliable if it is certified or certified with qualification; it is unreliable if it is inaccurate or if factors prevent certification.)

## Key Points

### Gaps in Control Processes Continued to Contribute to Inaccurate Results

Inadequacies in entities' performance measures control processes continue to be one of the main causes of inaccurate results. None of the entities had documented processes for all of their audited measures to ensure that employees collected and reported the data consistently and accurately. Many entities do not formally review the calculations to ensure that they are accurate before submitting them into the Automated Budget and Evaluation System of Texas (ABEST). For example, one measure was inaccurate because the entity did not use the correct year's data in its calculation. If this entity's performance measures procedures had required a formal review, it is likely that the error would have been corrected before the results were entered into ABEST.

### Performance Measures

Performance measures are an essential part of the State's strategic planning and performance budgeting system, which combines strategic planning and performance budgeting into the appropriations process. The State Auditor's Office assesses the accuracy of reported performance measures so that the Governor and the Legislature can determine to what extent they can rely on reported performance when making decisions.

Through audit tests, the State Auditor's Office determines the accuracy of the reported results. Each measure audited falls into one of the following categories:

- **Certified.** Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accuracy for collecting and reporting performance data.
- **Certified With Qualification.** Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or results are within +/-5 percent and controls are strong, but source documentation is unavailable.
- **Factors Prevent Certification.** Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the measure result cannot be determined.
- **Inaccurate.** Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in supporting documentation.
- **Not Applicable.** Performance is justifiably not reported.

For more information about performance measures' role in the state budget process—and how entities can use and improve their reported performance—see the *Guide to Performance Measures Management: 2000 Edition* (SAO Report No. 00-318, December 1999).



## Ten of the Entities Did Not Follow the Measure Definition for One or More of the Audited Measures

Ten of the 14 the entities did not calculate one or more of their audited measures according to the definition approved by the Legislative Budget Board. Of the measures we audited at these entities, 65 percent were unreliable for this reason. The most common ways entities deviated from the definition were to exclude required data from or to include extra data in their calculations. Some entities chose not to follow the definition because they believed the measure would be more meaningful if calculated differently. In such cases, the entities should work with the Legislative Budget Board to consider changing the measure definition.

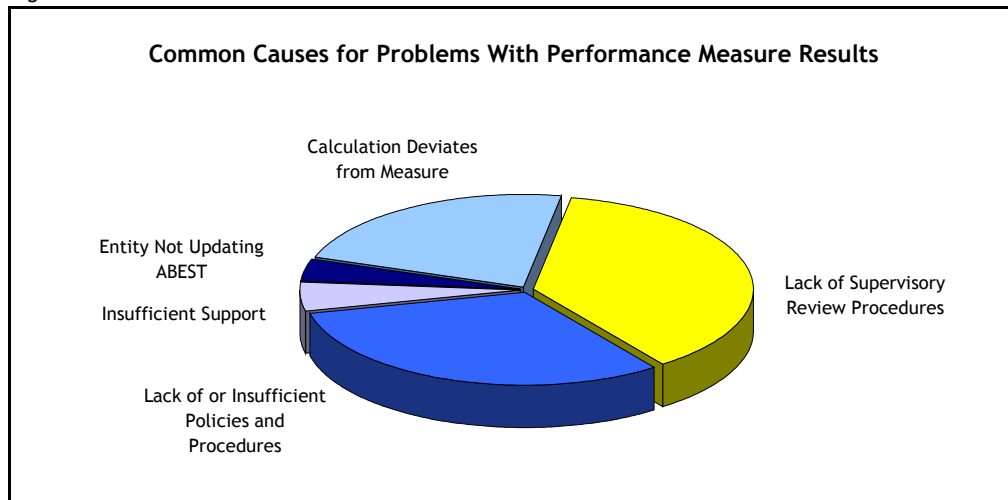
## Several Entities Did Not Have Adequate Support for Their Results

For 13 percent of the audited measures, we were unable to verify the results the entities reported because the entities' supporting documentation was unavailable. In some cases, the entities did not retain supporting documentation. Other entities' supporting documentation was not available because of conversions to new automated systems.

In addition, some entities relied on source documents from third parties, such as contractors, without verifying the data. When an entity relies on data from a third party for a measure, it is not enough for the entity to process the data; the entity must ensure that the source documentation is accurate. Of the 14 audited measures dependent on third party documentation, the results for 10 of the measures were unreliable.

See Tables 2-15 in Appendix 3 for additional information specific to each entity.

Figure 1



## Summary of Management Responses

Management responses indicate that the entities generally agree with the issues and recommendations. The entities' responses are at the ends of the entities' respective chapters.

## **Summary of Information Technology Review**

The 14 audited entities use technology to varying degrees to calculate their performance measure results. We did not note any instances of an automated system introducing errors in the data. However, we did note that issues with general controls (such as inappropriate access to systems, a lack of policies and procedures for operating the systems, and errors in entering data and interpreting the outputs) contributed to inaccurate performance measure results. In addition, two entities were converting from one system to another, which caused problems with their performance measure reporting.

We focused our high-level review of information technology on the 10 entities that were using complex automated systems to process performance measures data. We limited our work to only those systems that support the audited performance measures. Each entity's chapter of the report discusses specific deficiencies, if applicable.

The remaining four entities use a minimal amount of automation to collect and calculate performance measure results.

Extensive reliance on automated systems did not necessarily increase the reliability of reported results. However, entities that use systems extensively can collect and perform complex calculations on large amounts of performance data.

## Summary of Objective, Scope, and Methodology

The primary objective of this audit was to determine the accuracy of key performance measures reported to the Automated Budget and Evaluation System of Texas (ABEST) database. We also reviewed related control systems for adequacy.

Our scope included a review of fiscal year 2001 data for selected performance measures at 12 agencies and 2 medical institutions. We traced performance information to original sources when possible.

Our methodology consisted of selecting entities and key measures to audit, auditing results for accuracy and adherence to the measure definition, evaluating controls over the performance measurement process, and testing samples of source documentation.

Table 1

Table of Results for Fiscal Year 2001						
Entity	Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage <sup>a</sup>	Percentage of Certified Results <sup>b</sup>
Aging, Department on	0	2	2	2	33%	0%
Deaf and Hard of Hearing, Commission for the	0	1	1	2	25%	0%
Economic Development, Texas Department of	0	1	2	2	20%	0%
Employees Retirement System	1	0	0	3	25%	25%
Ethics Commission, Texas	0	0	0	4	0%	0%
Fire Protection, Commission on	0	2	1	1	50%	0%
Housing and Community Affairs, Department of	0	3	0	4	43%	0%
Human Services, Department of	0	5	1	0	83%	0%
Medical Examiners, State Board of	0	2	0	2	50%	0%
Transportation, Department of	0	3	0	1	75%	0%
Workers' Compensation Commission	0	3	0	2	60%	0%
Workforce Commission, Texas	0	2	2	3	29%	0%
The University of Texas Health Science Center at San Antonio	0	3	0	1	75%	0%
The University of Texas Southwestern Medical Center at Dallas	2	2	0	0	100%	50%
<b>Total</b>	<b>3</b>	<b>29</b>	<b>9</b>	<b>27</b>		
<b>Percentage</b>	<b>4%</b>	<b>43%</b>	<b>13%</b>	<b>40%</b>	<b>47%</b>	<b>4%</b>

<sup>a</sup> This column shows the percentage of results certified and certified with qualification.

<sup>b</sup> This column shows only the percentage of results that are certified. We made this change because the percentage of unqualified certifications is one criterion used to determine an entity's eligibility for performance rewards as established in the General Appropriations Act (76th Legislature, Article IX, Sec.9-6.39[d][1][c]).

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Other SAO Products		
Number	Product Name	Release Date
00-318	<i>Guide to Performance Measures Management: 2000 Edition</i> (produced with the Legislative Budget Board and Governor's Office of Budget and Planning)	December 1999





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# Detailed Results

Chapter 1

## Department on Aging

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	2	2	2	33%	0%

Agency No. 340

Outcome Measure

### Percent of Older Population Receiving Services who Are Low-Income

The Department on Aging’s (Department) information system was not able to capture the data required to report the results for this measure. As a result, the Department reported 0 percent in the Automated Budget and Evaluation System of Texas (ABEST). In addition, the Department’s controls are not adequate to ensure that it will accurately report results in the future. Specifically:

**Results: Factors Prevent Certification**  
 Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

- The Department does not have the information it needs to calculate this measure because its Automated Information Manager System (AIM) cannot capture the needed data. See “Information Technology” on page 4 for more information about AIM.
- The Department lacks documentation of reviews to ensure that the data entered into ABEST are accurate and complete.

#### Recommendations

The Department should:

- Ensure that an effective management information system is available for performance reporting. The information system should be capable of producing reports for all aspects of the Department’s core business processes.
- Implement a process of documented reviews to ensure the accuracy of data submitted to ABEST.

## **Percent of Older Population Receiving Services who are Moderately to Severely Impaired**

The Department's information system was not able to capture the data required to report the results for this measure. As a result, the Department reported 0 percent in ABEST. In addition, the Department's controls are not adequate to ensure that it will accurately report results in the future. Specifically:

- The Department does not have the information it needs to calculate this measure because AIM cannot capture the needed data. See "Information Technology" on page 4 for more information about AIM.
- The Department lacks documentation of reviews to ensure that the data entered into ABEST are accurate and complete.

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

### **Recommendations**

The Department should:

- Ensure that an effective management information system is available for performance reporting. The information system should be capable of producing reports for all aspects of the Department's core business processes.
- Implement a process of documented reviews to ensure the accuracy of data submitted to ABEST.

## **TDoA Cost per Home-Delivered Meal**

Eighteen percent of the client assessment forms supporting the reported results were either missing or were for meals delivered outside of the specified dates. The Area Agencies on Aging (AAAs) provided these forms to the Department. As a result, the AAAs inaccurately reported to the Department the cost per home-delivered meal.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendations**

The Department should:

- Require the AAAs to maintain summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.

- Ensure that each AAA reviews its vendors and fiscal activities on a regular and systematic basis.

*Efficiency Measure*

**TDoA Cost per One-Way Trip**

Thirty-three percent of the files supporting the results for this measure contained the wrong rate for transportation services. The AAAs were paying their transportation vendors an outdated rate for services rather than the amended, contracted dollar amount. As a result, the AAAs inaccurately reported to the Department the cost per one-way trip.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

**Recommendations**

The Department should:

- Ensure that the AAAs pay vendors the contracted dollar rate.
- Ensure that each AAA reviews its vendors and fiscal activities on a regular and systematic basis.

*Outcome Measure*

**Percent of Older Population Receiving Services who Remained Independent Due to Services**

The Department's reported results for this measure appear accurate. However, problems with the survey the Department uses to find out whether service recipients remain independent prevent the assurance of continued accuracy. Specifically:

- The Department's method for selecting which recipients to survey does not literally meet the measure definition's requirement to statistically represent the population. The Department surveys people who receive services in three separate months, but the Department does not randomly select the months. This practice does not ensure that each member of the population has an equal chance of being selected. (The Department does not randomly select the months because the nature of the population surveyed calls for the surveys to be administered soon after service is delivered.)
- The measure definition does not specify which of the nine services in the goal for this measure should be included in the measure results. For fiscal year 2001, the Department surveyed only select recipients of the three most common services. In the past, the Department included other services, but doing so did not necessarily increase the validity of the survey.

**Results: Certified With Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendations

The Department should:

- Randomly select, at the beginning of the fiscal year, the three months its survey will cover. It should then conduct the survey at the end of each of the selected months.
- Work with the Legislative Budget Board to clarify the definition for this measure. If the Department continues to survey the recipients of a limited number of services, it should increase its sample size. This is especially important when a specific margin of error is used to calculate the sample size.

*Efficiency Measure*

### **USDA Reimbursement Rate per Meal**

The Department's reported results for this measure appear accurate; however, its controls are not adequate to ensure continued accuracy. Weaknesses include the following:

- There is no evidence that the Department reviews data before submitting it to ABEST.
- The Department has one individual collecting, entering, and approving ABEST data.

**Results: Certified With Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendations

The Department should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Review performance data prior to submitting it to ABEST.

## **Information Technology**

There is a significant control weakness in the Department's AIM system. In fiscal year 2001, the Department invested a total of \$344,702 to acquire and correct flaws in AIM. The expectation was that AIM would allow the Department, the AAAs, and the direct service providers to track clients, the services provided, and the clients' progress. However, it is not capable of capturing the required performance measure data. To date, the Department cannot use AIM to determine the Department's performance or progress made in fiscal year 2001. As a result, the Department is now using an Access database rather than AIM. Our recommendations for this information technology issue are included with the recommendations for the first two measures (see page 1).



## Texas Department on Aging

Executive Director  
*Mary Sapp*

### Texas Board on Aging

Thomas E. Oliver, Chairman

*Baytown*

Ronald A. Brandon, Ph.D.

*Georgetown*

Richard A. Braun

*Midland*

Miriam A. Burton

*Montgomery*

Ben E. Dickerson, Ph.D.

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Teddy L. Mitchell, M.D.

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*Houston*

October 4, 2002

Pamela Ross, Senior Auditor  
State Auditor's Office  
1501 N. Congress Avenue, MS 4.325A  
Austin, Texas 78701

Dear Ms. Ross:

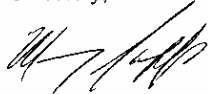
The Department has reviewed the performance measures audit summary document and concurs with your recommendations. The Department has continued its efforts to improve its ability to report accurately and completely. We offer the following in response to your recommendations:

- The Department concurs that an effective management information system that is capable of producing reports for all aspects of the Department's core business processes is vital. As discussed with the state auditor staff while on-site, the Department had identified reporting weaknesses with the information management system in place during fiscal year 2001, and had initiated corrective action to resolve those reporting weaknesses. **We are pleased to report this weakness has been corrected for fiscal year 2002 reporting, and the current information management system collects all necessary information to meet our reporting requirements.**
- Internal review before submitting performance information to the Legislative Budget Board (LBB) has always been a standard TDoA operating practice. In the future the Department will maintain signed and dated review acknowledgements as supporting documentation of this review.
- The Department regularly conducts performance measure testing modeled after the process used by the State Auditor's Office. We will continue our efforts to ensure summary and source documentation is maintained and area agencies on aging pay subcontractors and vendors rates in accordance with their contract or vendor agreement. We also require area agencies on aging conduct fiscal and programmatic reviews of their subcontracted providers on a regular and systematic basis.

- The Department will work with the LBB to clarify the definition for the measure *Percent of Older Population Receiving Services who Remained Independent due to Services*.

We would like to thank the staff that assisted in the completion of our performance measures audit. The staff who worked on-site, as well as the audit managers were professional, courteous and offered recommendations that will improve our reporting process. Should you have any questions or require any additional information, please contact me at (512) 424-6841.

Sincerely,



Mary Sapp  
Executive Director



## Commission for the Deaf and Hard of Hearing

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	1	1	2	25%	0%

Agency No. 335

Outcome Measure

### Percent Increase in the Number of Individuals Who are Deaf and Hard of Hearing Receiving Communication Access Services

The Commission for the Deaf and Hard of Hearing (Commission) does not maintain adequate documentation to support the performance result reported in ABEST, and its controls are not adequate to ensure that future results will be reported accurately. Specifically:

- The Commission did not maintain summary and source documents, such as e-mails or other written evidence of services it provided, for fiscal year 2001. Without these documents, we could not verify the reported increase.
- The Commission lacked a review process to ensure that data entered into ABEST was accurate and complete.
- At the time of the audit the Commission did not have documented policies and procedures covering the collecting, gathering, and reporting of ABEST data.

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

#### Recommendations

The Commission should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Implement a review process to ensure the accuracy of data submitted to ABEST.

Efficiency Measure

### Average Cost Per Contract

The Commission did not include in its calculation all bills received and payments made in fiscal year 2001. At the close of the fiscal year, the Commission had outstanding bills and payments. The Commission did not recalculate the measure and update the reported results after it received and paid all its bills.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

The variance is 11 percent between the performance result the Commission reported in ABEST and the result re-created by the auditor using the Commission's summary documentation.

