

Executive Summary

1995 Small Agency Management Control Audit



Office of the State Auditor
Lawrence F. Alwin, CPA

December 1995

Report No. 96-034

Key Points Of Report

Executive Summary 1995 Small Agency Management Control Audit

December 1995

Overall Conclusion

During the management control audits of 17 small agencies, we consistently identified control weaknesses in the management of information and financial and human resources. In general, 12 of the small agencies audited had established control systems over their statutory functions. However, we reported significant control risks at five agencies which could prevent them from meeting legislative mandates and/or delivering intended benefits. In addition, we found that 38 percent of the performance measures examined were found to be reliable, and 45 percent were inaccurate. We were unable to determine the accuracy of the remaining 17 percent.

Key Facts And Findings

- Five agencies audited had material or significant control weaknesses which could prevent them from meeting their statutory functions.
 - Texas Funeral Service Commission (overall control environment weaknesses)
 - Texas Board of Polygraph Examiners (overall control environment weaknesses)
 - Board of Private Investigators and Private Security Agencies (weaknesses in licensing and investigative functions, involving criminal background checks and investigative case backlogs)
 - Board of Tax Professional Examiners (weaknesses in the licensing function, involving the automated information system used for registrant tracking)
 - Executive Council of Physical Therapy and Occupational Therapy Examiners (weaknesses in licensing and investigative functions, involving inefficient administrative processes)

- During the 17 small agency audits, we consistently reported management control weaknesses in the following areas:
 - protecting internal and external automated informational data bases from unauthorized access or disasters (5 agencies)
 - performing reconciliations on financial data (11 agencies)
 - implementing recent changes in human resource laws (15 agencies)
 - gathering and accurately computing performance measure data (10 agencies)

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Office of the State Auditor

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This management control audit was conducted in accordance with Government Code, § 321.0132 and § 321.0133.

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During the management control audits of 17 small agencies, we consistently identified control weaknesses in the management of information and financial and human resources. In general, 12 of the small agencies¹ audited had established control systems over their statutory functions. However, we reported significant control risks at five agencies which could prevent them from meeting legislative mandates and/or delivering intended benefits. In addition, we found that 38 percent of the performance

measures examined were found to be reliable, and 45 percent were inaccurate, and we were unable to determine the accuracy of the remaining 17 percent.

During the 1995 Small Agency Management Control Audit, 17 small agencies and 12 abolished agencies were examined. In fiscal year 1994, the small agencies collectively received over \$19.3 million in appropriations and employed approximately 380 full-time equivalent employees.

Small Agencies Audited

- Texas Funeral Service Commission (TFSC)
- Texas Board of Polygraph Examiners (TBPE)
- Board of Private Investigators and Private Security Agencies (BPIPISA)
- Board of Tax Professional Examiners (BTPE)
- Executive Council of Physical Therapy and Occupational Therapy Examiners (ECPTOTE)
- Texas Appraisal Licensing and Certification Board (TALCB)
- Texas Bond Review Board (TBRB)
- Texas State Board of Registration for Professional Engineers (TSBRPE)
- Texas Historical Commission (THC)
- Texas Board of Professional Land Surveying (TBPLS)
- Texas State Board of Plumbing Examiners (TSBPE)
- Texas State Board of Podiatric Medical Examiners (TSBPME)
- Texas Real Estate Commission (TREC)
- Texas Structural Pest Control Board (TSPCB)
- Texas State Board of Veterinary Medical Examiners (TSBVME)
- Texas State Board of Public Accountancy (TSBPA)
- Texas State Anatomical Board (TSAB)

Abolished Agencies Reviewed

- Texas Commission on Children and Youth
- Texas Conservation Foundation
- Texas Health and Human Services Coordinating Council
- Texas Board of Irrigators
- Board of Licensure for Nursing Home Administrators
- Texas Property Tax Board
- Texas Council on Vocational Education
- Texas Water Well Driller's Board
- Texas Board of Aviation
- Texas Board of Examiners for the Fitting and Dispensing of Hearing Aids
- Texas High-Speed Rail Authority
- Texas Motor Vehicle Commission

¹A small agency is an agency with less than 300 employees and less than \$10 million in appropriations.

