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An Audit Report on

Performance Measures at the Board of Chiropractic Examiners

March 2008

Report No. 08-026



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Overall Conclusion

For three of four (75 percent) key performance measures tested, auditors identified unreliable results in ABEST that were reported by the Board of Chiropractic Examiners (Board) for fiscal year 2007. A performance measure result is considered reliable if it is classified as certified or certified with qualification.

Background

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

Specifically:

- Factors prevented certification of one key measure—Average Licensing Cost Per Individual License Issued—because the Board did not follow the measure's definition and methodology for calculating the measure and could not provide documentation for all expenses used in its calculation of the measure.
- Two key measures—Number of Complaints Resolved and Percent of Complaints Resulting in Disciplinary Action—were inaccurate because the Board's calculation deviated from the measures' definitions and methodologies. This caused more than a 5 percent difference between the number reported to ABEST and the correct performance measure result.
- One key measure—Number of Licenses Renewed (Individuals)—was certified with qualification because the Board's controls over data collection and calculation of the measure were not adequate to ensure continued accuracy.

Table 1 on the following page summarizes the certification results from audit testing.

Table 1

Board of Chiropractic Examiners (Agency 508)				
Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A. Outcome	Percent of Complaints Resulting in Disciplinary Action	2007	21.46%	Inaccurate
A.1.1. Output	Number of Licenses Renewed (Individuals)	2007 - 1st Quarter 2007 - 2nd Quarter 2007 - 3rd Quarter 2007 - 4th Quarter 2007 - Year to date ^b	1,322 1,303 1,330 1,420 5,375	Certified with Qualification
A.1.1. Efficiency	Average Licensing Cost Per Individual License Issued	2007 - 1st Quarter 2007 - 2nd Quarter 2007 - 3rd Quarter 2007 - 4th Quarter 2007 - Year to date ^b	\$8.16 \$8.25 \$8.33 \$6.46 \$7.78	Factors Prevented Certification
A.2.1. Output	Number of Complaints Resolved	2007 - 1st Quarter 2007 - 2nd Quarter 2007 - 3rd Quarter 2007 - 4th Quarter 2007 - Year to date	63 24 59 87 233	Inaccurate
<p>^a 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 5 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> <p>^b Reported results were for September 1, 2006, through August 31, 2007.</p>				

Summary of Management's Response

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

Summary of Information Technology Review

The Board does not have adequate controls over the database it uses for licensing, enforcement, and complaints. Each employee has a unique user ID that controls access to the database; however, the performance measure data is placed on a shared drive on a server to which all employees have access. Additionally, there is a lack of security over the server on which the database application is contained. The Board should consider (1) limiting each employee's access to performance measure data to only those areas that are needed to fulfill the employee's job duties and (2) upgrading the physical security over the server.

Summary of Objectives, Scope, and Methodology

The objectives of the audit were to determine whether the Board:

- Accurately reports selected key performance measures to ABEST.
- Has adequate control systems in place over the collecting, calculating, and reporting of selected key performance measures.

The scope of the audit included four key performance measure results the Board reported for fiscal year 2007. Auditors also reviewed controls over the submission of data used in reporting the performance measures and traced performance measure information to the original source documents when possible.

The audit methodology included selecting four key performance measures, auditing reported results for accuracy and adherence to measure definitions, evaluating controls over the performance measures' calculation processes and related information systems, and testing of original source documentation.

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Detailed Results

Chapter 1

The Board Reported Unreliable Results for Three of Four Key Performance Measures Audited

For all four key performance measures tested, the Board of Chiropractic Examiners (Board) does not have adequate review processes in place to ensure the continued accuracy of its reported performance measures.

Specifically, the Board did not consistently document reviews of (1) the calculations of performance measure data prior to entering the data into the Automated Budget and Evaluation System of Texas (ABEST) and (2) the entry of the data into ABEST before the data is released into ABEST.

Recommendation

The Board should implement a formal review process that includes documenting that a supervisory review was conducted to verify the accuracy of the reported measure results.

Management's Response

Management agrees with the recommendations and will implement them during the third quarter of fiscal year 2008.

Key Measures

Average Licensing Cost Per Individual License Issued

Factors prevented the certification of this measure because the Board retained incomplete supporting documentation and did not follow the measure's definition and methodology listed in ABEST in its calculation of the measure.

Results: Factors Prevented Certification

Factors Prevent Certification of a measure when documentation is unavailable and controls are not adequate to ensure accuracy.

In calculating the Average Licensing Cost per Individual License Issued, the Board used historical unit costs for expenses related to printing, purchasing envelopes, and postage instead of actual funds expended or encumbered during the reporting period. Also, the Board could not produce documentation supporting the calculations of the historical unit costs it used to calculate those expenses.

The Board lacked written policies and procedures for the collection and calculation of the performance measure. Additionally, performance measure

documentation did not show consistent evidence that the calculations were reviewed prior to entry of the results into ABEST.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe a process for calculating the Average Licensing Cost per Individual License Issued that is in accordance with the measure's definition and methodology listed in ABEST.
- Ensure that it collects and maintains adequate documentation to support the expenses used in the calculation of the measure.
- Ensure that its calculation of the measure includes actual cost in accordance with the measure's definition and methodology listed in ABEST.