### **Recommendation**

If the Commission receives bills and makes payments that affect the previously reported performance results, the Commission should amend the results to reflect all payments made.

*Efficiency Measure*

### ***Average Cost Per Camper***

The Commission estimated the amount of one bill included in its calculation because the Commission had not received the invoice as of August 31, 2001. When the Commission received the invoice, it did not recalculate the Average Cost Per Camper.

Using an estimated invoice amount caused the Commission to overstate the Average Cost Per Camper by 22 percent.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

If the Commission receives invoices or makes payments that affect previously reported performance results, it should recalculate the results and amend ABEST.

*Efficiency Measure*

### ***Average Time for Complaint Resolution***

The reported performance for this measure appears accurate, but its controls are not adequate to ensure continued accuracy. We noted the following:

- The Commission lacks documented policies and procedures covering the collecting, gathering, and reporting of performance results.
- The Commission collects data for this measure manually. Without written policies and procedures, staff members do not have a documented reference for guidance when making decisions. Over time, spoken instructions are likely to become inconsistent.
- There is no documented evidence that the Commission reviews data before submitting the data into ABEST.

**Results: Certified with Qualification**

Reported performance is within +/- 5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## **Recommendations**

The Commission should:

- Develop written policies and procedures to provide guidance and consistency.
- Review performance data before submitting it into ABEST.

## ***Information Technology***

The Commission's general and application controls do not always ensure that information in its systems is accurate, complete, and protected.

The Commission does not maintain records of employee user rights and access. To ensure the security of systems, such records are necessary for tracking and managing access to systems. Because this data resides on another state agency system, the Commission must e-mail the agency to obtain access or change user rights. The Commission does not keep records of the requests and responses.

The Commission maintains its financial information in a budget-tracking application on a stand-alone computer. There are no general or application controls specific to this application. The Commission does not have documentation related to changes, data verification, or a business continuity plan. Another state agency makes all financial entries in USAS for the Commission through another system. Commission decisions are based on the information in the stand-alone computer. The Commission reconciles the two systems only if it identifies an error.

## **Recommendations**

The Commission should:

- Determine who has access to its systems and ensure that only authorized personnel have access.
- Maintain records of employee user rights and access assigned to employees.
- Assess the value of the financial data maintained in the stand-alone system, assess the level of accuracy or reliability required of this stand-alone system, and periodically reconcile the two systems based on the outcomes of the assessment. The reconciliation should be retained as an audit trail.

## Commission for the Deaf and Hard of Hearing's Response



### TEXAS COMMISSION FOR THE DEAF AND HARD OF HEARING

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September 3, 2002

Susan R. Phillips  
Senior Auditor  
State Auditor's Office  
P.O. Box 12067  
Austin, TX 78711-2067

Dear Ms. Phillips:

Enclosed is our response to the findings of the measures audit for the Texas Commission for the Deaf and Hard of Hearing as reported by the State Auditor's Office. We appreciate the opportunity to work with you and your staff to gain knowledge of measures reporting.

If there are any questions or additional information is needed, contact Margaret Susman.

Sincerely,

David W. Myers  
Executive Director

Enclosure

**Percent Increase in the Number of Individuals who are Deaf and Hard of Hearing Receiving Communication Access Services**

**Recommendations**

The Commission should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Implement a review process to ensure the accuracy of data submitted to ABEST.

**Response**

The Commission agrees with these recommendations. The Commission, in FY 2002, began requesting measure related information from contractors as part of their reporting requirements. These report documents are retained in accord with the Commission's records retention schedule. The Commission has maintained a review process for many years. However, the process was not documented. The Commission will begin to document its reviews.

**Average Cost per Contract**

**Recommendation**

If the Commission receives bills and makes payments that affect the previously reported performance results, the Commission should amend the results to reflect all payments made.

**Response**

The Commission agrees this recommendation and will comply.

**Average Cost per Camper**

**Recommendation**

If the Commission receives invoices or makes payments that affect previously reported performance results, it should recalculate the results and amend ABEST.

**Response**

The Commission agrees this recommendation and will comply.

### **Average Time for Complaint Resolution**

#### **Recommendations**

The Commission should:

- Develop written policies and procedures to provide guidance and consistency.
- Review performance data before submitting it into ABEST.

#### **Response**

The Commission agrees this recommendation and will comply.

### **Information Technology**

#### **Recommendations**

The Commission should:

- Determine who has access to its systems and ensure that only authorized personnel have access.
- Maintain records of employee user rights and access assigned to employees.
- Assess the value of the financial data maintained in the stand-alone system, assess the level of accuracy or reliability required of this stand-alone system, and periodically reconcile the two systems based on the outcomes of the assessment. The reconciliation should be retained as an audit trail.

#### **Response**

The Commission basically agrees with these recommendations. The Commission's reporting system is merely a computerized system to replace measure data collection via paper documentation to the ABEST data entry personnel. The Commission does not agree that user rights must be assigned beyond what has already been established, since the reporting system identifies the individual entering the information.

The stand-alone system was designed to provide more timely budget information to the Commission than is available from the Administrative Support Services Contractor who retains the Commission's official files. The stand-alone system is used to identify errors in the contractor's system which have been rectified and documented in the contractor's official files. In addition, the Commission does not intend to continue use of the stand-alone system, since the contractor's financial system is being replaced by PeopleSoft beginning in FY 2003. Commission staff are expecting to have access to the same information the stand-alone system provided through this new financial system.

## Texas Department of Economic Development

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	1	2	2	20%	0%

Agency No. 480

Outcome Measure

### Percent of Rural Communities Assisted by TDED and/or TDA

Factors prevent the certification of this measure because the Texas Department of Economic Development (Department) did not maintain adequate documentation to support the results reported in ABEST. Specifically, the Department did not maintain summary and source documents such as the project database used to record assistance for fiscal year 2001. Without this database, we could not recalculate and verify the reported results for this measure.

In addition, the Department cannot ensure that future results will be accurate because it did not clearly define its methodology for calculating the numerator. Without clarification, the methodology could be subject to interpretation.

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

#### Recommendations

The Department should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Ensure that its measure calculation methodology is clearly defined so that all users can interpret it consistently.

Output Measure

### Number of Rural Communities Assisted by TDED and/or TDA

As with the previous measure, we could not determine the Department's actual performance because the Department did not maintain the project database used to record assistance for fiscal year 2001. In addition, the Department's controls are not adequate to ensure that future results will be reported accurately.

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

## Recommendation

The Department should keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.

### *Outcome Measure*

## ***Number of Actual Jobs Created by Businesses That Receive TDED Assistance***

This measure is assessed as inaccurate because the Department inadvertently included existing jobs in its count of jobs created in the Smart Jobs program. Only the number of new (created) jobs should be reported for this measure. The effect of erroneously including 2,846 existing jobs is a 19.3 percent overstatement of the performance result reported in ABEST. The measure is calculated by totaling the number of jobs created by the Enterprise Zone, Smart Jobs, Capital Access Fund, and Corporate Expansion and Recruitment programs.

### **Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

## Recommendation

The Department should ensure that only jobs created are included in the number reported to ABEST.

### *Output Measure*

## ***Number of Businesses Developed as Expansion/Recruitment Prospects***

The Department did not follow the measure definition when calculating the performance result. Specifically, the Department included in-state businesses in its total performance count. The measure definition requires that only out-of-state businesses be included in the count.

This deviation from the measure definition caused the reported results to vary by more than 5 percent from the results re-created by the auditors.

### **Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

## Recommendation

The Department should implement a review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.



## ***Expenditures by Travelers in Texas Resulting From TDED Advertising (billions)***

The Department's reported performance for this measure appears accurate. The results for this measure come from a survey conducted by a contractor of the Department. The Department changed contractors during the year because of inaccurate data reported by the previous contractor. Consequently, only five months of data were available for fiscal year 2001.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendation**

The Department should implement a control process to ensure that the data received from its contractor are accurate.

## ***Information Technology***

For fiscal year 2001, the Department did not have documented standards or procedures for data entry for the database files used to store and report performance measures.

### **Recommendation**

The Department should develop written procedures regarding data entry for the databases used to report performance measures.

## Texas Department of Economic Development's Response



### STATE OF TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT

*Outcome Measure*

**Percent of Rural Communities Assisted by TDED and/or TDA**

**Management's Response:**

The Department agrees and will keep summary and source documentation for performance measures results for the period required by the Records Retention Act. Additionally, the Department will clearly define the measure calculation methodology.

In accordance with House Bill 7 of the 77<sup>th</sup> Legislative Session, the Department transferred all program and data files for these programs to the Texas Department of Agriculture.

*Output Measure*

**Number of Rural Communities Assisted by TDED and/or TDA**

**Management's Response:**

This measure ties directly to the one above, therefore, the Department agrees and will keep summary and source documentation for performance measures results for the period required by the Records Retention Act.

In accordance with House Bill 7 of the 77<sup>th</sup> Legislative Session, the Department transferred all program and data files for these programs to the Texas Department of Agriculture.

*Outcome Measure*

**Number of Actual Jobs Created by Businesses That Receive TDED Assistance**

**Management's Response:**

The Department concurs and will continue to strive for accuracy in reporting this measure. The Smart Jobs program closed effective December 31, 2001, in accordance with House Bill 3657 of the 76<sup>th</sup> Legislative Session.

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STATE OF TEXAS  
DEPARTMENT OF ECONOMIC DEVELOPMENT

*Output Measure*

***Number of Businesses Developed as Expansion/Recruitment Prospects***

**Management's Response:**

The Department agrees and has instituted a review process of the performance measure definitions and calculations to ensure the accuracy of data submitted to ABEST.

In the FY '00-'01 biennium, this measure was an Output Measures in the strategy 01-01-03 (number of businesses developed as expansion/recruitment prospects) under Goal B, Business Development. This measure has been tracked over at least the past two biennia. During that time, the measure and its definition changed only gradually.

The primary change was one in which the need was recognized, by the Department and the Legislative Budget Board (LBB) to separate out the in-state and out-of-state expansion and recruitment aspects of the measure. This separation was proposed by the Department and accepted by the Governor's Office of Budget, Planning, and Policy and LBB for the FY 2002-2003 biennium. This separation was an actuality at the time that the SAO looked at past records for the measure.

Two new measures have been created that reflect in-state and out-of-state prospects developed. Data is collected separately for the two measures at this time.

*Outcome Measure*

***Expenditures by Travelers in Texas Resulting From TDED Advertising (billions)***

**Management's Response:**

The Department agrees and will closely monitor the data received from our vendor. The Department works closely with the new vendor to ensure a quality product that meets our needs. The telephone operators who gather the information are from the largest and most highly respected telephone interviewing company in the world. The research vendor closely monitors them.

While errors are always possible when humans are involved, the Department believes that the possibility for error is significantly less than if the Department was conducting the research internally. In addition, by using researchers from outside our offices, the Department benefits from the objectivity gained by staying at arms length from the data collection and analyses. This

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DEPARTMENT OF ECONOMIC DEVELOPMENT

continued monitoring by all concerned allows the legislature and other interested parties to place increased confidence in the ability to report this data with continued accuracy.

***Information Technology***

**Management's Response:**

The Department concurs. The Department's divisions will ensure that all of the procedures used for data entry of the database files used to store and report performance measures are documented

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## Employees Retirement System

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
1	0	0	3	25%	25%

Agency No. 327

Outcome Measure

### ERS Annual Operating Expense per Active and Retired Member

The Employees Retirement System (Agency) did not follow the definition for this performance measure. The definition states that the results should include the “total Employee Retirement Fund administrative expense.” However, the Agency did not include expenditures for investment consulting. When we recalculated the measure using total administrative expenditures, the annual operating expense per member was \$104.49, which is 33 percent more than the \$78.73 reported in ABEST.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in supporting documentation.

#### Recommendation

The Agency should calculate performance results according to the measure definition. However, if the Agency determines that following the measure definition does not accurately represent performance, the Agency should consult with the Legislative Budget Board to revise the definition and calculation methodology.

Efficiency Measure

### Average Number of Days to Provide ERS Retirement Packet

The Agency incorrectly calculated the average number of days it took to provide retirement packets because it erroneously included two employee groups in the calculation. As a result, the number reported in ABEST (5.595) was 9 percent greater than the actual number of days (5.12).

The Agency lacks policies and procedures for calculating this measure.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in supporting documentation.

#### Recommendation

The Agency should establish written policies and procedures for calculating this measure. The policies and procedures should clearly state which employee groups are included in the performance measure result.

## Average Number of Days to Process Claims

It appears that the third-party claims administrator who provides the automated report to calculate this measure did not add an extra day to the calculation, causing the results reported in ABEST to vary more than 5 percent from the actual results. According to the calculation methodology, the number of days to process a claim is calculated by counting the number of days between the date the claim is received and the date it is processed and then adding one day.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in supporting documentation.

### Recommendations

The Agency should:

- Discuss the calculation methodology with its third-party administrator.
- Audit the reported information to ensure that the third-party administrator is following the calculation methodology described in the executed contract.

## Number of Member Accounts Serviced

This measure is certified. The performance result reported in ABEST is accurate within +/- 5 percent. Controls to ensure accuracy for collecting, calculating, and reporting performance appear to be adequate.

**Results: Certified**

Reported performance is accurate within +/-5 percent, and it appears that controls to ensure accuracy are in place for collecting and reporting performance.

## Information Technology

Based on our testing, controls over the Integrated Employees Benefit System (IEBS) appear adequate to ensure that data supporting the Number of Member Accounts Serviced performance measure are accurately entered, processed, and reported. In addition, supporting controls relating to access, physical security, and disaster recovery are generally also adequate as they relate to the performance measures tested.

While the Agency has created and tested a disaster recovery plan, we did note some deficiencies:

- Management has not yet formally approved the plan.
- The System Support Server Inventory (hardware inventory) is not up to date. It is dated July 25, 2001.
- Management has not finalized a command center location for the Information Systems recovery team.

- The Agency's documented steps for bringing up the mainframe during a recovery operation are not sufficient and are not currently included in the disaster recovery plan itself.

We noted some additional weaknesses. These are not significant enough to reduce the reliability of the measure reported. Specifically:

- Security to prevent unauthorized access to the computer room may not be sufficient.
- Performance measure numbers obtained from reports generated by IEBS are not reconciled to control totals reported by state agencies. The Agency relies on the report accuracy tests that were performed when IEBS was created in 1996 and 1997.

Agencies report contribution amounts used in the calculation of the above measure. Although IEBS balances performance measure numbers prior to posting, sending confirmation of reported amounts to the agencies would improve data input and processing controls.

## **Recommendations**

The Agency should:

- Finalize and formally approve its disaster recover plan, including finalizing a command center location, updating the hardware inventory, and incorporating sufficient documentation for bringing up the mainframe during a recovery operation.
- Upgrade computer room access security.
- Periodically reconcile reports generated by IEBS to ensure continued accuracy.
- Provide confirmation of contribution amounts entered in IEBS to reporting agencies.

## Employees Retirement System's Response



October 11, 2002

**EMPLOYEES  
RETIREMENT  
SYSTEM OF TEXAS**

SHEILA W. BECKETT  
EXECUTIVE DIRECTOR

PAMELA A. CARLEY  
CHAIR

MILTON HIXSON  
VICE-CHAIR

BILL BARTON

CAROLYN LEWIS GALLAGHER  
DON GREEN

OWEN WHITWORTH  
BOARD OF TRUSTEES

Ms. Pam Ross  
Project Manager  
State Auditor's Office  
Robert E. Johnson Building  
1501 N. Congress Avenue  
Austin, Texas 78701

Dear Ms. Ross:

Thank you for the opportunity to respond to State Auditor's review of the Employees Retirement System of Texas Performance Measures.

Our formal response is attached. Please feel free to contact me at 867-7174 or Marci Sundbeck at 867-7302 should you have any questions or need additional information.

Sincerely,

SHEILA W. BECKETT  
Executive Director

Attachment

cc: The Honorable Milton Hixson, Chair  
Ms. Marci Sundbeck

18TH & BRAZOS STREETS ☆ P.O. Box 13207 ☆ AUSTIN, TEXAS 78711-3207 ☆ (512) 476-6431



## Responses to SAO Performance Measure Review

### **ERS Annual Operating Expense per Active and Retired Member**

**Recommendation:** The Agency should calculate performance results according to the measure definition. However, if the Agency determines that following the measure definition does not accurately represent performance, the Agency should consult with the Legislative Budget Board (LBB) to revise the definition and calculation methodology.