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Section 1:

Management Control Weaknesses Hinder Operational Effectiveness at Five Small Agencies

Five agencies audited had material or significant control weaknesses which could prevent them from meeting their statutory functions.

At both the Texas Funeral Service Commission and the Texas Board of Polygraph Examiners, we found weaknesses in the following areas:

- The licensing procedures did not ensure that only qualified applicants were licensed.
- Procedures used were inadequate to ensure that required inspections and investigations were conducted in a thorough, consistent, and timely manner.
- Information was not being gathered or reported that would assist management in making informed decisions and improving agency operations.

The Board of Private Investigators and Private Security Agencies was not performing national criminal background checks on its licensees, which could allow an individual who has committed a crime in another state to be licensed. Furthermore, the investigative function had a backlog of approximately 5,400 cases, which means that a complaint could be received and not reviewed for approximately one year.

At the Board of Tax Professional Examiners, there were inaccuracies in the information produced by the Board's Registrant Tracking System. These system inaccuracies caused delays in the issuance of licenses and resulted in the issuance of an undetermined number of erroneous licenses in 1995.

The licensing policies for the Executive Council of Physical Therapy and Occupational Therapy Examiners involve duplicate and complex procedures which resulted in an increase in the number of employees hired, overtime hours worked, and the use of temporary workers. Also, the Council does not ensure that the status and results of complaint investigations were properly documented and appropriately communicated to all involved parties.

Section 2:

Control Enhancements Are Needed at Small Agencies

During the 17 small agency audits, we consistently reported management control weaknesses in the following areas:

- protecting internal and external automated informational data bases from unauthorized access or disasters
- performing reconciliations on financial data
- implementing recent changes in human resource laws
- gathering and accurately computing performance measure data

Section 2-A:

Protect Automated Systems from Unauthorized Access and Disasters

Five agencies have granted employees unnecessary levels of access to internal or external informational data bases, such as agency licensing data bases, the Uniform Statewide Accounting System (USAS), the Statewide Property Accounting (SPA) system, and the Uniform Statewide Payroll System (USPS). These employees usually had view, edit, and release capabilities beyond the scope of their job responsibilities.

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Unnecessary levels of access increase the risk that data may be entered, altered, or manipulated by unauthorized personnel and not be detected in a timely manner. For example, only the chief financial officer of an agency should have access to alter USAS profiles of the agency. Inappropriate changes to an agency's USAS profiles could result in destruction of the agency's accounting structure.

In addition, we also found that five agencies either did not have a disaster recovery plan or have not updated the disaster recovery plan in accordance with Department of Information Resources guidelines. A formal plan which addresses data backups and alternative computer resources helps ensure that the agency can operate effectively with minimal disruptions in the event of a disaster.

Section 2-B:

Perform Reconciliations on Financial Data

We found that 65 percent of the agencies audited had not implemented sufficient reconciliation procedures to address control weaknesses in one or more of the following financial areas: cash receipting, cash disbursements, fixed assets, and payroll. Small agencies do not necessarily have the ability to segregate duties over various financial functions, therefore, compensating controls should be implemented to ensure that financial resources are safeguarded. Account balance reconciliations are a quick and reliable verification of financial transactions. Reconciliations coupled with a proficient management review and approval process provide adequate assurance for asset accountability.

