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An Audit Report on

Performance Measures at the Board of Examiners of Psychologists

March 2007

Report No. 07-020



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Overall Conclusion

The Board of Examiners of Psychologists (Board) reported reliable results for 78 percent (seven of nine) of the fiscal year 2006 key performance measures audited. A result is considered reliable if it is certified or certified with qualification.

Specifically:

- The reported results for five of the key performance measures tested were certified.
- The reported results for two of the key performance measures tested were certified with qualification.
- Factors prevented the certification of two of the key performance measures tested: Percent of Licenses with No Recent Violations and Average Licensing Cost Per Individual License Issued. These measures could not be certified because the Board did not retain sufficient supporting documentation to demonstrate that the results measured were accurately reported. As a result, there was insufficient data for auditors to use to re-create the results the Board reported to the Legislative Budget Board's Automated Budget and Evaluation System of Texas (ABEST).

Background

Agencies report results for their key measures to the Legislative Budget Board's budget and evaluation system, which is called the Budget and Evaluation System of Texas, or ABEST.

Table 1 on the next page summarizes the results of the nine key performance measures tested.

Table 1

Board of Examiners of Psychologists, Agency 520			
Related Objective or Strategy	Description of Measure	Results Reported in ABEST	Certification Results
A. Goal: Licensure	Percent of Licenses with No Recent Violations (outcome)	98.61%	Factors prevented certification
	Percent of Licensees Who Renew Online (outcome)	76.01%	Certified with qualification
A.1.1. Strategy: Licensing	Number of New Certificates/Licenses Issued to Individuals (output)	552	Certified
	Number of Certificates/Licenses Renewed (Individuals) (output)	7,018	Certified with Qualifications
	Average Licensing Cost Per Individual License Issued (efficiencies)	\$20.50	Factors prevented certification
B. Goal: Enforcement Laws & Rules	Percent of Documented Complaints Resolved within Six Months (outcome)	51.00%	Certified
B.1.1. Strategy: Enforcement	Complaints Resolved (output)	182	Certified
	Average Time for Complaint Resolution (Days) (efficiencies)	220	Certified
	Number of Jurisdictional Complaints Received	189	Certified
<p>A measure is Certified if reported performance is accurate within plus or minus 5 percent of actual performance and if it appears that controls to ensure accuracy are in place for collecting and reporting performance data.</p> <p>A measure is Certified With Qualification when reported performance appears accurate but the controls over data collection and reporting are not adequate to ensure continued accuracy. A measure is also certified with qualification when controls are strong but source documentation is unavailable for testing. A measure is also certified with qualification if agency calculation of performance deviated from the measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.</p> <p>A measure is Inaccurate when the actual performance is not within 5 percent of reported performance, or when there is more than a five percent error in the sample of documentation tested. A measure is also inaccurate if the agency's calculation deviated from the measure definition and caused more than a 5 percent difference between the number reported to ABEST and the correct performance measure result.</p> <p>A Factors Prevented Certification designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the measure definition and the auditor cannot determine the correct performance measure result.</p>			

Summary of Management's Response

The Board agrees with the findings and recommendations in this report.

Summary of Information Technology Review

The information technology review component of this audit was limited to a review of access controls to the Regulatory and Enforcement System (RAES) and the Uniform Statewide Accounting System (USAS) and a review of the source code that generates the reports the Board used to calculate ABEST information. Access levels to RAES and USAS were appropriate to Board personnel's job functions. The source code used to create reports used in the calculation of the ABEST information generates reports that are reliable based on the inputs into the system.

Summary of Objectives, Scope, and Methodology

The objectives of the audit were to determine:

- The accuracy of the Board's performance measures data.
- The adequacy of related control systems over the collection and reporting of selected performance measures.

The audit scope included nine key performance measures the Board reported for fiscal year 2006 and the controls over the submission of data used in reporting performance measures.

The audit methodology included selection of nine key performance measures, identification of preliminary control information through a questionnaire, and auditing of calculations for accuracy and consistency with the agreed-upon methodology. Auditors also analyzed the flow of data to evaluate proper controls and tested a sample of source documents to verify the accuracy of reported performance measures. In addition, auditors conducted a high-level review of information systems that support the performance measure data.