**Response:** We agree that we did not follow the definition for the period. However, the LBB and Governor's Office have approved a revision of the definition and calculation methodology for the 2004-2005 biennium. ERS has requested that the same revision be applied to the 2002-2003 biennium, since 2002-2003 investment expenses are being measured separately as basis points of net assets.

### **Average Number of Days to Provide ERS Retirement Packet**

**Recommendation:** The Agency should establish written policies and procedures for calculating this measure. The policies and procedures should clearly state which employee groups are included in the performance measure result.

**Response:** Policies and procedures have been established. The FY 2002 ABEST report is being corrected to reflect the appropriate group on the measure.

### **Average Number of Days to Process Claims**

**Recommendation:** The Agency should:

- Discuss the calculation methodology with its third-party administrator.
- Audit the reported information to ensure that the third-party administrator is following the calculation methodology described in the executed contract.

**Response:** A new contract took effect on September 1, 2002. The revised contract language will result in a change in the way the measure is calculated and reported. ERS has discussed the calculation of the standard with the third-party administrator and has revised the methodology to simplify how the measure is calculated. ERS already includes the calculation of this measure in its annual review of the third-party administrator by an independent auditor. ERS will work with the independent auditor to insure that the revised methodology is verified during the annual review by the auditor. ERS will also audit the methodology and accuracy of the calculation of this measure during its periodic site visits to this vendor.

## Information Technology

Recommendations: The Agency should:

- Finalize and formally approve its disaster recovery plan, including finalizing a command center location, updating the hardware inventory, and incorporating sufficient documentation for bringing up the mainframe during a recovery operation.

Response: The IS Disaster Recovery Plan has been finalized and approved by the agency's Information Resources Manager. IS will finalize a command center location when the next disaster recovery contract becomes effective in March 2003. The hardware inventory has been updated and more detailed mainframe documentation has been included in the disaster recovery plan.

- Upgrade computer room access security.

Response: This upgrade has been planned and is on schedule to be completed by the end of the 1st Quarter of 2003.

- Periodically reconcile reports generated by IEBS to ensure continued accuracy.

Response: The accuracy of these reports was tested during their creation in 1996-97. Changes in report programs are thoroughly unit and regression tested to reconcile any non-matches against a number of valid values derived from IEBS before the changes are introduced into the production environment.

- Provide confirmation of contribution amounts entered in IEBS to reporting agencies.

Response: The Customer Benefits Division balances the data to reports received from the agencies. If the data on the files does not match the reports, the agency is notified and corrections are made.

## Texas Ethics Commission

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	0	0	4	0%	0%

Agency No. 356

Cross-Cutting Finding

### **The Commission's Performance Measures Processes Do Not Ensure Accurate Results**

Each of the Texas Ethics Commission's (Commission) key performance measures that we reviewed was inaccurate. We noted specific problems with the calculation of each measure, which are discussed below. The Commission may have avoided these problems if it had documented how its employees should collect performance measure data and calculate the results. Three of the four audited measures do not have policies and procedures for collecting data. None of the audited measures have policies and procedures for calculating results.

Furthermore, the Commission does not perform independent reviews of its performance measure results. Ideally, the results should be independently reviewed twice before they are submitted to ABEST:

- After the results are calculated but before they are entered into ABEST, someone other than the person who calculated the results should review them to ensure they are accurate and complete. The reviewer should be familiar with the measure and should document the review.
- After the results have been entered into ABEST but before they are submitted, someone other than the person who entered them should review the results to ensure that no errors have been introduced, such as transposed numbers. Once this review has been documented, the results are ready to be submitted into ABEST.

### **Recommendations**

The Commission should:

- Develop and implement written policies and procedures for collecting and calculating its performance measures. The policies and procedures should include required reviews of performance information prior to submission into ABEST.
- Implement an independent review process of performance measure results to ensure that data entered into ABEST is accurate and complete.

*Outcome Measure*

## ***Percent of Sworn Complaints Resolved Within 180 Days of Receipt***

The Commission used an incomplete resolved complaints report to calculate this measure. The Commission manually enters into two spreadsheets the dates a complaint is processed and resolved. Due to an error in the data collection process, some records of resolved complaints were deleted from the spreadsheet used to calculate the annual performance result. Twenty-three resolved complaints were not included in the calculation, causing the Commission's reported results to be 5.9 percent lower than the actual results.

**Results: Inaccurate**  
Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The Commission should use only one spreadsheet to collect and report the measure data to the ABEST entry employee. This should eliminate duplication of effort in data entry and lower the risk of data entry and reporting errors.

*Output Measure*

## ***Number of Sworn Complaints Processed***

The Commission did not include all sworn complaints in its calculation. Only initial complaints submitted and determined compliant or non-compliant were counted; 20 resubmitted complaints were not included. Excluding resubmitted sworn complaints deviates from the measure definition's method of calculation.

**Results: Inaccurate**  
Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The Commission should establish procedures that ensure the integrity of the count of sworn complaints and should include all sworn complaints processed and resolved.

*Efficiency Measure*

## ***Average Time (Working Days) to Respond to Sworn Complaints***

The numerator used to calculate this measure was inaccurate (see finding for previous measure). Therefore, the results reported for this measure were also inaccurate.

**Results: Inaccurate**  
Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The Commission should establish procedures that ensure the integrity of the count of sworn complaints and that the count includes all sworn complaints processed and resolved.

## **Average Time (Working Days) to Respond to Legal Advisory Opinion Requests**

The Commission calculated results for this measure incorrectly as well as used incomplete data to calculate the measure:

- The annual result was calculated as an average of the previous four quarters' averages.
- During the process of making numerous manual entries in several spreadsheets, the Commission inadvertently dropped dates that are necessary to accurately calculate the number of working days to respond. The Commission did not review original data after entry into its spreadsheets.

<p><b>Results: Inaccurate</b> Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.</p>
---

### **Recommendation**

The Commission should establish procedures to ensure the accuracy, completeness, and integrity of data, such as a review after data entry, documentation of the calculation of the measure, and a documented review of the calculation.

## **Information Technology**

The only automated applications the Commission uses are Excel and Lotus spreadsheets that reside on the Commission's local area network (LAN). These spreadsheets are used to collect and summarize necessary information for each of the audited measures. Calculations for the measures are done manually.

The owner(s) of the worksheets or the network administrator grants access to the spreadsheets. We identified employees who mistakenly have read-and-write access to an Excel spreadsheet.

### **Recommendation**

The Commission should limit read-and-write access to only those employees who need access to help ensure data integrity. Access for unauthorized employees should be denied.

## Texas Ethics Commission's Response

# TEXAS ETHICS COMMISSION

P.O. Box 12070, Capitol Station  
Austin, Texas 78711-2070

Ernestine Glossbrenner  
Chair

Wales Madden, III  
Vice Chair

Tom Harrison  
Executive Director



Commissioners

Lem B. Allen  
Scott W. Fisher  
Francisco Hernandez, Jr.  
Jerome W. Johnson  
Mickey Jo Lawrence  
Richard Slack

September 27, 2002

State Auditor's Office  
ATTN: Ms. Pam Ross  
Robert E. Johnson Bldg.  
Austin, TX

Dear Ms. Ross:

This letter is in response to the findings of your recent audit of the reporting of certain performance measures by the Texas Ethics Commission to the ABEST database. On behalf of the Commission, let me thank you and your staff for the time and energy spent on this project. The results of the audit were very informative to us and we appreciate your constructive criticisms. I want to particularly thank you for the flow charts that your staff compiled and that will assist us in correcting the problems noted in the audit.

I have met with senior management and the staff members with duties in the areas covered in the audit. Beginning immediately, certain procedures will be followed in the areas of Sworn Complaints and Requests for Advisory Opinions. The same two staff people will continue to compile the data needed in those areas; however, their input of data will be reviewed by another staff person for accuracy and completeness. This review will be documented. Likewise, after the data is entered into ABEST, a different staff person will review the results before the results are submitted into ABEST. This review will also be documented.

Your staff audited four areas: (1) Percent of Sworn Complaints Resolved Within 180 Days of Receipt, (2) Number of Sworn Complaints Processed, (3) Average Time to Respond to Sworn Complaints, and (4) Average Time to Respond to Legal Advisory Opinion Requests. Each area was classified as "Inaccurate". I would first like to point out that the errors found in each area caused the data reported to be understated, i.e. the agency actually performed better than what was reported.

The errors in area (1) of your audit were caused by the use of multiple spreadsheets to record the data. We are currently designing an ACCESS database for the input of that data which will prevent the reoccurrence of this problem. As noted above, the data entry will be reviewed by a separate staff member before submission to the staff member who calculates the measures and reports to ABEST.

In area (2) of your audit, the errors were due to the legal definition of "each complaint". If a complaint was returned as "non-compliant" with the law but then resubmitted by the same Complainant against the same Respondent, we did not consider that a "new" complaint under the law. After our discussion, we agree to count such resubmission of non-compliant complaints as new complaints for purposes of output measure reporting.

The error in area (3) of your audit was a "domino effect" of the errors in area (2) above. As we did not count those resubmitted complaints as new complaints, this average was inaccurate.

In area (4) the errors again were due to the transfer of data from one spreadsheet to another. As in area (1) above, we are designing an ACCESS database for the input of data that will prevent the problem from reoccurring. Again, as noted above, the data entered will be reviewed by another staff person prior to submission for entry into ABEST.

Once we have the two new databases operational, we will use our information technology to both maintain the data and to make calculations for these measures. We will also limit access to these databases for read-and-write purposes to only staff members needing access to ensure data integrity.

Again, on behalf of the Commission, I thank you for your diligence and patience. We are glad to learn that our errors were causing us to actually understate our performance but will take the necessary steps to remedy the errors and understatements. As soon as the two new databases are functioning, we will enter all data beginning September 1, 2002. We will also incorporate these instructions and review procedures into a written policy for the agency.

If you have any questions or require any additional information, please give me a call.

Respectfully,



Tom Harrison  
Executive Director

## Commission on Fire Protection

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	2	1	1	50%	0%

Agency No. 411

Outcome Measure

### Percent Increase in the Number of Research Requests for the Fire Protection Information Resource Center

The Commission on Fire Protection (Commission) does not maintain adequate documentation to support the performance result reported in ABEST, and its controls are not adequate to ensure that future results will be reported accurately. Specifically:

- The Commission did not maintain summary and source documents, such as computer screens and reports, for fiscal year 2001. Without these documents, we could not recalculate and verify the reported results.
- The Commission lacked a review process to ensure that data entered into ABEST was accurate and complete.

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

#### Recommendations

The Commission should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Implement a review process to ensure the accuracy of data submitted to ABEST.

Output Measure

### Amount of Loans/Grants Awarded to Fire Departments

The Commission did not include all grants and loans awarded in fiscal year 2001 in the calculation of the performance result.

Specifically, the Commission did not include the number of contingency awards. The measure definition requires that the Commission report these awards when it awards the funds.

The resulting variance is 8 percent between the performance result the Commission reported in

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.



ABEST and the result re-created by the auditor using the Commission's summary documentation.

### Recommendations

The Commission should:

- Implement a quarterly review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.
- Consult with the Legislative Budget Board to revise the definition and calculation methodology.

*Output Measure*

### **Number of Fire Service Personnel Certified by the Commission**

The Commission included personnel on probation in the calculation of the performance result. This deviation from the measure did not cause the reported results to vary by more than 5 percent from the results re-created by the auditors.

#### Recommendation

The Commission should implement a quarterly review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

*Output Measure*

### **Number of Fire Service Training Facilities Certified by the Commission**

The Commission's reported performance for this measure appears accurate; however, its controls are not adequate to ensure continued accuracy. Weaknesses include:

- There is no evidence that the Commission reviews data before submitting it into ABEST.
- The Commission has one individual collecting, entering, and approving ABEST data.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## **Recommendations**

The Commission should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Review performance data prior to submitting it to ABEST.

## ***Information Technology***

General and application controls are sufficient to ensure data integrity. The Commission has placed its procedure manual on the network and has restricted users' rights and access to data.

## Commission on Fire Protection's Response



September 3, 2002

Ms. Pam Ross  
Office of the State Auditor  
Johnson Building, 4<sup>th</sup> Floor  
P.O. Box 12067  
Austin, TX 78711

Dear Ms. Ross:

The Texas Commission on Fire Protection would like to take this opportunity to thank the audit team for the professionalism displayed during the recently conducted audit of the agency. The agency's response to the recommendations is outlined below.

#### Outcome Measure

##### **Percent Increase in the Number of Research Requests for the Fire Protection Information Resource**

Recommendation – The Commission should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act
- Implement a review process to ensure the accuracy of data submitted to ABEST

#### Agency Response

*The Commission had opted for a new software program that allowed individuals to enter performance measures during FY01. In FY02, we realized that the system needed more controls and verification of information. The agency has gone back to keeping print screens and documents to recalculate and verify the reported results. The agency will follow updated procedures for FY03 to verify the accuracy of the data entered into ABEST.*

#### Output Measure

##### **Amount of Loans/Grants Awarded to Fire Departments**

Recommendation – The Commission should:

- Implement a quarterly review process of its measure definitions and calculations to ensure the accuracy of the data submitted to ABEST

#### Agency Response

*Late in FY01, the Commission determined that the terminology in the definition for this measure conflicted with the terminology used by the database. Rather than calculate some awards twice, the agency decided to report the numbers as intended and begin the process to update the measure definition during the strategic planning process. The agency has updated the definition for this measure and will continue to review definitions.*

*Kelley Stalder, Parker, Presiding Officer ★ Juan J. Adame, Corpus Christi, Assistant Presiding Officer  
Al Lopez, Jr., Kingsville, Secretary ★ David Abernathy, Pittsburg ★ Pat Barrett, TEEEX  
Marvin Dawson, Brownfield ★ Michael D. Jolly, Georgetown ★ Art Pertile, III, Waco  
Ricardo Saldaña, Mission ★ Peggy Trahan, South Padre Island  
Kent Worley, Fort Worth ★ Carl Wren, Manchaca  
Gary L. Warren, Sr., Executive Director*

Ms. Pam Ross  
September 3, 2002  
Page 2

Output Measure

**Number of Fire Service Personnel Certified by the Commission**

Recommendation – The Commission should:

- Implement a quarterly review process of its measure definitions and calculations to ensure the accuracy of the data submitted to ABEST

**Agency Response**

*There was a minor programming error in the database system that misread some dates and included a few training individuals in the certified count. The program has been corrected. The agency has already updated the system and will continue to review definitions and verify data.*

Output Measure

**Number of Fire Service Training Facilities Certified by the Commission**

Recommendation – The Commission should:

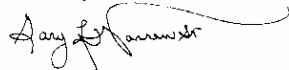
- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act
- Review performance data prior to submitting it to ABEST

**Agency Response**

*The agency maintains file records of Training Facilities for three years per the agency's records retention schedule. The Standards Division Director will verify the data from the Certification Program Manager before submission into ABEST.*

If you have any questions or need additional information please give us a call.

Sincerely,



Gary L. Warren, Sr.  
Executive Director

## Department of Housing and Community Affairs

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	3	0	4	43%	0%

Agency No. 332

*Outcome Measure*

### **Percent of the Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects**

The Department of Housing and Community Affairs' (Department) reported performance for this measure was inaccurate. Testing of source documentation revealed an error rate of more than 5 percent. Specifically:

- The number of beneficiaries used in the measure's calculation was different from the number of beneficiaries documented.
- The 1990 census count used in the calculation was different from the actual 1990 census table.

**Results: Inaccurate**  
 Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

#### **Recommendation**

The Department should implement documented review processes for data collection and calculation to ensure the accuracy of data submitted to ABEST.

*Outcome Measure*

### **Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance**

The Department did not include all fiscal year 2001 performance reports in its reported result. The Department collected and calculated the measure according to the definition, but it did not recalculate the result after receiving additional fiscal year 2001 performance reports.

Therefore, the reported result is 7 percent less than the result re-created by the auditor using the Department's summary documentation.