Section 2-C:

Implement Recent Changes in Human Resource Laws

On the average, payroll-related costs are approximately 64 percent of an agency's total expenditures. We found human resource control weaknesses in 14 of 17 agencies audited. In general, human resource manuals need to be updated. However, we reported specific concerns over:

- **The ineffectiveness of performance appraisal systems.** Frequently, there was no documentation to guide managers in the use of the personnel appraisal system. The performance evaluation instruments typically contained assessments of personal behaviors and ambiguous, job-related standards. The intervals between evaluations were not consistently applied to all personnel and, in several instances, the evaluations did not appear to be the basis for personnel actions taken.
- **The implementation of Fair Labor Standards Act (FLSA) requirements.** At six agencies, employee job duties were not being periodically reviewed to ensure that FLSA status determinations were still valid.
- **The documentation of employee attendance and leave balances.** At five agencies, the employee attendance and leave records were either not maintained or not kept current.

Written up-to-date policies and procedures help to clearly communicate expectations to employees and promote compliance with applicable state and federal laws.

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Section 2-D:

Compile and Accurately Calculate Performance Measure Results

Of the 60 performance measures examined, 38 percent were found to be reliable, and 45 percent were inaccurate. Factors prevented us from determining whether the remaining 17 percent of the measures were correct or incorrect. We found poor or inadequate control systems over the collection and reporting of performance data for 88 percent of the agencies reviewed. (For a breakdown by agency, see Appendix 3: Summary of Performance Measure Results by Agency.)

Agency management and the Legislative Budget Board rely on accurate performance measure reporting to evaluate current agency operations, determine appropriate corrective action needed, and assess the need for future funding levels for specific programs. Inaccurate reporting of performance measure results could lead to inappropriate action being taken by these parties.

Section 3:

Records Retention for Abolished Agencies Needs to be Improved

During our review of available records for the 12 abolished agencies, we found no significant exceptions regarding the transfer or the discontinuation of the operations for these agencies. However, we identified a need for receiving agencies to maintain better documentation of the records and assets transferred from abolished agencies.

Detailed Findings and Recommendations

A supplemental publication of the detailed findings and recommendations, along with agency responses, and the results of the abolished agency reviews is available upon request (SAO Report No. 96-029).

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Appendix 1:

Objectives, Scope, and Methodology

Objectives

Our primary audit objective was to conduct a financial analysis and assessments of the management control systems of 17 small agencies to enable them to meet legislative mandates and deliver intended benefits. An additional objective was to certify the accuracy of selected performance measures by examining the classification of those measures and reviewing the controls over the measures reported.

With regard to the 12 abolished agencies, our objective was to determine if the operations were discontinued or transferred according to legislative intent.

Scope

Our reviews of the 17 small agencies² included:

- Determining whether the audited entity was managing or utilizing resources, including state funds, personnel, property, equipment, and space, in an economical and efficient manner.
- Evaluating the causes of inefficiencies or uneconomical practices, including inadequacies in management information systems, internal and administrative

procedures, organizational structure, and the use and allocation of resources.

- Determining whether financial, program, and statistical reports of the audited entity contained useful data and were fairly presented.

Our reviews at each abolished agency focused on the following issues:

- Were all material property items (items valued greater than or equal to \$1,000) accounted for prior to closing and properly transferred to the receiving agency?
- Have all material outstanding receivables been collected?

Our reviews of the Commission on Children and Youth and the High Speed Rail Authority included the following additional issues:

- Have all material obligations which were outstanding as of the closing date been settled?
- Were employees compensated only for allowable purposes and at appropriate rates upon termination?

Methodology

The methodology used on the 17 small agency audits consisted of collecting information, performing audit tests and procedures, analyzing the information, and evaluating the information against established criteria.

²At the State Board of Podiatric Medical Examiners, we did not review the control systems in place for the examination of licensing statutory functions of the agency because the agency had contracted with an independent consultant for these services. Based on our review of the consultant contract, plans, and interim reports, it appears the review should provide the agency with an assessment of management controls for these functions.