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Detailed Results

Results the Board Reported for Seven of Nine Key Performance Measures Tested Were Reliable

Key Measures

A performance measure is certified if reported performance is accurate within plus or minus 5 percent of actual performance and if it appears that controls to ensure accuracy are in place for collecting and reporting performance data.

The following key performance measures were certified at the Board of Examiners of Psychologists (Board) for fiscal year 2006:

- Number of New Certificates/Licenses Issued to Individuals.
- Percent of Documented Complaints Resolved within Six Months.
- Complaints Resolved.
- Average Time for Complaint Resolution (Days).
- Number of Jurisdictional Complaints Received.

The information below discusses the key performance measures for which factors prevented certification or that were certified with qualification.

Percent of Licensees with No Recent Violations

Factors prevented the certification of this measure because the Board did not maintain adequate documentation to support the results it reported in the Automated Budget and Evaluation System of Texas (ABEST). The Regulatory and Enforcement System the Board uses to track licensing and enforcement activities does not allow for the historical re-creation of the number of licensees at a specific date.

Results: Factors Prevent Certification

Documentation is unavailable and controls are not adequate to ensure accuracy or there is a deviation from the measure definition and the auditor cannot determine the correct performance measure result.

The Board did not retain sufficient documentation that would include a list of licensees as of August 31, 2006, to support the number of licensees with no recent violations. Additionally, the Board did not calculate the percentage as described in the measure definition. The definition in ABEST defines this measure as the “percent of the total number of licensed individuals at the end of the reporting period who have not incurred a violation within the current and preceding two years (three years total).” However, the Board calculated the percent

using the number of violations instead of the number of licensees with violations. A licensed individual can have more than one violation, but that individual should be counted only once for the calculation of the measure.

The Board also did not have written policies and procedures for the collection, calculation, and review of this measure.

Recommendations

The Board should:

- Retain adequate documentation to support the number of licensed individuals as of the end of the reporting period used in the calculation of the results reported to ABEST.
- Count only the number of licensed individuals with violations instead of the number of violations when calculating the percent to be reported to ABEST.
- Update written procedures to include procedures for the calculation of Percent of Licensees with No Recent Violations.

Management's Response

The agency agrees with the above findings. The agency will begin running a detailed computerized listing of all licensees who are active as of August 31 of each year, to be used as support documentation in calculating the total number of licensed individuals. Additionally, the agency will begin counting the number of individuals who have received disciplinary action for the reporting period, as opposed to the number of disciplinary actions taken. For example, if an individual has received more than one disciplinary action during the reporting period, it will only be counted once.

The agency will implement these changes, along with written policies and procedures for the collection, calculation and review of this measure by April 16, 2007. The Fiscal Manager will be responsible for the implementation.

Average Licensing Cost Per Individual Licensee Issued

Factors prevented the certification of this measure. The Board did not document the method it used to determine the agency's total cost for all aspects of the Board's operations. Additionally, the Board did not document the method it used to determine the allocation of total costs for licensing activities to the Board's total cost of operations.

To calculate this measure, the Board first determined the total agency costs for certain categories. The Board then estimated the percentage of these categories that should be attributable to its licensing function. The Board's total licensing cost was then calculated by multiplying the estimated percentages times the Board's total costs. The Board did not have a documented methodology to explain how it derived the percentages related to licensing activities; therefore, auditors were unable to validate the percentages the Board used.

Recommendations

The Board should:

- Document its methodology for determining the Board's total cost of operations.
- Document its procedures for determining the total costs attributable to licensing.

Management's Response

The agency agrees with the above findings. The agency will document its method of collecting data to be used in determining total costs of operations. Additionally, the agency will document its method of allocation of total costs to the licensing operations. Interviews of licensing staff will be considered to determine percent of time spent on licensing activities in order to determine salary costs. The percent of licensing budget will also be considered for all other costs.