**Results: Inaccurate**  
 Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

#### **Recommendation**

If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

*Output Measure*

## **Number of Persons Assisted that Achieve Incomes Above Poverty Level**

The Department overstated in its reported result the number of people it assisted in fiscal year 2001. The Department collected and calculated the measure according to the definition. However, the Department received revised data after it entered its results in ABEST and did not recalculate the result.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

Therefore, the reported result is 12 percent higher than the result re-created by the auditor using the Department's summary documentation.

### **Recommendation**

If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

*Efficiency Measure*

## **Average Number of Days for Complaint Resolution**

The Department's reported performance for this measure was inaccurate. Testing of source documentation revealed an error rate of more than 5 percent. Specifically, the Department included some complaints that did not meet all fiscal year 2001 criteria for complaint resolution.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The Department should evaluate and improve the review processes for data collection and calculation to ensure the accuracy of data submitted to ABEST.

*Outcome Measure*

## **Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance**

The Department accurately reported the result for this measure within the allowable range of +/-5 percent, but controls are not adequate to ensure continued accuracy. The Department did not have evidence that it reviewed the data after entering it and before releasing it to ABEST. In addition, the Department should expand its process to include documented, detailed steps for data collection and calculation to ensure continued accuracy.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing

## Recommendations

The Department should:

- Review performance data after it is entered in ABEST and prior to final submission to ABEST.
- Enhance its current process for data collection and calculation to include documented, detailed steps taken to arrive at the reported performance figure.

*Output Measure*

### ***Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants***

The Department's reported results for this measure appear accurate; however, its controls are not adequate to ensure continued accuracy. Specifically, there is no evidence that the Department reviews data before submitting it to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

#### **Recommendation**

The Department should review performance data after entering it in ABEST and prior to final submission.

*Output Measure*

### ***Number of Complaints Resolved***

The Department's reported results for this measure appear accurate; however, its controls are not adequate to ensure continued accuracy. Specifically, there is no evidence that the Department reviews data after entering it in ABEST and before submitting it to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

#### **Recommendation**

The Department should review performance data prior to final submission to ABEST.

## ***Information Technology***

The Genesis system was the main information system supporting the majority of measures we audited. The Genesis system is currently under review as part of another State Auditor's Office audit, and we expect to release those results later this fiscal year.

# Department of Housing and Community Affairs' Response



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Rick Perry  
GOVERNOR

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EXECUTIVE DIRECTOR

BOARD MEMBERS  
Michael E. Jones, *Chair*  
Elizabeth Anderson  
Shadrick Bogany  
C. Kent Conine  
Vidal Gonzalez  
Norberto Salinas

November 15, 2002

Pamela G. Ross, Senior Auditor  
State Auditor's Office  
P.O. Box 12067  
1501 N. Congress Avenue  
Austin, Texas 78711-2067

Dear Ms. Ross:

We are in receipt of the State Auditor's audit report of performance measures for fiscal year 2001 and welcome your suggestions for improving the administration of our programs and internal operating procedures. Below are management's responses to each of the recommendations made.

**Outcome Measure** - Percent of the Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects

**Recommendation** - The Department should implement documented review processes of data collection and calculation to ensure the accuracy of data submitted to the Automated Budget and Evaluation System of Texas (ABEST).

**Management's Response – Office of Rural Community Affairs**

*This Outcome Measure represents performance of the Community Development Block Grant (CDBG) program. House Bill 7 of the 77th Legislature created the Office of Rural Community Affairs (ORCA) and the CDBG program was officially transferred to ORCA on December 1, 2001. ORCA's response is as follows:*

*ORCA will implement a review process to ensure that the beneficiary and census data used in the measure's calculation is accurate and documented. In addition, we will consult with the Legislative Budget Board to revise or adjust the definition to allow flexibility in determining the most appropriate census data to be used in the performance measurement calculation.*

**Outcome Measure** - Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance

**Recommendation** - If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

**Management's Response**

*The Department will continue to collect and report all program data available at fiscal year end and, as recommended by the State Auditors, will recalculate performance measurement results and amend ABEST in instances when additional information is received after submission of the final end of year report.*

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**Output Measure** - Number of Persons Assisted that Achieve Incomes Above Poverty Level

**Recommendation** - If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

**Management's Response**

*The Department will continue to collect and report all program data available at fiscal year end and, as recommended by the State Auditors, will recalculate performance measurement results and amend ABEST in instances when additional information is received after submission of the final end of year report.*

**Efficiency Measure** - Average Number of Days for Complaint Resolution

**Recommendation** - The Department should evaluate and improve the review processes for data collection and calculation to ensure the accuracy of data submitted to ABEST.

**Management's Response - Manufactured Housing Division**

*The Division will evaluate the review process and enhance it where necessary to ensure the accuracy of data submitted to ABEST. Errors noted during the course of the audit related to errors in posting complaints to the Date Received field of the computer database designed to track and account for consumer complaints. Errors resulted in some instances when the date entered into the Date Received field was the date of data entry instead of the actual date the complaint was received.*

*Currently, the Division's managers and Executive Director review the data and sign-off on it prior to the report being submitted to ABEST. The review process will be evaluated and enhanced where necessary to help ensure that these errors do not occur in the future.*

**Outcome Measure** - Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance

**Recommendation** - The Department should:

- Review performance data after it is entered in ABEST and prior to final submission to ABEST.
- Enhance its current process for data collection and calculation to include documented, detailed steps taken to arrive at the reported performance figure.

**Management's Response**

*The Department will incorporate procedures that document the review and approval of reported performance from program areas through the receipt of actual signatures.*

*The Department has a standard operating procedure that directs the responsibility for reviewing program performance and verification of accurate reported performance to the Division Director. Current operating procedures include the distribution of a draft report to program areas for review prior to preparing a final report for executive managements review and approval. Program directors are responsible for reviewing the reported performance of their assigned programs prior to final executive management review and closure of the report.*

**Output Measure** - Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants

**Recommendation** - The Department should review performance data after it is entered in ABEST and prior to final submission to ABEST.

Ms. Pamela G. Ross  
November 15, 2002  
Page 3

**Management's Response**

*The Department will incorporate procedures that document the review and approval of reported performance from program areas through the receipt of actual signatures.*

*The Department has a standard operating procedure that directs the responsibility for reviewing program performance and verification of accurate reported performance to the Division Director. Current operating procedures include the distribution of a draft report to program areas for review prior to preparing a final report for executive management review and approval. Program directors are responsible for reviewing the reported performance of their assigned programs prior to final executive management review and closure of the report.*

**Output Measure - Number of Complaints Resolved**

**Recommendation** - The Department should review performance data after it is entered in ABEST and prior to final submission to ABEST.

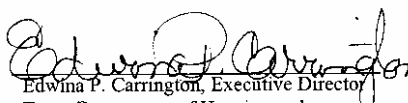
**Management's Response - Manufactured Housing Division**

*The Department will incorporate procedures that document the review and approval of reported performance after entry and before release to ABEST.*

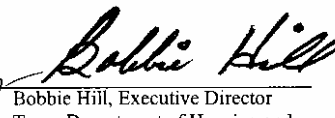
*The Department has a standard operating procedure that directs the responsibility for reviewing program performance and verification of accurate reported performance to the Division Director. Current operating procedures include the distribution of a draft report to program areas for review prior to preparing a final report for executive managements review and approval. Program directors are responsible for reviewing the reported performance of their assigned programs prior to final executive management review and closure of the report.*

Please extend appreciation to the staff performing the audit. They conducted themselves in a professional manner and performed the audit with minimal disruption to our operations. While management believes the systems are generally efficient and effective system for reporting performance, we continually seek opportunities for improvement.

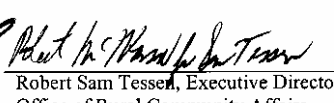
Sincerely,



Edwina P. Carrington, Executive Director  
Texas Department of Housing and  
Community Affairs



Bobbie Hill, Executive Director  
Texas Department of Housing and  
Community Affairs - Manufactured  
Housing Division of



Robert Sam Tessen, Executive Director  
Office of Rural Community Affairs

## Department of Human Services

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	5	1	0	83%	0%

Agency No. 324

Efficiency Measure

### Average Monthly Cost per Case: Community Care

During a system conversion in fiscal year 2001, data that the Department of Human Services (Department) needed to calculate the denominator of this measure were not converted into the new system. Because the data for the first three quarters of fiscal year 2001 were unavailable, the Department used an alternative method to calculate its performance result. Without sufficient source documentation, we were unable to determine the actual performance of this measure.

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

**Recommendation**

The Department should establish procedures and controls to ensure that data are accurate and reliable and that data are retained in accordance with the Records Retention Act.

Outcome Measure

### Percent of Long-Term Care Clients Served in Community Settings

The Department's reported performance for this measure appears accurate, but its controls are not adequate to ensure continued accuracy. Specifically:

- The Department does not have written policies and procedures documenting this measure's specific calculation process. The calculation of this measure involves numerous and complex steps. Only one Department employee appears to have complete knowledge of the exact calculation required for this measure.
- The Department does not formally perform and document independent reviews of the measure calculation.
- The Department does not have written policies and procedures requiring a documented, independent review of the calculation result and documentation of the independent review performed prior to submission to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendations

The Department should:

- Develop written policies and procedures detailing the calculation process.
- Ensure that more than one employee has the skills and knowledge necessary to calculate this measure.
- Perform and document independent reviews of the calculation result.
- Develop written policies and procedures that require a documented, independent review of the calculation result. Also, the Department should enhance policies and procedures to require documentation (reviewer's initials and date) of the independent review performed prior to submission into ABEST.

*Output Measure*

### **Average Number of Clients Served per Month: Medicaid Community Based Alternative Waiver**

The reported result for this measure appears accurate, but controls are not adequate to ensure continued accuracy. This measure, as the previous one, has a very complex calculation methodology. We found that the Department:

- Has only one employee who appears to have complete knowledge of the exact calculation required for this measure.
- Does not formally perform and document independent reviews of measure calculation.
- Lacks written policies and procedures requiring a documented, independent review after the results are calculated. The Department also lacks written policies and procedures requiring documentation of the independent review of the results performed prior to submission in ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendation

The Department should:

- Ensure that more than one employee has the skills and knowledge necessary to calculate this measure.
- Perform and document independent reviews of the calculation result.
- Develop written policies and procedures that include requiring a documented, independent review of the calculation result. Also, the Department should enhance policies and procedures to require documentation (reviewer's initials and date) of the independent review performed prior to submission into ABEST.

## **Average Case Equivalent per Long-Term Care Medicaid Financial Eligibility Worker (Medicaid Assistance Only)**

The reported result for this measure is accurate. However, we did note some control weaknesses, causing this measure to be Certified with Qualifications.

The Department does not have written policies and procedures for data collection and calculation processes for fiscal year 2001. Written policies and procedures are currently being developed.

The Department lacks documentation that independent reviews of calculated results were performed.

The Department does not have documentation of the access rights granted to approve and disapprove budget adjustments in the Department's Budget Analysis and Reporting System (BARS). We did note that many end users review the budget data, so the risk of unwarranted adjustments going undetected is low.

Additionally, the Department lacks written policies and procedures for the process of granting access and approval.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendations**

The Department should:

- Ensure that the policies and procedures that are currently under development for gathering data and calculating the results are written and implemented.
- Ensure that independent reviews are performed and documented.
- Develop written policies and procedures both for granting access rights and for the process of approving budget adjustments.

## **Average Monthly Cost per Case: Nursing Facilities**

The reported results for this measure appear accurate. However, the following control weaknesses were identified, causing this measure to be Certified with Qualifications:

- There are no written policies and procedures for collecting data and calculating the measure results for fiscal year 2001. The Department is currently developing policies and procedures.
- There is no documentation of independent reviews performed.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or if controls are strong but source documentation is unavailable for testing.

- This measure includes data from the BARS system, and the weaknesses noted in the previous measure, Average Case Equivalents per Long-Term Care Medicaid Financial Eligibility Worker (Medicaid Assistance Only), apply to this measure.

## Recommendations

The Department should:

- Ensure that the policies and procedures that are under development for gathering data and calculating the measure results are written and implemented.
- Ensure that independent reviews are performed and documented.
- Develop written policies and procedures both for granting access rights and for the process of approving budget adjustments.

*Efficiency Measure*

## **Average Standardized Case Equivalents per CSS Worker**

The reported result appears accurate. Numerous programs and reports are used in calculating this measure. The policies and procedures documenting the data collection process appear comprehensive and adequate. However, we noted the following control weaknesses for the calculation process:

- Documented policies and procedures do not include instructions for calculating the measure, for example, which spreadsheets to use for the calculations, who is to review the calculations, etc.
- Independent review of the calculation is not consistently performed. The Department reviews only selected measures monthly because it reports on numerous measures. There is no documented review of this measure for fiscal year 2001.
- The independent review performed prior to submission into ABEST was not documented (initials and date).

### **Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendations

The Department should:

- Ensure the accuracy of the annual performance measure results.
- Develop documented, comprehensive policies and procedures that detail the calculation and review processes. Also, the Department should enhance written policies and procedures to require documentation (reviewer's initials and date) of the independent review performed prior to submission into ABEST.

## ***Information Technology***

General and Application controls appear adequate for the Claims Management System (CMS). CMS supports the Average Number of Clients Served per Month; Medicaid CBA Waiver and the Percent of Long-Term Care Clients Served in Community Settings.

There are two major systems—Budget Analysis and Reporting System (BARS) and Human Resource Management Information System (HRMIS)—and one database, SAVERR, used to help calculate the following measures: Average Monthly Cost per Case: Nursing Facilities; Average Case Equivalents per Long-Term Care Medicaid Financial Eligibility Worker (Medicaid Assistance Only); and Average Standardized Case Equivalents per CSS Worker. The general and application controls appear adequate for the BARS and HRMIS systems. The State Auditor’s Office has previously audited the SAVERR database and has determined that controls exist to ensure data integrity.

## Department of Human Services' Response



**TEXAS**  
Department of  
Human Services

COMMISSIONER  
James R. Hine

November 7, 2002

Pam Ross  
State Auditor's Office  
Robert E. Johnson Building  
1501 N. Congress Avenue  
Austin, TX 78701

Dear Ms. Ross:

Per your request, management responses to the draft State Auditor's Office Performance Measure Certification Audit are attached. This information is also being submitted to you electronically. If you have any questions or need further assistance please contact Charlotte Schneemann at (512) 438-5195.

Sincerely,

*James R. Hine*  
James R. Hine  
Commissioner  
*by*  
*Bobby Helfmann*

JRH: pvr

Attachment

**BOARD MEMBERS**

Jon M. Bradley  
Chair, Dallas  
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Vice Chair, Corpus Christi  
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San Antonio  
John A. Cuellar  
Dallas  
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Houston  
Terry Durkin Wilkinson  
Midland



**TDHS Management Responses**  
**SAO Performance Measure Certification Audit**

***Average Monthly Cost per Case: Community Care***

**Management's Response:**

The Service Authorization System (SAS) data that provides client denominator information for the Community Care Staffing Report became operational in FY 2002. Documentation of the individual automation steps and measure calculation has been developed. The ABEST measure definition was updated to reflect this source data documentation change. Staff reorganization, training, and coordination have been modified to ensure independent review of calculated results.

Target implementation date(s): FY 2002

Responsible parties: Gene Lopez, Measure Owner Assistant

***Percent of Long-Term Care Clients Served in Community Care Settings***

**Management's Response:**

The Department is currently undergoing a reorganization of its financial management functions. As a result, we expect to enhance our ability to "cross-train" staff so more than one employee has the skills and knowledge needed to calculate performance measures. In addition, the reorganization should enable us to allocate more staff resources towards improving our documentation of policies and procedures used to calculate performance measures and providing independent reviews of performance measure calculations, as well as other financial management activities.

Written policies and procedures of the independent review process will be evaluated and expanded to incorporate specific steps for examining information after data entry into ABEST, including reviewer sign-off. Policies and procedures for the quarterly reporting process have been developed as part of the agency's Managing for Success project and do include this independent review in the broader concept of "quality control."