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Information collected to accomplish the audit objectives included the following:

- Interviews with management and staff
- Interviews with contracted services personnel
- Interviews with appropriate oversight committees
- Interviews with agency-appointed Attorney General Assistants
- Documentary evidence, including:
 - State and federal statutes, regulations, and rules
 - Board documents, plans, policies, procedures, manuals, reports, memoranda, minutes, and other written communications
 - Various audit and management reports from both internal and external sources
 - Agency-generated financial data and reports

Procedures and tests conducted:

- Reviews for alignment with Legislative Budget Board directives on strategic planning, policy environment assessment, and budgeting
- Attribute testing of sample cash receipts, cash disbursements, and payroll transactions
- Compliance reviews of personnel files
- Review of Agency Disaster Recovery Plans
- Reviews for compliance with selected provisions of the Fair Labor Standards Act (FLSA), Americans with Disabilities Act (ADA), Equal Employment Opportunity Act (EEO), and federal sexual harassment laws
- Certification testing of selected performance measures

Analytical techniques used:

- Financial review and analysis

- Process review and analysis
- Trend analysis
- Comparison of planned and actual project and program implementation dates
- Content analysis

Criteria used:

- Statutory requirements
- General and specific criteria developed by the State Auditor's Office Inventory of Accountability Systems Project
- State Auditor's Office Management Control Methodology and Models
- Process criteria from the State Comptroller's Office, Department of Information Resources, and General Services Commission

With regard to the 12 abolished agency reviews, we compared:

- Ending property inventory to approved property transfer notices to determine if the abolished agencies properly disposed of all material property item and to determine if the receiving agencies had secured the property. We also verified that property was transferred according to legislative intent.
- Ending accounts receivable balance to collections subsequent to the closing date to determine if all material receivables were collected. Receivables included sales of goods and services, grants and pledges, and fees collected by the agencies. We also determined if the agencies were authorized to transfer responsibility for collecting outstanding receivables to the receiving agencies.
- Ending accounts payable balance to expenditures subsequent to the closing date to determine if all material obligations were settled. Payables included payroll and operating expenses. We also determined if the agencies were authorized to transfer responsibility for

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payment of outstanding obligations to the receiving agencies.

- Employee salary rates and leave balances to payroll records subsequent to the termination date to determine if employees were compensated only for allowable purposes at appropriate rates upon termination. We also determined if terminated employees were removed from the payroll.

Other Information

Fieldwork and any follow-up work on the 17 small agency audits were conducted from February 1, 1995, through November 17, 1995. Fieldwork on the 12 abolished agencies was conducted between January 26, 1995, and March 31, 1995. All reviews were conducted in accordance with applicable professional standards, including:

- Generally Accepted Government Auditing Standards
- Generally Accepted Auditing Standards

No significant instances of noncompliance with these standards occurred.

The audit work was performed by:

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Appendix 2:

Summary of Audit Recommendations by Agency

A supplemental publication of the detailed findings and recommendations, along with agency responses, is available upon request (SAO Report No. 96-029).

