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An Audit Report on

Performance Measures at the Commission on Fire Protection

May 2009

Report No. 09-039



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Overall Conclusion

The Commission on Fire Protection (Commission) reported reliable results for one (33 percent) of three key performance measures tested for fiscal year 2008. A performance measure result is considered reliable if it is certified or certified with qualification.

One key measure—Percentage of Total Amount Requested for Loans/Grants Compared with Requests Awarded—was certified with qualification because the Commission's policies and procedures describing the collection, calculation, and reporting of performance measure results to the Automated Budget and Evaluation System of Texas (ABEST) need to be updated.

Factors prevented the certification of the following two key performance measures because (1) auditors could not re-create the results that the Commission reported to ABEST using the Commission's databases and (2) source documents were not available for review:

- Percentage of Inspected Fire Certificate Holders with No Recent Violations.
- Number of Fire Service Personnel Certified.

Table 1 on the next page summarizes the certification results for the three key performance measures tested.

Background Information

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 Commission's mission is to help protect the lives and property of the citizens of Texas by developing and enforcing professional standards for the fire service.

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

| Commission on Fire Protection (Agency No. 411) | | | | |
|--|--|-------------|---------------------------|------------------------------------|
| Related Objective or Strategy, Classification | Description of Measure | Fiscal Year | Results Reported in ABEST | Certification Results ^a |
| A., Outcome | Percentage of Total Amount Requested for Loans/Grants Compared with Requests Awarded | 2008 | 36.6% | Certified With Qualification |
| B.1.1., Outcome | Percentage of Inspected Fire Certificate Holders with No Recent Violations | 2008 | 91.7% | Factors Prevented Certification |
| B.1.1., Explanatory | Number of Fire Service Personnel Certified | 2008 | 27,613 | Factors Prevented Certification |

^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 in 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 Commission agreed with the findings and recommendations in this report. In its responses, the Commission stated that it has implemented the recommendations.

Summary of Information Technology Review

Auditors assessed information technology (IT) controls over the databases that the Commission 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 Commission does not have adequate controls over its information technology to ensure the security and reliability of its performance measure data. The Commission does not ensure that audit trails are created and retained. The lack of an audit trail limits the Commission's ability to track the changes made to data and who made the changes. In addition, when Commission staff updates the data used to calculate performance measures, the existing data is overwritten.

Auditors also identified weaknesses in the general and physical controls over the databases. To minimize risks, auditors communicated details about these issues in writing to the Commission's management.

Summary of Objectives, Scope, and Methodology

The audit objectives were to determine whether the Commission (1) accurately reported selected key performance measures to ABEST and (2) had adequate control systems over the collection, calculation, and reporting of the Commission's key performance measures.

The audit scope included the three key performance measure results that the Commission 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 the Commission's three key performance measures to audit, auditing reported results for accuracy and adherence to measure definitions, evaluating controls over the performance measure certification process, and testing of original source documentation when possible.

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Detailed Results

Chapter 1

The Commission Reported Reliable Results for One of Three Key Performance Measures

The Commission on Fire Protection (Commission) reported reliable results for one (33 percent) of three key performance measures tested for fiscal year 2008. A performance measure result is considered reliable if it is certified or certified with qualification. Factors prevented the certification of two key performance measures because (1) auditors could not re-create the results that the Commission reported to the Automated Budget and Evaluation System of Texas (ABEST) using the Commission's databases and (2) source documents were not available for review.

For all three key performance measures tested, the Commission lacks a documented supervisory review process for performance measure calculations and the entry of data into ABEST.

Recommendation

The Commission should implement a documented supervisory review process for the calculation of performance measures and for the entry of the data into ABEST.

Management's Response

This recommendation has been implemented. Procedures are now in place that document the supervisory review process for the calculation of performance measure data and entry of that data into ABEST.

Percentage of Total Amount Requested for Loans/Grants Compared with Requests Awarded

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

The Commission reported reliable results for this performance measure. This measure was certified with qualification because of the lack of supervisory reviews discussed previously. In addition, the Commission's written policies and procedures for this measure discuss the collection, calculation, and reporting of this measure's results; however, the procedures are not up to date and they do not include reviews of the measure's calculation or the entry of results into ABEST.

Recommendation

The Commission should develop and implement up-to-date written policies and procedures for the review of the performance measure calculation and the entry of results into ABEST.

Management's Response

This recommendation has been implemented. Updated policies and procedures are now in place that document the supervisory review process for the calculation of performance measure data and entry of that data into ABEST.

Percentage of Inspected Fire Certificate Holders with No Recent Violations

Number of Fire Service Personnel Certified

Factors prevented the certification of both of these performance measures.