Target implementation date(s):

- Detailed written policies and procedures detailing the calculation process and cross-training are planned for completion by August 31, 2003.
- Update to written policies and procedures regarding independent review of ABEST data entry expected by February 1, 2003.
- Initialed reviews prior to ABEST submission will begin 1<sup>st</sup> Quarter FY 2003.

**TDHS Management Responses**  
**SAO Performance Measure Certification Audit**

Responsible parties:

Bobby Halfmann, Chief Financial Officer  
Shirley Preece, Measure Coordinator

***Average Number of Clients Served per Month: Medicaid  
Community Based Alternative Waiver***

**Management's Response:**

The Department is currently undergoing a reorganization of its financial management functions. As a result, we expect to enhance our ability to "cross-train" staff so more than one employee has the skills and knowledge needed to calculate performance measures. In addition, the reorganization should enable us to allocate more staff resources towards improving our documentation of the policies and procedures used to calculate performance measures and providing independent reviews of performance measure calculations, as well as other financial management activities.

Written policies and procedures of the independent review process will be evaluated and expanded to incorporate specific steps for examining information after data entry into ABEST, including reviewer sign-off. Policies and procedures for the quarterly reporting process have been developed as part of the agency's Managing for Success project and do include this independent review in the broader concept of "quality control."

Target implementation date(s):

- Detailed written policies and procedures detailing the calculation process and cross-training are planned for completion by August 31, 2003.
- Update to written policies and procedures regarding independent review of ABEST data entry expected by February 1, 2003.
- Initialed reviews prior to ABEST submission will begin 1<sup>st</sup> Quarter FY 2003

Responsible parties:

Bobby Halfmann, Chief Financial Officer  
Shirley Preece, Measure Coordinator

**TDHS Management Responses**  
**SAO Performance Measure Certification Audit**

***Average Case Equivalents per Long-Term Care Medicaid  
Financial Eligibility Worker (Medicaid Assistance Only)***

**Management's Response:**

Documentation of the individual automation steps and measure calculation has been developed. The ABEST measure definition was updated to reflect this source data documentation change. Staff reorganization, training, and coordination have been modified to ensure independent review of calculated results.

Target implementation date(s): FY 2002

Responsible parties: Gene Lopez, Measure Owner Assistant

***Average Monthly Cost per Case: Nursing Facilities***

**Management's Response:**

Documentation of the individual automation steps and measure calculation has been developed. The ABEST measure definition was updated to reflect this source data documentation change. Staff reorganization, training, and coordination have been modified to ensure independent review of calculated results.

Target implementation date(s): FY 2002

Responsible parties: Gene Lopez, Measure Owner Assistant

***Average Standardized Case Equivalents per CSS Worker***

**Management's Response:**

Responsible staff will review documented policies and procedures for all measures in this sub-strategy and ensure they include instructions for measure calculation, including which spreadsheets to use and who reviews the computations. This will be performed in consultation with Internal Audit Division to ensure comprehensiveness.

Independent review by management for this and other measures in this strategy is consistently performed, but is not consistently documented as having been performed. Management reviews each measure for reasonableness and to ensure information from primary analysts' spreadsheets

**TDHS Management Responses**  
**SAO Performance Measure Certification Audit**

are accurately reported to the ABEST coordinator. In addition, during the year management reviews spreadsheets used to calculate most measures to be sure calculations are done correctly.

DHS will improve its documentation of the independent review after calculation to ensure accuracy of annual performance reported in ABEST. All final measures for this strategy will be reviewed and documented, by independent responsible staff familiar with the data, for reasonableness of reported measures annually before submission into ABEST.

Written policies and procedures of the independent review process will be evaluated and expanded to incorporate specific steps for examining information after data entry into ABEST, including reviewer sign-off. Policies and procedures for the quarterly reporting process have been developed as part of the agency's Managing for Success project and do include this independent review in the broader concept of "quality control."

**Target implementation date(s):**

- Update to measure calculation policies and procedures expected by August 31, 2003 to ensure completion before the final report to the LBB for FY 2003.
  
- Initialed reviews prior to ABEST submission will begin 1<sup>st</sup> Quarter FY 2003.

**Responsible parties:**

Lea Isgur, Measure Owner  
Margaret Lane-Mendoza, Measure Owner Assistant  
Shirley Preece, Measure Coordinator

## State Board of Medical Examiners

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	2	0	2	50%	0%

Agency No. 503

Outcome Measure

### Percent of Licensees With No Recent Violations

The State Board of Medical Examiners (Agency) did not follow the measure definition when calculating the performance measure. However, following the measure definition results in a percentage that is greater than 100 percent, which is not a valid measurement.

- In its calculation, the Agency included data from a category that was not included in the ABEST measure definition or the calculation methodology. The Agency reported 99 percent in ABEST; the auditors recalculated the results according to the definition and came up with 109 percent.
- The Agency does not have written policies and procedures for collecting, calculating, and reporting the measure.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

#### Recommendations

The Agency should:

- Work with the Legislative Budget Board to re-evaluate the desired outcome for the measure and determine whether the measure definition needs to be changed. If the current definition remains, the calculation results in a percentage greater than 100 percent.
- Develop written policies and procedures to provide guidance and consistency.

Efficiency Measure

### Average Licensing Cost per Individual (Physician)

The Agency used an incorrect expenditure amount to calculate this measure. It obtained its expenditure amount from the Uniform Statewide Accounting System (USAS) using inquiry dates for fiscal year 2002.

- The correct expenditure amount for fiscal year 2001 exceeded the amount used in the calculation by 12 percent. When we recalculated the measure

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

using fiscal year 2001 dollars, the number reported in ABEST was not within the allowable +/- 5 percent range.

- The Agency did not review performance information before submitting it to ABEST.
- The Agency does not have documented policies and procedures for its performance measures collecting, calculating, and reporting processes.

### Recommendations

The Agency should:

- Ensure that the correct reporting period is extracted from USAS when calculating the expenditure portion of the measure.
- Consistently review performance data prior to its release to ABEST.
- Develop written policies and procedures to provide guidance and consistency.

*Output Measure*

### **Number of Complaints Resolved (Physician)**

The reported performance for this measure appears accurate, but its controls are not adequate to ensure continued accuracy. Specifically:

- There is no segregation of duties between the functions of entering data into ABEST and submitting the information into ABEST.
- The Agency does not consistently review performance information for accuracy prior to submission into ABEST.
- The Agency does not have documented policies and procedures.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### Recommendations

The Agency should:

- Review performance data before submitting it into ABEST.
- Develop written policies and procedures to provide guidance and consistency.
- Separate the tasks of entering data into ABEST and submitting the information into ABEST.

## **Average Time for Complaint Resolution (Physician)**

The reported performance for this measure appears accurate, but its controls are not adequate to ensure continued accuracy. Specifically:

- There is no segregation of duties between the functions of entering data into ABEST and submitting information into ABEST.
- The Agency does not consistently review performance information for accuracy prior to release.
- The Agency does not have documented policies and procedures.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendations**

The Agency should:

- Review performance data prior to submitting it into ABEST.
- Develop written policies and procedures to provide guidance and consistency.

## **Information Technology**

With the exception of a lack of documented policies and procedures regarding the use of its Texas Registration Administration Cash and Enforcement Reporting system (TRACER), general and application controls appear sufficient to ensure data integrity. However, no audits, reviews, or assessments of the computer system and database were performed during fiscal years 2000 and 2001.

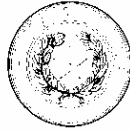
The Agency had manuals when TRACER was developed in the early 1980s; however, the manuals were not updated to reflect changes to the system. TRACER has a help function that, when executed, produces screens containing information for the user. However, the screen reviewed by the auditor did not appear to be an adequate substitute for the user manual.

### **Recommendations**

The Agency should:

- Document policies or procedures or create a user manual for the operation of TRACER. Because a new system conversion is expected, the Agency should determine whether to incur the additional cost associated with documenting policies and procedures or continue the risk associated with having no policies or procedures in place.
- Include in its general controls audits, reviews, or assessments of its system and database.

## State Board of Medical Examiners' Response



# Texas State Board of Medical Examiners

MAILING ADDRESS: P.O. Box 2018 • AUSTIN TX 78768-2018  
PHONE: (512) 305-7010

August 29, 2002

State Auditor's Office  
Robert E. Johnson Building  
1501 N. Congress Ave.  
Austin, TX 78701

Re: Performance Measure Audit (June 2002)

Please find the attached document responding to the findings of the Performance Measure Audit conducted by your agency. If you have any questions, please contact me at 305-7052.

Sincerely,

A handwritten signature in cursive script that reads "Laurie M. Perez".

Laurie M. Perez  
Director of Finance

LOCATION ADDRESS: 333 GUADALUPE • TOWER 3 • SUITE 610 • AUSTIN TX 78701  
WEB SITE ADDRESS: [www.tsbme.state.tx.us](http://www.tsbme.state.tx.us)





# Texas State Board of Medical Examiners

MAILING ADDRESS: P.O. Box 2018 • AUSTIN TX 78768-2018  
PHONE: (512) 305-7010

Outcome Measure  
Percent of Licensees With No Recent Violations

**Recommendations**  
**The Agency should:**

Work with the Legislative Budget Board to reevaluate the desired outcome for the measure and determine whether the measure definition needs to be changed. If the current definition remains, the calculation results in a percentage greater than 100 percent.

Develop written policies and procedures to provide guidance and consistency.

**Management Response:**

This measure definition was updated during the 2003-2007 Strategic Planning process with the LBB. The correct definition of the denominator was inserted into the method of calculation. Written procedures are being developed, with an anticipated completion date of January 2003.

Efficiency Measure  
Average Licensing Cost Per Individual (Physician)

**Recommendation**  
**The Agency should:**

Ensure that the correct reporting period is extracted from USAS when calculating the expenditure portion of the measure.

Consistently review performance date prior to its release in ABEST.

Develop written policies and procedures to provide guidance and consistency.

LOCATION ADDRESS: 333 GUADALUPE • TOWER 3 • SUITE 610 • AUSTIN TX 78701  
WEB SITE ADDRESS: [www.tsbme.state.tx.us](http://www.tsbme.state.tx.us)

**Management Response:**

Actions to review performance measure data before it is released into ABEST were put into effect immediately. Now all directors responsible for performance measure data get a copy of the ABEST entry and must sign off that the entry is correct before released into ABEST. This review includes checking for correct reporting periods when extracting information from USAS. This documentation will be kept with all performance measure information for each reporting period. Written procedures are being developed, with an anticipated completion date of January 2003.

Output Measure  
Number of Complaints Resolved (Physician)

**Recommendation**  
**The Agency should:**

Review performance data before submitting in into ABEST.

Develop written policies and procedures to provide guidance and consistency.

Separate the tasks of entering data into ABEST and submitting the information to ABEST.

**Management Response:**

Actions to review performance measure data before it is released into ABEST were put into effect immediately. Now all directors responsible for performance measure data get a copy of the ABEST entry and must sign off that the entry is correct before released into ABEST. This documentation will be kept with all performance measure information for each reporting period. Separation of ABEST duties was put into place immediately. There will now be one employee to enter data into ABEST and another employee to release the data into ABEST. Written procedures are being developed, with an anticipated completion date of January 2003.

Efficiency Measure  
Average Time for Complaint Resolution (Physician)

**Recommendation**  
**The Agency should:**

Review performance data prior to submitting it to ABEST.

Develop written policies and procedures to provide guidance and consistency.

**Management Response:**

Actions to review performance measure data before it is released into ABEST were put into effect immediately. Now all directors responsible for performance measure data get a copy of the ABEST entry and must sign off that the entry is correct before released into ABEST. This documentation will be kept with all performance measure information for each reporting period. Separation of ABEST duties was put into place immediately. There will now be one employee to enter data into ABEST and another employee to release the data into ABEST. Written procedures are being developed, with an anticipated completion date of January 2003.

Information Technology

**Recommendation**  
**The Agency should:**

Document policies and procedures or create a user manual for the operation of TRACER. Because a new system conversion is expected, the Agency should determine whether to incur the additional cost associated with documenting policies and procedures or continue the risk associated with having no policies or procedures in place.

Include in its general controls audits, reviews, or assessments of its system and database.

**Management Response:**

Updated user documentation will be forthcoming with the system conversion which is expected to be complete in December 2002. This item will be included in the agency's scheduled project plan of the new system.

## Department of Transportation

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	3	0	1	75%	0%

Agency No. 601

Efficiency Measure

### Average Number of Weeks for Complaint Resolution

The Department of Transportation (Department) underreported the number of weeks it took to resolve Lemon Law complaints. The reported result is inaccurate because the Department did not follow the measure definition. The measure states that the calculation is based on the average time between the date a complaint is filed and the date of the final order. The Department incorrectly deducted from the total number of days all days of delay caused by the complainant. There is a 13 percent difference between the reported average time (18.8 weeks) and the actual average time (21.3 weeks).

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more sample documentation tested.

#### Recommendation

The Department should calculate the results it submits to ABEST according to the measure's definition. However, if the Department determines that following the measure definition does not accurately represent performance, the Department should consult with the Legislative Budget Board to revise the definition and calculation methodology.

Outcome Measure

### Percent of Motor Vehicle Complaints Resolved

The Department accurately reported the results for this measure within the allowable range of +/-5 percent. However, controls are not adequate to ensure continued accuracy. The Department lacks documented policies and procedures for the collection of data for this measure. Additionally, the Department could not provide documentation that it reviewed and approved the fiscal year 2001 result before submitting it to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendations

The Department should:

- Develop written policies and procedures to provide consistent guidance for collecting performance measure data.
- Implement a documented review process to ensure the calculation is accurate and that the correct numbers are submitted to ABEST.

*Output Measure*

### ***Number of Highway Construction Projects Contracted***

The Department accurately reported the results for this measure within the allowable range of +/-5 percent. However, controls are not adequate to ensure continued accuracy. Specifically, the Department lacks documented policies and procedures for calculating the results of this measure. Although the Department calculates this result manually, there are no documented reviews for accuracy of the calculation prior to submission to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

#### **Recommendation**

The Department should develop written policies and procedures for calculating this measure. The procedures should include a documented review process to ensure the accuracy of the calculated results.

*Output Measure*

### ***Number of Lane Miles Resurfaced with Overlays***

The Department accurately reported the results for this measure within the allowable range of +/-5 percent. However, controls are not adequate to ensure continued accuracy. Specifically, the Department lacks documented policies and procedures for calculating this measure. Although the Department calculates this result manually, there are no documented reviews for accuracy of the calculation prior to submission to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

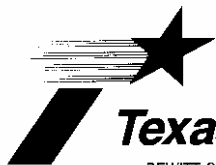
#### **Recommendation**

The Department should develop written policies and procedures for calculating this measure. The procedures should include a documented review process to ensure the accuracy of the calculated results.

## ***Information Technology***

General controls for the systems supporting the audited measures appear adequate based on information provided by the Department. However, according to the Department, the Department has not performed audits, reviews, or assessments of its Design and Construction Information System (DCIS) and Maintenance Management Information System (MMIS) computer systems and databases. Additionally, the Department identified application controls weaknesses affecting two measures (Average Number of Weeks for Complaint Resolution and Percent Motor Vehicle Complaints Resolved). However, the Department expects that its planned Licensing, Administration, Consumer Affairs, and Enforcement (LACE) project will address these issues.

## Department of Transportation's Response



### **Texas Department of Transportation**

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

November 8, 2002

Mr. Lawrence Alwin  
State Auditor's Office  
P.O. Box 12067  
Austin, Texas 78701-2067

Dear Lawrence Alwin:

Thank you for the opportunity to review your findings on the recent audit of our agency's performance measures. We agree with the overall findings and the department will develop written policies and procedures for the calculation of measures. The procedures will include a documented review process to insure the accuracy of the calculated results.

In reference to the Information Technology comment, we believe that adequate general controls are in place and the application control weakness affecting two of the measures will be addressed by the new Licensing, Administration, Consumer Affairs and Enforcement (LACE) system.

Thank you again for the opportunity to comment. If you should need any additional information please contact Cheryl Mazur at 463-8722.

Sincerely,

A handwritten signature in black ink that reads "Cathy J. Williams". The signature is written in a cursive, flowing style.