Information Management	Resource Management	Policy Management	Performance Management
Texas Funeral Service Commission			
<ul style="list-style-type: none"> • Correct Significant Weaknesses in Information Management Systems 	<ul style="list-style-type: none"> • Correct Significant Control Weaknesses in Human Resource Management • Develop and Implement Adequate Controls over Cash Receipts and Disbursements • Implement Control Procedures Which Ensure the Timely and Periodic Reconciliation of Fixed Assets 	<ul style="list-style-type: none"> • Develop Procedures to Improve Controls over the Licensing Process • Develop and Implement a Reliable Inspection Process • Develop and Implement Procedures to Effectively Control and Monitor Investigation Cases • Ensure Proper Management Execution of Commission Decisions • Develop Policies and Procedures to Govern Continuing Education Providers 	<ul style="list-style-type: none"> • Correct Significant Weaknesses in Performance Measurement and Reporting Process
Texas Board of Polygraph Examiners			
<ul style="list-style-type: none"> • Correct Weaknesses in Information Management Systems 	<ul style="list-style-type: none"> • Perform Periodic Reconciliations of Cash and Fixed Assets • Develop and Implement Adequate Time Reporting and Leave Balance Procedures • Perform Periodic Evaluations of Personnel 	<ul style="list-style-type: none"> • Develop and Implement a Reliable Inspection Process • Develop and Implement an Effective Investigation Process • Develop Procedures to Improve Licensing Examination Process 	<ul style="list-style-type: none"> • Correct Weaknesses in Performance Measurement and Reporting Process
Board of Private Investigators and Private Security Agencies			
<ul style="list-style-type: none"> • Develop a Disaster Recovery Plan • Tighten Access Controls to the Agency's Automated System • Maintain Supporting Documentation For Performance Measures • Enforce Controls For Processing Open Records Requests • Document Procedures on Agency Processes 	<ul style="list-style-type: none"> • Strengthen Controls over Accounting Functions • Update Human Resource Policies and Procedures 	<ul style="list-style-type: none"> • Comply With Requirements for Licensing Agencies 	<ul style="list-style-type: none"> • Implement National Criminal History Checks on Licensees • Evaluate the Methods Used to Prioritize and Process Investigation Cases

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Information Management	Resource Management	Policy Management	Performance Management
Board of Tax Professional Examiners			
<ul style="list-style-type: none"> • Correct Inaccuracies in the Registrant Tracking System and Effectively Plan for Future System Changes • Prepare Reports in Accordance with Statutory Requirements 	<ul style="list-style-type: none"> • Develop a Formal Performance Appraisal System • Develop a Timekeeping System That Provides for the Tracking of Employee Leave Balances • Develop a Disaster Recovery Plan for the New Automated System • Reconcile Licenses Issued with Revenue Received to Strengthen Controls Over Cash Receipts 	<ul style="list-style-type: none"> • Review and Ensure Consistency Within the Board's Policies for Addressing Complaints • Ensure Compliance with Statutory Requirements for Licensing Agencies • Maintain Documentation for Applicant Selection Decisions • Follow Internal ADA Grievance Procedures 	
Executive Council of Physical Therapy and Occupational Therapy Examiners			
<ul style="list-style-type: none"> • Restrict Access to Automated Systems and Update Disaster Recovery Plan 	<ul style="list-style-type: none"> • Enforce Existing Controls Over Cash Receipts and Disbursements • Review Contract Service Administration • Improve Administration of Fair Labor Standards Act (FLSA) • Enforce Existing Policies Over Employee Time and Attendance Records • Strengthen Controls Over Employee Performance Appraisal System • Enforce Existing Policies Over Processing of Refunds • Improve Controls Over Fixed Assets • Revise Personnel Manual 	<ul style="list-style-type: none"> • Improve Licensing Policies and Procedures • Develop Written Procedures for the Occupational Therapy Licensing Function • Ensure Compliance with Requirements Over Investigations 	<ul style="list-style-type: none"> • Correct Weaknesses in Performance Measurement and Reporting Process
Texas Appraiser Licensing and Certification Board			
	<ul style="list-style-type: none"> • Distribute Employee Handbook to Employees • Conduct Annual Performance Appraisals • Review Employee FLSA Status Determinations 	<ul style="list-style-type: none"> • Document the Services Provided by the Texas Real Estate Commission • Develop Written Policies and Procedures for Complaint Resolution Process 	

