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State Auditor

An Audit Report on

Performance Measures at the School for the Deaf

May 2009

Report No. 09-037



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Overall Conclusion

The School for the Deaf (School) reported reliable results for all eight of the key performance measures tested for fiscal year 2008. A performance measure result is considered reliable if it is certified or certified with qualification.

For all key performance measures tested, the School does not have written policies and procedures describing the collection and calculation of its performance measure data. In addition, the School lacks adequate supervisory reviews to ensure the accuracy of reported results. Because of these issues, all of the following key performance measures were certified with qualification:

- Percent of Academic Courses in Which Students Obtain a Passing Grade.
- Percent of Graduates Accepted in Postsecondary Education.
- Number of Students Enrolled at Texas School for the Deaf.
- Number of Graduates Accepted in Postsecondary Education or Training Programs.
- Average Cost of Instructional Program Per Student Per Day.
- Number of Residential Students.
- Average Cost of Residential Program Per Student Per Night.
- Number of Comprehensive Assessments Conducted for Current Students.

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.

The School for the Deaf's major functions are to:

- Ensure that deaf students achieve personal excellence in an environment where they are able to learn, grow, and belong.
- Provide an exemplary education and student life program that fosters learning in a visually accessible, safe, and positive environment.
- Strive to improve the lives of deaf students and families in Texas by providing a complete array of outreach services.

Key Measures

Key performance measures are:

- Budget drivers that are generally externally focused.
- Closely related to the goals identified in the statewide strategic plan.
- Reflective of the criteria of good performance measures.

Source: *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).

Table 1 summarizes the certification results for the eight performance measures tested.

Table 1

School for the Deaf (Agency 772)				
Related Objective or Strategy, Classification	Description of Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A., Outcome	Percent of Academic Courses in Which Students Obtain a Passing Grade	2008	96.55%	Certified With Qualification
A., Outcome	Percent of Graduates Accepted in Postsecondary Education	2008	63.33%	Certified With Qualification
A.1.1, Output	Number of Students Enrolled at Texas School for the Deaf	2008	506	Certified With Qualification
A.1.1, Output	Number of Graduates Accepted in Postsecondary Education or Training Programs	2008	38	Certified With Qualification
A.1.1, Efficiency	Average Cost of Instructional Program Per Student Per Day	2008	\$73.65	Certified With Qualification
A.1.2, Output	Number of Residential Students	2008	271	Certified With Qualification
A.1.2, Efficiency	Average Cost of Residential Program Per Student Per Night	2008	\$52.33	Certified With Qualification
A.1.3, Output	Number of Comprehensive Assessments Conducted for Current Students	2008	195	Certified With Qualification

^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.

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.

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.

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.

Summary of Management's Response

The School agreed with the findings and recommendations in this report.

Summary of Information Technology Review

Auditors assessed information technology (IT) controls for the databases that the School uses to collect and calculate performance measure data. Auditors evaluated general IT controls such as logical access, program changes, physical security, and disaster recovery. Auditors also evaluated application controls such as input controls, process controls, and output controls.

The School does not have adequate controls over its information technology to ensure the security and reliability of its performance measure data (see Chapter 2 of this report for additional information). To minimize risks, auditors communicated details about these issues in writing to the School's management.

Summary of Objective, Scope, and Methodology

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

- 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.

The audit scope included eight key performance measures the School reported for fiscal year 2008. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance measure documentation to the original source when available.

The audit methodology consisted of selecting eight performance measures, auditing reported results for accuracy and adherence to performance measure definitions, analyzing data flow to evaluate whether proper controls were in place, testing a sample of source documents, certifying performance measure results in one of four categories, and conducting a high-level review of all information systems that support performance measure data.

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Detailed Results

Chapter 1

The School Reported Reliable Results for All Eight Performance Measures Tested

The School for the Deaf (School) reported reliable results for all eight performance measures tested for fiscal year 2008. A performance measure result is considered reliable if it is certified or certified with qualification.

Detailed Audit Results

For all key performance measures tested, the School does not have written policies and procedures describing the collection and calculation of its performance measure data.

In addition, the School lacks adequate supervisory review to ensure the accuracy of reported results. The School's superintendent reviews performance measure data for reasonableness prior to data being entered into the Automated Budget and Evaluation System of Texas (ABEST) by the ABEST coordinator. The superintendent signs and dates a review document, and the ABEST coordinator keeps that document on file. Although the School documents this review, it does not ensure that the reported information is accurate.

Recommendations

The School should:

- Develop and implement formal policies and procedures to adequately document the performance measure data collection and calculation process.
- Develop and implement a formal review process to verify the accuracy of the reported performance measure results.

Management's Response

We agree that formal policies and procedures, including a formal review process to verify the accuracy of reported performance measure results are needed. We are beginning to research potential designs and formats to document these procedures adequately and hope to begin work this summer.

Key Measures

Percent of Graduates Accept in Postsecondary Education

Number of Students Enrolled at Texas School for the Deaf

Number of Graduates Accepted in Postsecondary Education or Training Programs

Number of Residential Students

Number of Comprehensive Assessments Conducted for Current Students

The School's calculations were accurate for these performance measures. However, because the School did not have policies and procedures or perform supervisory reviews of the measure calculations (as discussed previously), these performance measures were certified with qualification. To ensure continued accuracy the Board should implement the recommendations on page 1.

Percent of Academic Courses in Which Students Obtain a Passing Grade

Performance Measures 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. 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.