Cathy J. Williams, PHR  
Assistant Executive Director  
for Support Operations

cc: Texas Transportation Commission  
TxDOT Administration  
James Bass, Director, Finance Division, TxDOT

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## Workers' Compensation Commission

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	3	0	2	60%	0%

Agency No. 453

Output Measure

### Number of Fraud Investigations Completed

The Workers' Compensation Commission (Commission) overstated the number of fraud investigations completed in fiscal year 2001. As part of a Commission initiative to eliminate a large backlog of cases, the administrative unit closed cases that did not meet the measure definition of a completed investigation. Our testing identified cases that were closed solely because timely action was not taken. Passage of time is not sufficient support for closing a case and counting it as a completed investigation.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

#### Recommendation

The Commission should ensure that it includes only those cases that meet the measure definition of "closed" in the results reported in ABEST.

Efficiency Measure

### Average Cost per Consultation/Inspection/Investigation

Errors in the Commission's method for calculating the average cost per consultation, inspection, and investigation caused the results reported for this measure to be inaccurate. The calculation methodology does not accurately determine direct costs and indirect cost allocations. The Commission did not follow the measure definition when it excluded legitimate direct costs and used different cost allocation methodologies for federal grants and state programs. There is a 41 percent difference between the reported average cost (\$670) and the actual average cost as recalculated by the State Auditor's Office (\$941.80).

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

#### Recommendation

The Commission should review its method of calculation to ensure that it includes all appropriate costs and that it is aligned with the measure definition.



## **Average Number of Days for the Required Initial Benefit Payment to be Issued to Injured Worker**

The Commission's reported performance is accurate within the allowable range of +/-5 percent. However, in fiscal year 2001 the Commission lacked documentation of review prior to submitting the results in ABEST.

Additionally, we noted that the Commission's control procedures identified a potentially serious problem. The control procedure, designed to ensure that performance information received from a third party is accurate, found that insurance carriers were incorrectly reporting key data to the Commission. The Commission has initiated steps to correct the problem. For fiscal year 2001, the inaccurate data from the insurance carriers did not cause the reported results to differ from the actual results by more than 5 percent. However, if the Commission had not identified the problem, the discrepancy could have caused future results to vary more than 5 percent.

**Results: Certified with Qualification**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendation**

The Commission should continue to document its review process, which it started doing in fiscal year 2002.

## **Percentage of Compensation Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System**

The Commission did not calculate its performance in accordance with the measure definition. However, the difference between the reported and actual results was within the allowable range of +/-5 percent. The Commission lacks written policies and procedures for deleting proceedings from its information system to ensure that authorized staff delete only those proceedings that meet Commission criteria for deletion. Additionally, it does not have controls to ensure that only authorized personnel can delete proceedings. The information system is used to collect data and calculate the performance measure results.

**Results: Certified with Qualification**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendations**

The Commission should:

- Consult with the Legislative Budget Board to clarify the definition and ensure that performance is calculated in accordance with the measure definition.

- Develop written policies and procedures to provide necessary guidance for making decisions regarding the deletion of proceedings.
- Implement controls to ensure that only authorized personnel can delete proceedings.

*Output Measure*

**Number of Compensation Benefit Dispute Cases Considered in Benefit Review Conference**

The reported performance is accurate; however, we identified control weaknesses that could impair continued accuracy. For fiscal year 2001, the Commission did not have written policies and procedures for the collection of data. The Commission lacked documented reviews of data at critical points in the collection, calculation, and submission of performance measures results.

**Results: Certified with Qualification**  
 Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

**Recommendation**

The Commission should develop written policies and procedures for the collection of data. The policies and procedures should require documented reviews for accuracy during collection, calculation, and submission into ABEST.

**Information Technology**

The Commission has documented policies and procedures for the two automated systems that support the following performance measures:

- Number of Fraud Cases Completed
- Percentage of Compensation Benefit Dispute Cases Resolved by the Commission’s Informal Dispute Resolution System
- Number of Compensation Benefit Dispute Cases Considered in Benefit Review Conference

The Commission stated that its Compliance and Practices Violations Tracking (VTRA) System was designed to track violations of the laws and rules of the Commission. The Commission also stated that the Dispute Resolution Information System (DRIS) tracks disputes that come to the Commission for resolution. The Commission developed both systems in 1991–1992.

Based on detailed interviews with key staff for the VTRA and DRIS systems, the general and application controls as described appear adequate. The Commission has a business continuity plan in effect.

However, we noted that the Commission does not have written procedures for the deletion of scheduled contested case hearings in DRIS. The Commission also does

not restrict access to this function, nor does it have controls designed to restrict the use of this option.

### **Recommendation**

The Commission should update DRIS procedures to include the delete menu option and restrict access to this option to appropriate Commission staff.

## Workers' Compensation Commission's Response

RICHARD F. REYNOLDS  
EXECUTIVE DIRECTOR



TEXAS  
**WORKERS' COMPENSATION COMMISSION**  
4000 SOUTH I-35, MS-1, AUSTIN, TEXAS 78704-7491  
(512) 804-4000

October 25, 2002

Ms. Pam Ross, Project Manager  
State Auditor's Office  
1501 North Congress Avenue  
Austin, Texas 78701

Dear Ms. Ross:

We have reviewed the draft report on the recently completed Performance Measure Audit that was delivered on October 15, 2002. We appreciate the opportunity to respond to the findings and recommendations made on each of the audited measures. The Commission considers the collection and reporting of performance measure information to be a critical function that reflects the agency's progress in meeting its goals and, in some cases, the progress of system participants in meeting the goals of the state's workers' compensation system.

During the last two years, we have made concerted efforts, based on guidance from your office and that of the Legislative Budget Board and the Governor's Office of Budget and Planning, to improve our procedures and documentation protocols - focusing on improved review, verification, and sign-off procedures. In response to most of the recommendations regarding lack of documentation and procedures available in FY2001, we believe we have addressed those weaknesses through the improved documentation developed since that time.

The following is our response to each of the findings and recommendations for the audited measures:

### **Number of Fraud Investigations Completed**

*Auditor Recommendation:* The Commission should ensure that it includes only those cases that meet the measure definition of "closed" in the results reported in the Automated Budget and Evaluation System of Texas.

*Management Response:* While we may have different interpretations of "extensive investigation", which is part of the measure definition, beginning in FY 2002, the Commission's Office of Investigations (OI) has implemented additional quality assurance efforts to be sure that all fraud case closures meet the measure definition and that the components of the file are accurate and free of error. Each quarter, a random sample of closed cases are pulled and reviewed by an OI manager. If the case does not appear to meet the measure definition to be counted, it is reviewed with the handling investigator and either additional investigation is scheduled and completed or the closure code for the case is changed to a code not counted in the measure definition.

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#### **Average Cost per Consultation/Inspection/Investigation**

*Auditor Recommendation: The Commission should review its method of calculation to ensure that it includes all appropriate costs and that it is aligned with the measure definition.*

*Management Response:* The Commission actively sought guidance on how best to calculate costs. Absent any guidance, we used a calculation that included only those costs directly related to the service being provided. However, the Commission recommended and was approved to replace this measure with a new average cost measure for the FY 2002-2003 biennium. The new measure reflects the appropriate costs for administering consultations, inspections, and investigations (as well as the associated supporting functions) in the programs in which the activities occur. It appears that the new measure definition and calculation methodology are consistent with the methodology recommended by the auditors during their review.

#### **Average Number of Days for the Required Initial Benefit Payment to be Issued to Injured Worker**

*Auditor Recommendation: The Commission should continue to document its review process, which it started doing in fiscal year 2002. The Agency should continue using this control.*

*Management Response:* The Commission continues to monitor the data submitted to the agency from insurance carriers on the payment of benefits. Audits conducted in FY2002 indicate that some data is still being reported incorrectly, and the Commission is working with identified carriers to bring them into compliance with reporting requirements. Positively, performance for this measure has improved during the last fiscal year.

#### **Percentage of Compensation Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System**

*Auditor Recommendation: The Commission should:*

- *Consult with the Legislative Budget Board to clarify the definition and ensure that performance is calculated in accordance with the measure definition.*
- *Develop written policies and procedures to provide necessary guidance for decision-making regarding deletion of proceedings.*
- *Implement controls to ensure that only authorized personnel can delete proceedings.*

*Management Response:* In 2000, while reviewing the agency's performance measures to make recommendations to the LBB and Governor's Office of Budget and Planning (GOBP) for changes for the FY 2002-2003 biennium, the Commission recognized that the data being captured was not accurately described in the definition. The Commission's request to permit the agency to clarify the definition for the FY 2002-2003 biennium was approved.

The audit of this measure also showed that there is a function in the Dispute Resolution Information System (DRIS) that can be executed to delete a dispute proceeding after it has been entered into the system, and that this function did not have adequate written procedures and controls to ensure that only

Response to State Auditor's Office  
October 25, 2002  
Page 3 of 3

proceedings that meet certain criteria are deleted from the system. As a result of this audit finding, the Commission immediately limited access to this function to a select number of staff members trained in the appropriate use of this function. A written procedure has been implemented and any staff members who are provided access to this function in the future will be trained according to the written procedure.

**Number of Compensation Benefit Dispute Cases Considered in Benefit Review Conference (BRC)**

*Auditor Recommendation: The Commission should develop written policies and procedures for the collection of data. The policies and procedures should require documented reviews for accuracy during collection, calculation, and submission to ABEST.*

*Management Response: Written policies and procedures have been developed and implemented that address the collection of data, reviews for accuracy, and submission into ABEST.*

**Information Technology**

*Auditor Recommendation: The Commission should update DRIS procedures to include the delete menu option and restrict access to this option to appropriate commission staff.*

*Management Response: As a result of the finding during this audit, the Commission does have written procedures for the deletion of scheduled dispute proceedings. Access to this function has been restricted to specific personnel in the Commission's Hearings and Customer Services divisions. Access to this function will continue to be restricted to only those staff members who are trained according to the written procedures for the process.*

The issues you have raised will assist us to not only make our performance measure reporting system better, but also to more effectively manage our operations. If you have questions or need further information, please contact Carole Fox, Director of Internal Audit, or Laurie Crumpton, Director of Strategic Planning and Programs.

Sincerely,



Richard F. Reynolds  
Executive Director

## Texas Workforce Commission

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	2	2	3	29%	0%

Agency No. 320

Cross-Cutting Finding

### **The Agency's Performance Measures Control Processes Do Not Ensure Accurate Results**

The Texas Workforce Commission's (Agency) key performance measures that we reviewed do not have controls that are adequate to ensure continued accuracy. Five of the seven audited measures do not have policies and procedures for collecting and calculating results. Furthermore, the Agency does not have policies and procedures for the entry and submission of data into ABEST. Without written policies and procedures, employees lack a documented reference. Over time, verbal instructions are likely to become inconsistent.

#### **Recommendation**

The Agency should develop and implement written policies and procedures for collecting, calculating, and reporting its performance measures. The policies and procedures should require documented reviews of performance information after calculation and prior to submission into ABEST.

Outcome Measure

### **Percent of Skills Development Fund Trainees Securing Employment with Participating Businesses**

The Agency is not collecting the correct data to calculate the results for this measure. The denominator is supposed to be the actual number of individuals who completed a customized training program. However, the Agency did not require contractors to report this data. Instead, the Agency calculated the results using the number of individuals set forth in the contract.

#### **Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

#### **Recommendation**

The Agency should collect data and calculate performance results according to the measure definition.

## **Average Cost Per Employment Services Participant Who Entered Employment (All Programs)**

The Agency did not follow the measure definition when calculating the results for this performance measure. The Agency does not use the expenditures specified in the definition, but instead includes additional expenditure data that are not specified. The definition states that the numerator should be calculated using only expenditures paid with Wagner Peyser funds. However, the Agency internally changed the measure definition to include expenditures for "All Programs."

**Results: Factors Prevent Certification**

Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the auditor cannot determine the correct result.

### **Recommendation**

The Agency should calculate performance results according to the definition. However, if the Agency determines that following the measure definition does not accurately represent performance, the Agency should consult with the Legislative Budget Board (LBB) to revise the definition and calculation methodology.

## **Choices Participation Rate for Two-Parent Families**

The error rate in the supporting documentation caused this measure to be inaccurate. Of the 14 source documents we tested, 93 percent contained errors.

The Local Workforce Development Boards' (Boards) contractors enter client participation hours into The Workforce Information System of Texas (TWIST) and maintain supporting client files. We found participation hours discrepancies, hours reported for unallowable activities, and reported hours that exceeded the documented hours in the case files.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The Agency should establish procedures and controls to ensure the accuracy and reliability of Choices client data entered at the local Board/contractor level.



## **Choices Participation Rate for All Families**

The numerator used to calculate the results for this measure includes data from the Choices Participation Rate for Two-Parent Families. Because the numerator is inaccurate (see finding for previous measure), this measure is also inaccurate. Additionally, the Agency did not follow the measure definition when calculating the measure result. Instead of using updated actual annual data, the Agency added and averaged the monthly values.

**Results: Inaccurate**  
Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendations**

The Agency should:

- Establish procedures and controls to ensure the accuracy and reliability of Choices client data entered at the local Board/contractor level.
- Use updated actual annual data to calculate the results for this measure.

## **Average Cost Per Client Served in Component Activities: Choices**

This measure is inaccurate due to errors in the documentation supporting the denominator. The denominator of this measure is the number of individuals who participated in the Choices component activities. Errors included a lack of Board/contractor case file documentation of participation for some clients and inclusion of other clients who participated in ineligible activities. The error rate exceeded the allowable +/-5 percent. We found no errors during our testing of the expenditure portion (the numerator) of the measure.

**Results: Inaccurate**  
Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

The Agency's finance department does not have documented policies and procedures for gathering data for the measure.

### **Recommendations**

The Agency should:

- Establish procedures and controls to ensure the accuracy and reliability of Choices client data entered at the local Board/contractor level.
- Develop policies and procedures for the finance department to use when collecting data that are used to calculate the measure results.

## **Percent of Unemployment Insurance Claimants Paid Timely**

The reported performance for this measure appears accurate, but as noted in the cross-cutting finding, its controls are not adequate to ensure continued accuracy. Specifically:

- Due to a change in wording of the definition from 1998–1999 to 2000–2001, the interpretation of an “Unemployment Insurance Claimant” is not clear and leaves the measure results open to various interpretations.
- Policies and procedures do not reflect actual procedures used by the Agency to collect and calculate the data for this measure.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendations**

The Agency should:

- Consult with the LBB to develop a specific definition of “Unemployment Insurance Claimants.”
- Update its documented policies and procedures so that they describe current processes used to gather and calculate the measure results.

## **Average Time to Process Initial Unemployment Insurance Claim**

The reported performance for this measure appears accurate, but as noted in the cross-cutting finding, its controls are not adequate to ensure continued accuracy. Due to a change in the format of federal reporting forms, the Agency calculates the measure result using different columns of data than those specified in the measure. Neither the measure definition nor the documented procedures reflect the actual procedures followed to calculate this measure.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendations**

The Agency should:

- Change the measure definition, with the LBB’s approval, to accurately reflect the correct data to be extracted for calculating and reporting the measure.
- Update documented procedures to describe the actual processes used to calculate the measure results.

## ***Information Technology***

Based on this current audit and previous audit work performed by the State Auditor's Office (SAO), controls for the CentreVu system appear adequate to ensure data reliability and integrity. The system collects and processes data into a report format for two audited measures: Percent of Unemployment Insurance Claimants Paid Timely, and Average Time to Process Initial Unemployment Insurance Claims. This is a highly automated system with minimal staff intervention except for users requesting reports.

Two systems at the Agency collect, process, and report data for the measures Choices Participation Rate for Two-Parent Families, Choices Participation Rate for All Families, and Average Cost per Client Served in Component Activities (Choices). Controls for TWIST and PeopleSoft appear to be adequate based on our review and on previous SAO audits. Errors in client participation and participation hours are not related to the system but to management controls noted in the measures findings.