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Information Management	Resource Management	Policy Management	Performance Management
Texas Bond Review Board			
<ul style="list-style-type: none"> • Develop a Formal Disaster Recovery Plan 	<ul style="list-style-type: none"> • Improve Policies and Procedures Over FLSA Administration • Strengthen Controls Over Employee Performance Appraisal System • Develop a Written Sexual Harassment Policy and Complaint Procedure 		<ul style="list-style-type: none"> • Correct Weaknesses in Performance Measurement Process
Texas State Board of Registration for Professional Engineers			
	<ul style="list-style-type: none"> • Strengthen Controls Over Cash Disbursements • Improve Controls Over Fixed Assets • Update Human Resource Policies and Personnel Manual 	<ul style="list-style-type: none"> • Improve Exam Application Process • Improve Investigation Approval and Reporting Processes 	
Texas Historical Commission			
	<ul style="list-style-type: none"> • Improve Controls over Cash Receipts and Disbursements • Strengthen Access Controls over Accounting Records and Performance Measurement Data • Develop and Implement Better Controls over Fixed Assets • Develop Policies and Procedures to Ensure That Employee Time and Attendance Records Are Accurate • Strengthen Controls over Employee Performance Appraisal System 		<ul style="list-style-type: none"> • Improve Controls in Performance Measurement Process
Texas Board of Professional Land Surveying			
<ul style="list-style-type: none"> • Strengthen Controls Over Access to USAS and USPS • Strengthen Controls Over ABEST Information 	<ul style="list-style-type: none"> • Revise Performance Appraisal Form 	<ul style="list-style-type: none"> • Ensure Compliance with Statutory Requirements for Licensing Agencies 	

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Information Management	Resource Management	Policy Management	Performance Management
Texas State Board of Plumbing Examiners			
	<ul style="list-style-type: none"> • Strengthen Accounting Controls • Update Human Resource Manual • Implement a Performance Appraisal System • Improve Controls Over FLSA Administration 		
Texas State Board of Podiatric Medical Examiners			
	<ul style="list-style-type: none"> • Implement Controls over the Cash Receipting Process • Reconcile the Agency's Accounting Records to the USAS and SPA Systems • Develop a Human Resource Policies and Procedures Manual 	<ul style="list-style-type: none"> • Resolve the Issues Involving Statutory Background Checks on Licensees 	
Texas Real Estate Commission			
	<ul style="list-style-type: none"> • Implement Policy on New Employee Evaluations 	<ul style="list-style-type: none"> • Develop a Written Agreement with the Texas Appraiser Licensing and Certification Board 	
Texas Structural Pest Control Board			
<ul style="list-style-type: none"> • Limit Access to Agency's Automated Systems • Revise Disaster Recovery Plan 	<ul style="list-style-type: none"> • Enhance Controls over Cash Receipts and Fixed Assets • Improve Policies and Procedures over FLSA Administration • Revise Performance Appraisal System 	<ul style="list-style-type: none"> • Ensure Compliance with Statutory Requirements for Licensing Agencies 	
Texas State Board of Veterinary Medical Examiners			
	<ul style="list-style-type: none"> • Revise Performance Evaluation System • Update Human Resources Policies and Procedures 	<ul style="list-style-type: none"> • Perform Criminal Background Checks on Licensees 	
Texas State Board of Public Accountancy No significant issues were identified.			
Texas State Anatomical Board No significant issues were identified			

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Appendix 3:

Summary of Performance Measure Results by Agency

A supplemental publication of the detailed findings and recommendations, along with agency responses and detailed results of performance measure reviews, is available upon request (SAO Report No. 96-029).

Agency Name	Certification Results					Total
	C	CQ	FPC	I	N/A	
Texas Funeral Service Commission				4		4
Texas Board of Polygraph Examiners	2			2		4
Board of Private Investigators and Private Security Agencies	1		2	1		4
Board of Tax Professional Examiners	1	1	1	2		5
Executive Council of Physical Therapy and Occupational Therapy Examiners	1	1	3			5
Texas Appraiser Licensing and Certification Board	2					2
Texas Bond Review Board			3	2		5
Texas State Board of Registration for Professional Engineers	4					4
Texas Historical Commission	2			2		4
Texas Board of Professional Land Surveying	1		1	2		4
Texas State Board of Plumbing Examiners	3			1		4
Texas State Board of Podiatric Medical Examiners	2			2		4
Texas Real Estate Commission	1			2		3
Texas Structural Pest Control Board				3		3
Texas State Board of Veterinary Medical Examiners				3		3
Texas State Board of Public Accountancy	1			1		2
Texas State Anatomical Board*						
Totals (All Agencies)	21	2	10	27		60
Percentages	35%	3%	17%	45%	0%	100%

* The Texas State Anatomical Board does not receive any state appropriations; therefore, the agency is not subject to the provisions of H.B. 2009.