The Commission stores the majority of its performance measure data in two databases—the Texas Commission on Fire Protection (TCFP) and the Fire Department Emergency Program (FDEP)—which are routinely updated. However, when changes are made to the data, the original data is overwritten and the application does not retain any record of the previous data. The FDEP creates no audit trails, and the TCFP creates minimum audit trails showing what changes were made and who made the changes. In addition, the Commission discarded all applicable source documents related to these performance measures. As a result, auditors could not re-create the fiscal year 2008 results for these two performance measures to determine whether the Commission's reported results were accurate.

Performance Measures for which Factors Prevented Certification

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.

The Commission relies on an automated process for the calculation of these two performance measures. Based on a review of this process, auditors determined that the Commission's calculations of these measures were consistent with the measures' methodologies described in ABEST. In addition, the Commission lacks written policies and procedures describing the collection, calculation, review, and reporting of these two measures.

Recommendations

The Commission should:

- Ensure that it retains historical data and adequate supporting documentation for all reported performance measure results for the fiscal year reported plus three years as required by the *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006). This could include enabling the audit trail functions to capture information about changes to the data, retaining hard copies of all source documentation, and/or retaining documentation supporting the reported results.
- Develop and implement written policies and procedures to ensure adequate controls over the collection, calculation, review, and reporting of these performance measures.

Management's Response

Since performance measures are reported annually, in order to ensure that future auditors can rebuild reports to check for accuracy, the agency will maintain archival records of the data as it exists at the time the report is generated. Division heads will designate the date of the report, at which point IT personnel will create and maintain an archival copy of the database for the specified date.

Procedures and standard operating procedures (SOPs) have been implemented to address the scanning of handwritten inspection data into the electronic version of the fire department inspection files.

Standard operating procedures (SOPs) have been developed and implemented concerning the collection, calculation, review, and reporting of the key performance measures.

The Commission Should Strengthen Controls Over Its Information Technology

The Commission should strengthen controls over its information technology to ensure the integrity and accuracy of performance measure data. In addition to the weaknesses in audit trails described in Chapter 1, auditors identified weakness in physical and general controls over the Commission's databases. Specifically:

- The Commission does not ensure that access to the server room is adequately monitored. In addition, the Commission's servers are placed on the floor, which exposes them to increased risk of flooding or other damage during an emergency.
- The Commission lacks adequate program change controls to ensure that all database and program code changes are authorized and reviewed. While the Commission has limited procedures requiring that employees request program code changes in writing, it does not ensure that these procedures are followed. Auditors identified instances in which program changes were requested verbally and then completed. In addition, the database administrator has full access to change the program code and implement these changes without any supervisory review to ensure that the changes are authorized, accurate, and documented.
- The Commission does not test its disaster recovery plan annually as required by Title 1, Texas Administrative Code, Chapter 202.

Recommendations

The Commission should:

- Strengthen physical controls regarding the server room, including limiting access to appropriate personnel and ensuring that all critical information technology equipment is not placed on the floor.
- Strengthen its program change controls to ensure that (1) all change requests are made in writing, (2) all changes are documented, and (3) all changes are reviewed by someone other than the person who made the change.
- Annually test its disaster recovery plan.

Management's Response

The agency's server room is controlled by key access. Personnel authorized to access the room have been instructed and will periodically be reminded to ensure they lock the door upon exiting. A sign-in sheet has been created to log entries and exits from the room. Agency directors are asked to randomly check that the door is locked when the room is unoccupied, and to inform the IT team leader in writing of any exceptions to the policy when found.

The agency's domain controller and network routers and switches are rack-mounted; the IT section will acquire and install an additional rack to raise the towers off the floor.

The agency has implemented a policy that all database changes must be requested in writing. Upon completion of changes, the database administrator and the requestor will sign off on completed changes. Completed requests will be reviewed and maintained by the IT team leader.

The agency's current database has limited program source controls. The agency has recently undertaken a project to upgrade its main database system; program source controls will be implemented in the new system.

*The agency will implement testing of its disaster recovery plan **annually** and document the results of its tests.*

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Commission on Fire Protection (Commission):

- Accurately reported selected key performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Had adequate control systems over the collection, calculation, and reporting of selected key performance measures.

Scope

The audit scope included the three key performance measure results that the Commission 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.

Methodology

The audit methodology consisted of selecting the Commission's three key performance measures to audit, auditing reported results for accuracy and adherence to measure definitions, evaluating controls over the performance measure certification process, and testing of original source documentation when possible. The Commission 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 agreed upon by the Commission and the Legislative Budget Board.
- Analyzing the flow of data to evaluate the existence of proper controls.
- Testing a sample of source documents to verify the accuracy of reported performance when possible.

- Reporting performance measures results in one of four categories: (1) certified, (2) certified with qualification, (3) inaccurate, or (4) factors prevented certification.

Criteria used included:

- *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. This audit was conducted 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 Office staff performed the audit:

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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

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