## Texas Workforce Commission's Response

# Texas Workforce Commission

Member of the Texas Workforce Network

Diane D. Rath, Chair  
Commissioner Representing  
the Public

T. P. O'Mahoney  
Commissioner Representing  
Labor

Ron Lehman  
Commissioner Representing  
Employers

Cassie Carlson Reed  
Executive Director

November 8, 2002

Ms. Pam Ross  
Project Manager  
State Auditor's Office  
1501 North Congress Avenue  
Austin, Texas 78701

Dear Ms. Ross:

We appreciate the opportunity to respond to your findings and recommendations. We are always seeking ways to improve our processes and procedures and have already taken steps to implement most of your recommendations. We take your recommendations seriously and will use them to improve our performance reporting.

I. The Agency's Performance Measures Control Processes Do Not Ensure Accurate Results:

We agree. A section has been added to the Performance Measures Procedures Manual to document our ABEST policies and procedures for actual entry and review. Much of our documentation for collecting, calculating and reviewing was already included in our approved Performance Measures Procedures Manual. We believe the manual now addresses the concerns of the finding and recommendations.

II. Percent of Skills Development Fund Trainees Securing Employment with Participating Businesses

We agree that we should collect data and calculate performance results according to the measure definition. The definition for FY 2004/2005 has been revised to provide more meaningful information for managing the program.

III. Average Cost Per Individual Who Participated (All Programs)

We agree that the measure should be calculated according to the definition and any changes should be coordinated through the Legislative Budget Board (LBB). While this was our intent, we failed to formally request approval of this measure definition.

IV. Choices Participation Rate for Two-Parent Families

We agree with the recommendation. However, the Agency's relationship to the contractors is a third party relationship and as such, we do not have direct control over

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their performance. We agree that it is important to accurately report data for Texas Legislators' decision making. We will continue to work with the Boards and their contractors to improve the accuracy of the data. On the basis of our third party relationship, we believe we are being held accountable for what we have no direct control. If this measure cannot be certified when the data reported to us is in turn accurately calculated and reported into ABEST we would request that the State Auditor's Office make a note that we continuously strive to improve the accuracy of the data.

The Agency provides guidance to the Boards who establish procedures and controls over client data. The Boards are responsible for ensuring the accuracy and reliability of the data entered at the local level.

The Agency provides training to the Board monitors. In May 2002, the Agency provided monitoring training to the boards and contractors. There was one entire session (55 minutes) that was dedicated to Choices documentation. The session was offered three separate times over the 1 1/2-day event in order to ensure everyone had an opportunity to attend.

The child care training in May focused on funds management and information monitors should review in relation to BAPA, funds utilization, allocations, etc.

Because of the concerns raised in this audit, the Agency Internal Audit department is currently performing a data integrity test of the TWIST system in order to identify weaknesses by Board or contractor. The results of this audit will be used to work with the Boards to correct the supporting documentation maintained by the contractors.

V. Choices Participation Rate for All Families

Since this measure could not be certified due to the results of the preceding measure, the above response applies to this measure also. In addition, we will use updated actual annual data to calculate the results for this measure in the future.

VI. Average Cost Per Client Served in component Activities: Choices

The Agency's relationship to the contractors is a third party relationship and as such, we do not have direct control over their performance. We will continue to work with the Boards and their contractors to improve the accuracy of the data. If this measure cannot be certified when the data reported to us is in turn accurately calculated and reported into ABEST we would request that the State Auditor's Office make a note that we continuously strive to improve the accuracy of the data.

The Financial Initiatives department will be incorporating the written procedures on how to calculate costs for performance measures with the Finance Policy and Procedures manual. This manual will be released October 31, 2002.

Pam Ross

-3-

November 8, 2002

VII. Percent of Unemployment Insurance Claimants Paid Timely

We will work with our LBB analyst for the 2004-2005 biennium to include the definition of Unemployment Insurance Claimants in the measure definition and UI Support and Customer Service will include references to these terms in their internal reporting procedures.

VIII. Average Time to Process Initial Unemployment Insurance Claim

We agree that the definition should be changed and we have obtained approval from the LBB to change this measure definition. Because it is not feasible to request a measure definition change every time a report is redesigned, we suggested removing the specific column designations from the definitions and refer to them in internal step-by-step procedures that would be maintained in the office responsible for the measure. The LBB approved the change for this measure, and as a concept for all FY 2004-2005 definitions.

We appreciate the guidance the SAO has provided to help us improve our performance measure reporting policies and procedures. We will continue to monitor the systems and data that support the performance measurement system.

Sincerely,



Cassie Carlson Reed  
Executive Director

cc: Diane D. Rath, Chair and Commissioner Representing the Public  
T.P. O'Mahoney, Commissioner Representing Labor  
Ron Lehman, Commissioner Representing Employers  
Fran Carr, Director, Internal Audit

## The University of Texas Health Science Center at San Antonio

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	3	0	1	75%	0%

Agency No. 745

Cross-Cutting Finding

### The University's Performance Measures Control Processes Do Not Ensure Accurate Results

The University of Texas Health Science Center at San Antonio's (University) key performance measures that we reviewed do not have controls that are adequate to ensure continued accuracy. We noted specific problems with the calculation of three measures, which are discussed below. None of the audited measures has policies and procedures for collecting and calculating results.

Furthermore, the University does not perform independent reviews of its performance measures results. Ideally, the results should be independently reviewed twice before they are submitted to ABEST:

- After the results are calculated but before they are entered into ABEST, someone other than the person who calculated the results should review them to ensure they are accurate and complete. The reviewer should be familiar with the measure and should document the review.
- After the results have been entered into ABEST but before they are submitted, someone other than the person who entered them should review the results to ensure that no errors have been introduced, such as transposed numbers. Once this review has been documented, the results are ready to be submitted into ABEST.

#### Recommendations

The University should:

- Develop and implement written policies and procedures for collecting and calculating its performance measures. The policies and procedures should require reviews of performance information prior to submission into ABEST.
- Implement an independent review process of performance measure results to ensure that data entered into ABEST are accurate and complete.

Outcome Measure

## **Percent of Medical School Graduates Practicing Primary Care in Texas**

The University over-reported its percentage of medical school graduates practicing primary care in Texas. Contrary to the measure definition, the University did not include all of the institution's medical school graduates from a three-year period in its calculation for fiscal year 2001. Specifically, the University included only two of the three required graduate years in the calculation of the denominator.

Consequently, the University's reported performance (45 percent) varies by 13 percent from the result re-created by the auditor (32 percent) using the University's documentation.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The University should implement a review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.

Outcome Measure

## **Percent of Medical School Students Passing Part 1 or Part 2 of the National Licensing Exam on First Attempt**

The University used academic year data in the calculation of the performance result rather than fiscal year data. This deviation from the measure definition did not cause the reported results to vary by more than 5 percent from the results re-created by the auditors.

### **Recommendation**

The University should implement a review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

Explanatory Measure

## **Minority Admissions as a Percent of Total for First-Year Admissions (All Schools)**

The University included duplicate counts of minorities in the calculation of the performance result. This deviation from the measure definition did not cause the reported results to vary by more than 5 percent from the results re-created by the auditors.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.



## Recommendation

The University should implement a review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.

*Outcome Measure*

### **Total External Research Expenditures**

The University's reported performance for Total External Research Expenditures appears accurate. However, as noted in the cross-cutting finding, its controls are not adequate to ensure continued accuracy.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendation

The University should implement a review process of its measure definitions and calculations to ensure the accuracy of data submitted to ABEST.

## **Information Technology**

Based on comparisons of source documentation with information in the Student Information System, the system's general and application controls appear sufficient to ensure data integrity. Other systems that support performance measures were reviewed on a limited basis because they were being either phased out (LINX) or implemented (PeopleSoft).

# **The University of Texas Health Science Center at San Antonio's Response**

**The University of Texas Health Science Center at San Antonio**  
7703 Floyd Curl Drive San Antonio, Texas 78284-7834

*Office of the President*



*Phone (210) 567-2000*

October 15, 2002

Ms. Pam Ross  
State Auditors Office  
1501 Congress Avenue  
Austin, Texas 78701

Re: FY 2001 Performance Measures Audit

Dear Ms. Ross,

Enclosed is our response to the recommendations recently made in the audit of our FY 2001 Performance Measures. We appreciate the work performed by the State Auditors Office and are confident our reporting process will be improved as a result of this review.

If you have any questions regarding our response, please contact Andrea Marks at (210) 567- 2370 for assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Francisco G. Cigarroa".

Dr. Francisco G. Cigarroa  
President

FGC:res

School of Allied Health Sciences • Dental School • Graduate School • Medical School • School of Nursing

**The University of Texas Health Science Center at San Antonio**

**SAO FY 2001 Performance Measures Certification – Management’s Response**

**Recommendations:**

The University should:

- Develop and implement written policies and procedures for collecting and calculating its performance measures. The policies and procedures should require reviews of performance information prior to submission into the Automated Budget and Evaluation System of Texas (ABEST).
- Implement an independent review process of performance measure results to ensure that data entered into ABEST are accurate and complete.

The University should implement a review process of its measures definitions and calculations to ensure the accuracy of data submitted to ABEST.

**Management’s Response:**

The University of Texas Health Science Center at San Antonio (UTHSCSA) has implemented a review process of performance measure data reported in ABEST. Effective for the reporting of FY 2002 performance information, the Internal Audit Department will independently review the definitions and calculations of all reported measures to ensure they are properly supported and accurately calculated prior to entry into ABEST. In addition, performance measure information will be reviewed after data entry into ABEST to ensure information submitted is accurate and complete.

Written policies and procedures reflecting our practices for collecting and calculating performance measure information will be developed by January 2003.

Regarding the performance measure of the Percent of Medical School Graduates Practicing Primary Care in Texas, although the reported performance measure was inaccurate, the correctly calculated measure of 31.5% did meet UTHSCSA’s target of 30%. The error in reporting was due to a mathematical error, rather than a misinterpretation of the measure definition. These types of errors will be mitigated in the future as a result of the review process implemented. This review will also ensure the accuracy of information reported in accordance with the definitions and the continued accuracy of our reported performance measures.

# The University of Texas Southwestern Medical Center at Dallas

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
2	2	0	0	100%	50%

Agency No. 729

*Outcome Measure*

## Percent of Medical School Students Passing Part 1 or Part 2 of the National Licensing Exam on the First Attempt

The University of Texas Southwestern Medical Center at Dallas (Medical Center) accurately reported the results for this measure within the allowable range of +/-5 percent. However, to ensure continued accuracy, the Medical Center should expand its process to include documented detailed steps for data collection and calculation.

**Results: Certified with Qualifications**  
 Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### Recommendation

The Medical Center should enhance its current process for data collection and calculation to include documented detailed steps taken to arrive at the reported performance figure.

*Explanatory Measure*

## Minority Admissions as a Percent of Total for First-Year Admissions (All Schools)

The Medical Center accurately reported the results for this measure within the allowable range of +/-5 percent. Although the majority of applications are filed electronically, the Medical Center does receive some hard-copy applications. The results are certified with qualifications because the Medical Center did not retain the portion of the hard-copy student applications containing minority information. However, the Medical Center was able to support its results with electronic data that is periodically verified by the students. In addition, the Medical Center should expand its process to include documented detailed steps for data collection and calculation to ensure continued accuracy.

**Results: Certified with Qualifications**  
 Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

## Recommendations

The Medical Center should:

- Keep summary and source documentation that supports the performance measure results for three years as required by the Records Retention Act.
- Enhance its current process for data collection and calculation to include documented detailed steps taken to arrive at the reported performance figure.

*Outcome Measure*

### ***Percent of Medical School Graduates Practicing Primary Care in Texas***

This measure is certified. The performance result reported in ABEST is accurate within +/-5 percent. Controls to ensure accuracy for collecting, calculating, and reporting performance appear to be adequate.

**Results: Certified**

Reported performance is accurate within +/-5 percent, and it appears that controls to ensure accuracy are in place for collecting and reporting performance.

*Outcome Measure*

### ***Total External Research Expenditures***

This measure is certified. The performance result reported in ABEST is accurate within +/-5 percent. Controls to ensure accuracy for collecting, calculating, and reporting performance appear to be adequate.

**Results: Certified**

Reported performance is accurate within +/-5 percent, and it appears that controls to ensure accuracy are in place for collecting and reporting performance.

## ***Information Technology***

Based on comparisons of source documentation with information in the Student Information System, the system's general and application controls appear sufficient to ensure data integrity.

# The University of Texas Southwestern Medical Center at Dallas's Response

**SOUTHWESTERN**  
THE UNIVERSITY OF TEXAS  
SOUTHWESTERN MEDICAL CENTER  
AT DALLAS

John A. Roan  
Executive Vice President for Business Affairs

November 6, 2002

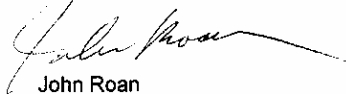
Mr. Lawrence F. Alwin, CPA  
State Auditor's Office  
Robert E. Johnson, Sr. Building –  
1501 North Congress Avenue  
Austin, Texas 78701

Re: Response to the Audit Report on Performance Measures:

We agree that the performance measure covering medical students passing part 1 or part 2 is accurate. Our internal procedures have been updated to ensure continued accuracy of reporting.

The second measure covers minority admissions as a percent of total first year admissions. We agree that the measure was reported accurately. Our procedures have now been enhanced to ensure that all information is properly maintained in the student file and that detailed steps taken to calculate the measure are properly documented.

Sincerely,



John Roan

cc: Kern Wildenthal, M.D., Ph.D.  
Robert Rubel

5323 Harry Hines Blvd. / Dallas, Texas 75390-9013 / (214)648-3572 Telefax (214)648-3944 / e-mail: john.roan@utsouthwestern.edu

# Appendices

Appendix 1

## **Objectives, Scope, and Methodology**

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### **Objectives**

The objectives of this audit were to:

- Determine whether selected state entities are accurately reporting their key performance measures to the Automated Budget and Evaluation System of Texas (ABEST) database.
- Determine whether selected state entities have adequate control systems in place over the collection and reporting of their performance measures.

### **Scope**

Our audit included selected key measures at 14 state entities. We audited performance measure results reported by state entities to determine whether they were accurate. We also reviewed controls over the submission of data used in reporting performance measures. We traced performance information to the original source whenever possible.

### **Methodology**

We audited the accuracy of performance measures using the following procedures:

- The State Auditor's Office and the Legislative Budget Board (LBB) chose agencies and measures to be reviewed based on risk factors identified by the LBB and the State Auditor's Office.
- We selected measures from the population of key performance measures in ABEST. ABEST data was selected because state decision makers rely upon it.
- All entities completed a questionnaire related to their performance measurement processes to help identify preliminary control information for each entity.
- We audited calculations for accuracy and to ensure that they were consistent with the methodology that the entity and the LBB agreed on.
- We analyzed the flow of data to evaluate whether proper controls were in place.
- We tested a sample of source documents to verify the accuracy of reported performance.
- We conducted a high-level review of all information systems that support the performance measure data.

- We reported performance measure results in one of four categories: (1) Certified, (2) Certified With Qualification, (3) Factors Prevent Certification, or (4) Inaccurate.

### **Project Information**

Audit fieldwork was conducted from May 2002 through August 2002. This audit was performed in accordance with generally accepted government auditing standards.