Management's Response

Management agrees with the recommendations and will implement them during the third quarter of fiscal year 2008.

Number of Complaints Resolved

Percent of Complaints Resulting in Disciplinary Action

The Number of Complaints Resolved was inaccurate because the Board included non-jurisdictional and duplicate complaints in the results reported to

Results: Inaccurate

A measure is **Inaccurate** when the actual performance is not within 5 percent of reported performance, or when there is more than a 5 percent error in the sample of documentation tested.

ABEST, which is not consistent with the measure's definition and methodology. Of 233 resolved complaints that the Board reported in ABEST for fiscal year 2007, 9 were non-jurisdictional complaints and 7 were duplicate complaints. The actual performance of 217 resolved complaints varies by 7.37 percent from the results the Board reported in ABEST.

Because of the errors in calculating the number of resolved complaints, the Percent of Complaints Resulting in Disciplinary Action measure also was inaccurate. The Number of Complaints Resolved is the denominator for the calculation of this measure. Auditors calculated that 28.32 percent of complaints resulted in disciplinary actions, a 6.86 percent variance from the results that the Board reported in ABEST.

The Board lacked written policies and procedures for the collection and calculation of both measures. Additionally, performance measure documentation did not indicate that the calculations were consistently reviewed prior to the entry of results into ABEST.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the processes for calculating the Number of Complaints Resolved and the Percent of Complaints Resulting in Disciplinary Action and are in accordance with the measures' definitions and methodologies listed in ABEST.
- Ensure that it follows the definition and methodologies in its calculations of results for these two performance measures.

Management's Response

Management agrees with the recommendations and will implement them during the third quarter of fiscal year 2008.

Results: Certified with Qualification

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.

Number of Licenses Renewed (Individuals)

The Board's reported results for this measure were accurate; however, the measure was certified with qualification because the Board lacked detailed written policies and procedures that sufficiently describe the collection and calculation of the measure's data. Also, the Board did not document its reviews of the measure's calculation and did not review to ensure the mathematical accuracy of the reported number.

Recommendations

The Board should:

- Develop written policies and procedures that adequately describe the process for calculating the Number of Licenses Renewed (Individuals) and are in accordance with the measure's definition and methodology listed in ABEST.
- Update its methodology for this measure so that it is consistent with the measure's definition.

Management's Response

Management agrees with the recommendations and will implement them during the third quarter of fiscal year 2008.

The Board Has Weak Information Technology Controls to Ensure the Integrity of Data Used for Performance Measure Calculations

The database application the Board uses to store information related to licensees and complaints does not contain many needed information technology (IT) controls to ensure the accuracy of reported performance measures.

The Board's IT controls can be strengthened to improve security over the automated systems, applications, and data used for the collection and calculation of performance measures. Specially:

- The Board does not have process maps, application flowcharts, or other documentation that provides an understanding of the database application.
- The Board does not have an IT policy and procedures manual that includes data input, processing, and output controls.
- The Board does not have a current disaster recovery plan that has been recently tested.
- The Board does not restrict access to its server room to authorized individuals, and the server room does not contain a sensor to detect the presence of water.
- Several employees have full access and privileges to all areas of the database, instead of being limited to only those areas they need to perform their jobs.

Recommendations

The Board should:

- Create process maps or flowcharts to document the database application.
- Create an IT policy and procedures manual that includes controls over data input, processing, and output controls.
- Update its disaster recovery plan and perform yearly, documented tests of the plan.
- Restrict access to the server room to only those individuals who need access and consider adding a water detecting sensor for that area.
- Limit employee access to the database application to only those areas that employees need to fulfill their job duties.

Management's Response

Management agrees with the recommendations and has begun to implement them. In addition, a new database is being developed. Management expects all recommendations in this area to be complete by December 31, 2008.

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Board of Chiropractic Examiners (Board):

- Accurately reports selected key performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate control systems in place over the collecting, calculating, and reporting of selected key performance measures.

Scope

The scope of this audit included four key performance measures the Board reported for fiscal year 2007. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance measure information to the original source when possible.

Methodology

Auditors selected four key performance measures that the Board reported in ABEST. The Board completed questionnaires related to its performance measurement process 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.
- Analyzing data flow to evaluate whether proper controls were in place.
- Testing a sample of source documents to verify the accuracy of reported performance when possible.
- Conducting high-level review of all information systems that support the performance measure data.

Performance measure results are reported in one of four categories: (1) Certified, (2) Certified with Qualification, (3) Inaccurate, and (4) Factors Prevent Certification.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006) was used as criteria for this audit.

Project Information

Audit fieldwork was conducted from December 2007 through January 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

- Barbette Mays (Project Manager)
- Nicole Elizondo, CFE
- Olivia Gutierrez
- Ken Wade
- Tony White, CFE
- Leslie P. Ashton, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP (Audit Manager)

Copies of this report have been distributed to the following:

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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

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