***Key for Certification Results**

C - Certified
 CQ - Certified with Qualifications
 FPC - Factors Prevented Certification
 I - Inaccurate
 N/A - Not Applicable

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Appendix 4:

Summary of Results of Abolished Agency Reviews

A supplemental publication, which includes the detailed finding results of our reviews on the abolished agencies, is available upon request (SAO Report No. 96-029).

Closing Agency	Findings	Receiving Agency ³	Year Closed
Texas Commission on Children and Youth ⁴	Yes	Texas Senate	1995
Texas Conservation Foundation ⁵	Yes	General Land Office	1989
Texas Health and Human Services Coordinating Council	Yes	Office of the Governor	1991
Texas Board of Irrigators	Yes	Natural Resource Conservation Commission	1992
Board of Licensure for Nursing Home Administrators	Yes	Department of Health	1993
Texas Property Tax Board	Yes	Office of the Comptroller	1991
Texas Council on Vocational Education	Yes	Council on Workforce and Economic Competitiveness	1993
Texas Water Well Driller's Board	No	Natural Resource Conservation Commission	1992
Texas Board of Aviation	No	Department of Transportation	1991
Texas Board of Examiners for the Fitting and Dispensing of Hearing Aids	No	Department of Health	1993
Texas High-Speed Rail Authority	No	Railroad Commission	1995
Texas Motor Vehicle Commission	No	Department of Transportation	1992

³Receiving agencies are those which assumed responsibility for the assets, liabilities, and, when applicable, the continuing operations of an abolished agency.

⁴The enabling legislation for the Commission expired on September 1, 1995; however, the Commission was directed to close operations by March 31, 1995. There were no plans for the duties of the Commission to be assumed by another state agency.

⁵Assets were transferred to the General Land Office; duties of the Foundation were assumed by a not-for-profit organization, the Texas Conservation Fund.

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Appendix 5:

Assessment of Audit Findings by Management Control Area

The information contained in this appendix was developed during our assessment and trend analysis of similar types of findings identified at small agencies. We believe that it may provide useful information to the reader and, therefore, was included in the report.

Information Management		
Finding	Percentage of Agencies	Agencies
Automation access control weaknesses	29%	(BPIPSA, ECPTOTE, THC, TBPLS, TSPCB)
Lack of an updated and/or complete disaster recovery plan	29%	(BPIPSA, BTPE, ECPTOTE, TBRB, TSPCB)
Information relevant to agency operations is not captured, evaluated, reported to management in a timely manner, or protected (data integrity)	24%	(TFSC, TBPE, BPIPSA, BTPE)
Resource Management		
Finding	Percentage of Agencies	Agencies
Control weaknesses over financial resources (cash receipts, cash disbursements, fixed assets, and payroll transactions)	65%	(BTPE, TBPLS, TSBPME, TBPE, TFSC, TSBPE, TSBRPE, TSPCB, BPIPSA, THC, ECPTOTE)
<ul style="list-style-type: none"> Not ensuring cash is properly secured, logged, or deposited in a timely manner 	24%	(TSBPME, TFSC, BPIPSA, ECPTOTE)
<ul style="list-style-type: none"> Lack of segregation of duties 	35%	(BTPE, TBPLS, TFSC, TSBPE, BPIPSA, TSBPME)
<ul style="list-style-type: none"> Lack of supporting documentation 	29%	(TFSC, TSBRPE, BPIPSA, THC, ECPTOTE)
<ul style="list-style-type: none"> Lack of review and approval procedures 	35%	(TSBRPE, TFSC, THC, ECPTOTE, TSBPME, BPIPSA)
<ul style="list-style-type: none"> Lack of reconciliations 	59%	(BTPE, TSBPME, TBPE, TFSC, TSBPE, TSBRPE, TSPCB, BPIPSA, THC, ECPTOTE)
<ul style="list-style-type: none"> Internal and statewide accounting systems information 	53%	(TSBPME, TBPE, TFSC, TSBPE, TSBRPE, TSPCB, BPIPSA, THC, ECPTOTE)
<ul style="list-style-type: none"> Internal accountability system data to internal accounting records 	41%	(BTPE, TSBPME, TBPE, TFSC, TSBPE, TSPCB, BPIPSA)
<ul style="list-style-type: none"> Inaccurate accounting information (updating accounting records, inaccurate AFRs) 	24%	(TSBRPE, TSPCB, BPIPSA, THC)
Control weaknesses over human resources	88%	(TFSC, TBPE, BPIPSA, BTPE, ECPTOTE, TALCB, TBRB, TSBRPE, THC, TBPLS, TSBPE, TSBPME, TREC, TSPCB, TSBVME)