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

- Pam Ross (Project Manager)
- Victoria Harris (Assistant Project Manager)
- Fred Bednarski
- Ike Chidume, CPA
- Meredith Cook
- Jan Engler, CIA
- Sonya Etheridge, CIA, CISA
- Michael Gieringer, MS-HCA
- Michelle Gleason
- Tom Hill
- Donna Hopson, CPA
- Tressie Landry
- Lee Laubach, CIA
- Gary Leach, CQA, MBA
- Richard Maxwell, MPA
- Jenay Oliphant
- Patricia Perme
- Susan Phillips, MPA
- Ray Ruiz
- Michael Simon, MBA
- Serra Tamur, CISA, MPA
- Fred Tracy, CPA
- Menza Webster
- Verma Elliott, MBA (Quality Control Reviewer)
- Kim McDonald (Quality Control Reviewer)
- Anthony Patrick, MBA (Quality Control Reviewer)
- Sandra Vice, MPA (Audit Manager)
- Frank Vito, CPA (Audit Director)



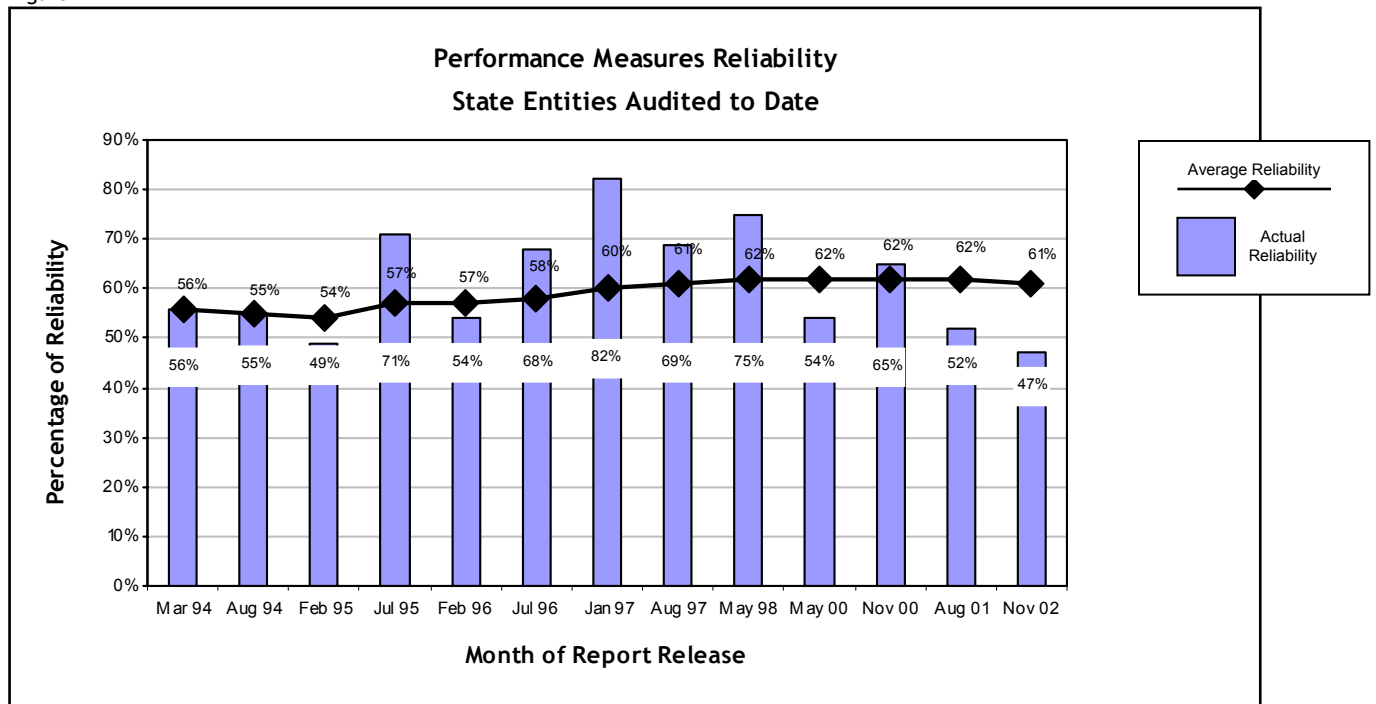
## Historical Information

The cumulative effect of all audits conducted by the State Auditor’s Office since 1994 shows that the average reliability percentage for all state entities audited is 61 percent. As a result, 39 percent of key performance information cannot be relied on by decision makers.

Control weaknesses, deviation from the measure definition, and inadequate supporting documentation continue to prevent a higher reliability rate. A greater emphasis on review procedures by management could help prevent and detect errors.

Figure 2 summarizes the accuracy of performance measure reporting for all certification audits. The bars represent reliability rates from individual audits, and the line represents the cumulative results of all certification reports.

Figure 2



## Performance Measure Certification Results for Fiscal Year 2001

We recalculated the measure results to determine actual performance. We could not determine the actual performance result if supporting source documentation was unavailable or the entity was unable to re-create it. Also, following our testing methodology, if we detected errors equivalent to 5 percent of our sample when testing a sample of supporting documentation, no further testing was conducted and the actual performance was not determined.

Results should be evaluated in context of the specific measure. In some instances, exceeding the target would indicate a worse than expected result; conversely, a result lower than the target could indicate a better than expected performance.

Table 2

Department on Aging (340)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Older Population Receiving Services Who are Low-Income	79%	0%	**	**	Factors Prevent Certification
A Outcome	Percent of Older Population Receiving Services Who are Moderately to Severely Impaired	26%	0%	**	**	Factors Prevent Certification
A Outcome	Percent of Older Population Receiving Services Who Remained Independent Due to Services	90%	0%	87	96.7%	Certified with Qualification
A.1.2 Efficiency	TDOA Cost per Home-Delivered Meal	\$2.56	\$3.27	**	**	Inaccurate
A.1.2 Efficiency	USDA Reimbursement Rate Per Meal	\$.5539	\$.5404	\$.5404	97.6%	Certified with Qualification
A.1.3 Efficiency	TDOA Cost Per One-Way Trip	\$2.44	\$4.00	**	**	Inaccurate
<sup>a</sup> The percentage of target met equals the actual results divided by the target.						
** Actual results not determined due to unavailable data or documentation errors.						

Table 3

Commission for the Deaf and Hard of Hearing (335)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent Increase in the Number of Individuals Who are Deaf and Hard of Hearing Receiving Communication Access Services	9%	71%	**	**	Factors Prevent Certification

Commission for the Deaf and Hard of Hearing (335)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A.1.1 Efficiency	Average Cost Per Contract	\$12,538	\$10,019.75	\$11,119.70	88.7%	Inaccurate
A.1.2 Efficiency	Average Cost Per Camper	\$280	\$276	\$214.61	76.6%	Inaccurate
A.2.1 Efficiency	Average Time for Complaint Resolution	120 days	72 days	68.75 days	57.3%	Certified with Qualification

<sup>a</sup>The percentage of target met equals the actual results divided by the target.  
<sup>\*\*</sup> Actual results not determined due to unavailable data or documentation errors.

Table 4

Texas Department of Economic Development (480)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Number of Actual Jobs Created by Businesses that Receive TDED Assistance	17,729	12,797	10,330	58.3%	Inaccurate
A Outcome	Percent of Rural Communities Assisted by TDED and/or TDA	27%	87.67%	**	**	Factors Prevent Certification
A.1.3 Output	Number of Businesses Developed as Expansion/Recruitment Prospects	430	593	**	**	Inaccurate
A.2.1 Output	Number of Rural Communities Assisted by TDED and or TDA	513	612	**	**	Factors Prevent Certification
B Outcome	Expenditures by Travelers in Texas Resulting from TDED Advertising (Billions)	\$4.8	\$1.358	\$1.358	34%	Certified with Qualification

<sup>a</sup>The percentage of target met equals the actual results divided by the target.  
<sup>\*\*</sup> Actual results not determined due to unavailable data or documentation errors.

Table 5

Employees Retirement System (327)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	ERS Annual Operating Expenses per Active and Retired Member	\$73	\$78.73	\$104.49	143.1%	Inaccurate
A.1.1 Output	Number of Member Accounts Serviced	187,000	196,045	196,683	105.2%	Certified

Employees Retirement System (327)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A.1.1 Efficiency	Average Number of Days to Provide ERS Retirement Packets	5 days	5.595 days	5.12 days	102.4%	Inaccurate
B.1.1 Efficiency	Average Number of Days to Process Claims	3.7 days	7.3 days	8.34	224.3%	Inaccurate

<sup>a</sup>The percentage of target met equals the actual results divided by the target.

Table 6

Texas Ethics Commission (356)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Sworn Complaints Resolved Within 180 Days of Receipt	89%	69%	63%	70.8%	Inaccurate
A.1.2 Efficiency	Average Time (Working Days) to Respond to Legal Advisory Opinion Requests	28 days	21 days	30.2 days	107.9%	Inaccurate
A.1.3 Output	Number of Sworn Complaints Processed	98	92	112	114.3%	Inaccurate
A.1.3 Efficiency	Average Time (Working Days) to Respond to Sworn Complaints	8 days	10 days	**	**	Inaccurate

<sup>a</sup>The percentage of target met equals the actual results divided by the target.  
<sup>\*\*</sup> Actual results not determined due to unavailable data or documentation errors.

Table 7

Commission on Fire Protection (411)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent Increase in the Number of Research Requests for the Fire Protection Information Resource Center	5%	-35%	**	**	Factors Prevent Certification
A.2.1 Output	Amount of Loans/Grants Awarded to Fire Departments	\$1,015,756	\$1,154,564	\$1,242,112	122.3%	Inaccurate
B.1.1 Output	Number of Fire Service Personnel Certified by the Commission	22,000	21,545	21,545	97.9%	Certified with Qualification
B.1.1 Output	Number of Fire Service Training Facilities Certified by the Commission	212	187	187	88.2%	Certified with Qualification

<sup>a</sup>The percentage of target met equals the actual results divided by the target.  
<sup>\*\*</sup> Actual results not determined due to unavailable data or documentation errors.

Table 8

Department of Housing and Community Affairs (332)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	5%	18%	.18%	36%	Certified with Qualification
A.1.2 Output	Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants	2,106	4	4	.18%	Certified with Qualification
B Outcome	Percent of Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects	30%	35%	**	**	Inaccurate
C Outcome	Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance	9%	19.02%	20.36%	226.2%	Inaccurate
C.1.1 Output	Number of Persons Assisted that Achieve Incomes Above Poverty Level	412	1504	1317	319.7%	Inaccurate
E.1.3 Output	Number of Complaints Resolved	27,000	1870	1868	69.2%	Certified with Qualification
E.1.3 Efficiency	Average Number of Days for Complaint Resolution	160 days	200 days	200.11 days	125%	Inaccurate

<sup>a</sup>The percentage of target met equals the actual results divided by the target.  
<sup>\*\*</sup> Actual results not determined due to unavailable data or documentation errors.

Table 9

Department of Human Services (324)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Long-Term Care Clients Served in Community Settings	65%	67.2%	67.2%	103.4%	Certified with Qualification
A.1.1 Output	Average Number of Clients Served per Month: Medicaid Community Based Alternatives (CBA Waiver)	26,575	26,543	26,543	99.7%	Certified with Qualification
A.1.3 Output	Average Case Equivalents per Long-Term Care Medicaid Financial Eligibility Worker (Medicaid Assistance Only)	226	228	227.9	100.8%	Certified with Qualification
A.1.3 Efficiency	Average Monthly Cost per Case: Nursing Facilities	\$18	\$16.07	\$16.07	89.2%	Certified with Qualification

Department of Human Services (324)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A.1.3 Efficiency	Average Monthly Cost per Case: Community Care	\$37	\$34.27	**	**	Factors Prevent Certification
B.1.2 Efficiency	Average Standardized Case Equivalents per CSS Worker	230	249	250.17	108.8%	Certified with Qualification
<sup>a</sup> The percentage of target met equals the actual results divided by the target. ** Actual results not determined due to unavailable data or documentation errors.						

Table 10

State Board of Medical Examiners (503)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Licenses With No Recent Violations	99%	99%	109%	110.1%	Inaccurate
A.1.1 Efficiency	Average Licensing Cost Per Individual License Issued (Physicians)	\$17.18	\$15.67	\$17.73	103.2%	Inaccurate
B.1.1 Output	Number of Complaints Resolved (Physicians)	1,400	1,081	1,086	77.6%	Certified with Qualification
B.1.1 Efficiency	Average Time For Complaint Resolution (Physician)	310 days	354 days	356 days	114.8%	Certified with Qualification
<sup>a</sup> The percentage of target met equals the actual results divided by the target.						

Table 11

Department of Transportation (601)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Motor Vehicle Consumer Complaints Resolved	70%	69.9%	69.9%	99.9%	Certified with Qualification
A.1.1 Output	Number of Highway Construction Projects Contracted	1,250	987	997	79.8%	Certified with Qualification
A.1.5 Output	Number of Lane Miles Resurfaced With Overlays	4,235	4,069.3	4,069.3	96.1%	Certified with Qualification
A.1.11 Efficiency	Average Number of Weeks for Complaint Resolution	27 weeks	18.8 weeks	21.3 weeks	78.9%	Inaccurate
<sup>a</sup> The percentage of target met equals the actual results divided by the target.						

Table 12

Workers' Compensation Commission (453)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A.1.1 Efficiency	Average Cost Per Consultation/Inspection/Investigation	\$656	\$670	\$941.8	143.6%	Inaccurate
B Outcome	Average Number of Days for the Required Initial Benefit Payment to be Issued to Injured Workers	16.3 days	213 days	21.3 days	130.7%	Certified with Qualification
B.1.1 Output	Number of Fraud Investigations Completed	573	620	**	**	Inaccurate
C Outcome	Percentage of Compensation Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System	89%	91%	91%	102.2%	Certified with Qualification
C.1.1 Output	Number of Compensation Benefit Dispute Cases Considered in Benefit Review Conference	23,000	18,440	18,440	80.2%	Certified with Qualification
<sup>a</sup> The percentage of target met equals the actual results divided by the target. ** Actual results not determined due to unavailable data or documentation errors.						

Table 13

Texas Workforce Commission (320)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Unemployment Insurance Claimants Paid Timely	97%	97.9%	97.9%	100.9%	Certified with Qualification
A.2.1 Efficiency	Average Time to Process Initial Unemployment Insurance Claim	20 minutes	15.1 minutes	14.7 minutes	73.5%	Certified with Qualification
B Outcome <sup>b</sup>	Percent of Childcare Management System (CCMS) Vendors Who Have Met Designated Vendor Criteria	39%	41.1%	25.17%	64.5%	Inaccurate
B Outcome	Choices Participation Rate for Two-Parent Families	90%	74.3%	**	**	Inaccurate
B Outcome	Choices Participation Rate for All Families	45%	35.8%	**	**	Inaccurate
B.1.1 Efficiency	Average Cost Per Individual Who Participates (All Programs)	\$255	\$175.77	**	**	Factors Prevent Certification
B.1.2 Efficiency	Average Cost Per Client Served in Component Activities: Choices	\$721	\$938	**	**	Inaccurate
B.2.1 Output <sup>b</sup>	Average Number per Child per Day for Child Care Services, Excluding Choices and E&T Services	77,959	80,010	**	**	Inaccurate

Texas Workforce Commission (320)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
C Outcome	Percent of Skills Development Fund Trainees Securing Employment With Participating Businesses	95%	106.9%	**	**	Factors Prevent Certification
<sup>a</sup> The percentage of target met equals the actual results divided by the target. <sup>b</sup> Measure was audited separately and is included in <i>An Audit Report on the Child Care Program at the Texas Workforce Commission</i> (Report No. 03-006, October 2002). ** Actual results not determined due to unavailable data or documentation errors.						

Table 14

The University of Texas Health Science Center at San Antonio (745)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Medical School Student Passing Part 1 or Part 2 of the National Licensing Exam on the First Attempt	94%	92%	94.88%	100.9%	Certified with Qualification
A Outcome	Percent of Medical School Graduates Practicing Primary Care in Texas	30%	45%	31.5%	150%	Inaccurate
A.1.1 Explanatory	Minority Admissions as a Percent of Total First-Year Admissions (All Schools)	18.8%	34.4%	34.4%	183%	Certified with Qualification
B Outcome	Total External Research Expenditures	\$68,841,801	\$91,000,000	\$91,075,284.79	132.3%	Certified with Qualification
<sup>a</sup> The percentage of target met equals the actual results divided by the target.						

Table 15

The University of Texas Southwestern Medical Center at Dallas (729)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met <sup>a</sup>	Measure Designation
A Outcome	Percent of Medical School Student Passing Part 1 or Part 2 of the National Licensing Exam on the First Attempt	96%	97.55%	97.05%	101.1%	Certified with Qualification
A Outcome	Percent of Medical School Graduates Practicing Primary Care in Texas	20%	24.78%	23.74%	118.7%	Certified
A.1.1 Explanatory	Minority Admissions as a Percent of Total First-Year Admissions (All Schools)	14%	15.72%	15.99%	114%	Certified with Qualification
B Outcome	Total External Research Expenditures (000)	\$133,846.8	\$207,917.7	\$206,917.7	154.6%	Certified
<sup>a</sup> The percentage of target met equals the actual results divided by the target.						



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