This performance measure was certified with qualification because of the issues regarding policies and procedures and supervisory reviews discussed previously and because the School did not calculate this performance measure according to the ABEST methodology. The methodology states that the performance measure should be calculated by dividing the total academic classes passed by the total academic classes taken. However, to calculate this performance measure, the School calculates a percentage for elementary school, middle school, high school, and special needs department (SND) students and then averages those percentages (without weighting them). In addition, the ABEST methodology specifically excludes SND students from the calculation. Although the School did not calculate this performance measure according to the ABEST methodology, the variance between the School's calculation and auditors' calculation was less than 5 percent.

Recommendation

The School should calculate the Percent of Academic Courses in Which Students Obtain a Passing Grade according to the ABEST methodology.

Management's Response

We will calculate the Percent of Academic Courses in which Students Obtain a Passing Grade by adding each departments data, excluding SND students, by dividing the total number of academic classes passed by the total number of academic classes taken. The inclusion of SND in this calculation will begin September 1, 2009.

Average Cost of Instructional Program Per Student Per Day

Average Cost of Residential Program Per Student Per Night

These two performance measures were certified with qualification because of the issues regarding policies and procedures and supervisory reviews discussed previously and because the School's ABEST coordinator both calculates these performance measures and enters them into ABEST. This represents a weakness in separation of duties.

Recommendation

The School should ensure that separate individuals calculate performance measures and enter the results into ABEST.

Management's Response

We will separate the duties of calculation the performance measure and entering them into ABEST.

The School Should Strengthen Controls Over Its Information Technology

The School should strengthen controls over information technology to ensure the integrity and accuracy of performance measure data. The School stores the majority of its performance measure data in FileMaker Pro databases. Auditors identified weaknesses in application, physical, and general controls over the Board's databases.

Application Controls

The School has not established adequate procedures to grant access rights to its databases that contain student grade information. In addition, the School has not properly secured access to its databases. Specifically, passwords to databases are not user-specific.

FileMaker Pro does not contain an audit trail to record who makes changes to data and what changes are made. The School also has not established procedures for remote network access, and there is no automatic network logoff.

Physical Controls

The School does not have a sign-in sheet for personnel who access the server room. In addition, the server room lacks smoke detectors.

General Controls

The School does not have complete policies and procedures for passwords and user ID management. In addition, the School does not test its disaster recovery plan annually, and it does not have policies or procedures governing program changes.

Recommendations

The School should:

- Establish written policies and procedures for all IT controls (for example, user account creation/deletion, passwords, user access to data, user permissions, and how to use applications).
- Set the network for automatic logoff, and control remote access to the network.
- Strengthen policies and procedures for program changes to ensure that all changes are tracked and approved.

- Strengthen controls over its server room to ensure fire protection.
- Establish an automated audit trail to record changes made to data.
- Test its disaster recovery plan annually.

Management's Response

The school currently has an internal technology wiki that outlines the procedure for controls such as; setting up new and deleting user accounts, user permissions, how to use applications etc. Our goal is to establish written policies and procedures to delineate these IT controls.

The TSD network/server access including remote access will be set for automatic logoff by June 1, 2009.

We agree that we need a more structured and formal process to request changes in any of the information systems at the school. We plan to use our TSD HelpDesk system to add this control, including tracking.

The server room is currently protected by the campus fire system, including sprinklers. We will look into removing the sprinkler system in that room if we can be guaranteed that the fire alarm system would not be compromised.

We are also investigating additional fire protection measures, but this will likely require an exceptional item legislative request during the next session. We will also investigate the addition of smoke detectors and add a sign-in sheet for access to the server room.

By December 1 we will add a calculation field to our databases that will log all changes made to data in both Human Resources Core and Student Records Databases.

Beginning January 10, 2010 we will test the disaster recover plan and going forward we will do it annually.

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the School for the Deaf (School):

- 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 eight key performance measures the School reported for fiscal year 2008. Auditors reviewed controls over the collection, calculation, and submission of data used in reporting performance measures and traced performance measure documentation to the original source when available.

Methodology

The audit methodology consisted of selecting eight key performance measures that the School reported in ABEST. Auditors conducted interviews with the School's staff related to its performance measurement process to help identify preliminary control information.

Specific tests and procedures included:

- Audited performance measure calculations for accuracy and to ensure that they were consistent with the methodology on which the Board and the Legislature Budget Board agreed.
- Analyzed data flow to evaluate whether proper controls were in place.
- Tested a sample of source documents, when available, to verify the accuracy of reported performance.
- Conducted a high-level review of all information systems that support the performance measure data.
- Certified performance measure results into one of four categories: (1) certified, (2) certified with qualification, (3) inaccurate, and (4) factors prevented certification.

Criteria used included the following:

- *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).
- ABEST performance measure definitions.

Project Information

Audit fieldwork was conducted from March 2009 through April 2009. 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)
- Isaac Barajas (Team Leader)
- Cain Kohutek
- Kenneth Manke
- Mike Sanford
- Barrett Sundberg, MPA, CIA
- Charles P. Dunlap, Jr., CPA (Quality Control Reviewer)

Copies of this report have been distributed to the following:

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The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Jim Pitts, House Appropriations Committee
The Honorable Rene Oliveira, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

School for the Deaf

Members of the School for the Deaf Governing Board

Mr. Walt Camenisch, President
Ms. Connie Sefcik-Kennedy, Vice President
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