The agency will implement these changes, along with written policies and procedures for the collection, calculation and review of this measure by April 16, 2007. The Fiscal Manager will be responsible for the implementation.

Percent of Licensees Who Renew Online

Auditors certified this measure with qualification. The Board did not follow the measure definition set forth in ABEST because it did not include licensees who are more than 70 years of age and renew online in its calculation of the amount reported to ABEST. Auditors recalculated the percent that should have been reported to ABEST and determined that 73.98 percent of licensees renewed online. The recalculated percent was within 5 percent of the reported amount of 76.01 percent.

Results: Certified with Qualification

A measure is certified with qualification if agency calculation of performance deviated from the measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

Recommendations

The Board should align its procedures for the calculation of this measure with the measure definition established in ABEST.

Management's Response

The agency agrees with the above findings. The agency will begin using an existing detailed computerized report to include the licensees who are over 70 years of age who renew online in this calculation.

The agency will implement these changes, along with changes to the written policies and procedures for the collection, calculation and review of this measure by April 16, 2007. The Fiscal Manager will be responsible for the implementation.

Number of Certificates/Licenses Renewed (Individuals)

Auditors certified this measure with qualification. The Board did not correctly calculate and report the number of licensees who renew their licenses. The report the Board used to calculate this measure counts the number of payments made for renewal, not the number of individuals who renew their licenses.

If an individual makes a partial payment and later makes another payment to finish covering the fees required for license renewal, the Board counts both payments in the total number of renewals. Auditors recalculated the number of renewals to be 6,862. The recalculated number of renewals was within 5 percent of the reported 7,018 number of renewals.

Recommendations

The Board should:

- Count the number of renewals instead of the number of payments when calculating Number of Certificates/Licenses Renewed.
- Report to ABEST the number of renewals based on the definition and methodology set forth in ABEST.

Management's Response

The agency agrees with the above findings. The agency will implement a policy for no longer accepting partial payments for renewals. Additionally, the agency will begin running a detailed computerized report of all payments

received for renewals during the reporting period instead of the summary report that it currently uses. The agency will review this detailed report for accuracy, and will reduce this number by any partial payments that occurred prior to the implementation of this policy and payments received for NSF checks. By doing this, the agency will be eliminating any duplicate payments received for one individual license renewal, and therefore correctly calculating the number of renewals received instead of the number of payments received.

The agency will implement these changes, along with changes to the written policies and procedures for the collection, calculation and review of this measure by April 16, 2007. The Fiscal Manager will be responsible for the implementation.

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine:

- The accuracy of the Board of Examiners of Psychologists' (Board) performance measures data.
- The adequacy of related control systems over the collection and reporting of selected performance measures.

Scope

The audit scope included nine key measures the Board reported for fiscal year 2006. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance information to the original source.

Methodology

Auditors selected the nine key measures reported in ABEST. The Board completed questionnaires related to its performance measurement processes to help identify preliminary control information.

Specific tests and procedures included:

- Auditing calculations for accuracy and to ensure that they were consistent with the methodology on which the Board and the Legislative Budget Board agreed.
- Analysis of the flow of data to evaluate whether proper controls were in place.
- Testing a sample of source documents to verify the accuracy of reported performance.
- Performing a high-level review of all information systems that supported the performance measure data.

Project Information

Audit fieldwork was conducted during February 2007. This audit was performed in accordance with generally accepted government auditing standards.

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

- Veda Bragg Mendoza, CIA, CGAP (Project Manager)
- Annette Banks, MPA, CGAP
- Michael Boehme
- Michelle DeFrance, MA
- Katrina M. Schlue
- Christine Wahl
- J. Scott Killingsworth, CIA (Quality Control Reviewer)
- Leslie P. Ashton, CPA (Quality Control Reviewer)
- Verma Elliott, MBA, CIA, CGAP (Audit Manager)

Copies of this report have been distributed to the following:

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The Honorable David Dewhurst, Lieutenant Governor, Joint Chair
The Honorable Tom Craddick, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas "Tommy" Williams, Member, Texas Senate
The Honorable Warren Chisum, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

Board of Examiners of Psychologists

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