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Finding	Percentage of Agencies	Agencies
<ul style="list-style-type: none"> No human resource manuals 	12%	(TSBPE, TSBPME)
<ul style="list-style-type: none"> No human resource policies or noncompliance with human resource policies, or ineffective policies/systems 	82%	(TFSC, TBPE, BPIPSA, BTPE, ECPTOTE, TALCB, TBRB, TSBRPE, THC, TBPLS, TSBPE, TREC, TSPCB, TSBVME)
<ul style="list-style-type: none"> Sexual harassment 	12%	(TBRB, TSBRPE)
<ul style="list-style-type: none"> ADA 	12%	(BTPE, TSBRPE)
<ul style="list-style-type: none"> FLSA 	35%	(BPIPSA, ECPTOTE, TALCB, TBRB, TSBPE, TSPCB)
<ul style="list-style-type: none"> Performance appraisals 	77%	(TFSC, TBPE, BPIPSA, BTPE, ECPTOTE, TALCB, TBRB, THC, TBPLS, TSBPE, TREC, TSPCB, TSBVME)
<ul style="list-style-type: none"> Employee communications/training 	12%	(TALCB, TSBRPE)
<ul style="list-style-type: none"> Applicant recruitment/selection 	12%	(BPIPSA, BTPE)
<ul style="list-style-type: none"> Employee attendance and leave 	29%	(TFSC, TBPE, BTPE, ECPTOTE, THC)
<ul style="list-style-type: none"> Personnel records 	12%	(TFSC, TSBPE)
Policy Management		
Finding	Percentage of Agencies	Agencies
Lack of compliance with (written or unwritten) policies and procedures over statutory functions ⁶	18%	(TALCB, TSBRPE, TBPLS) <i>(TFSC, TBPE, BPIPSA, BTPE, ECPTOTE)</i>
<ul style="list-style-type: none"> Licensing/Renewals 	18%	(TFSC, BPIPSA, ECPTOTE)
<ul style="list-style-type: none"> Education 	6%	(TFSC)
<ul style="list-style-type: none"> Examinations 	24%	(TFSC, TBPE, BPIPSA, TSBRPE)
<ul style="list-style-type: none"> Enforcement (complaint, investigations, inspections) 	35%	(TFSC, TBPE, BTPE, ECPTOTE, BRPE, TALCB)

⁶Issues regarding statutory functions with the five agencies *italicized* were addressed under Information Management.

Appendices

Finding	Percentage of Agencies	Agencies
Lack of compliance with other state statutes		
<ul style="list-style-type: none"> Article 60.061 of the Code of Criminal Procedures⁷ 	100%	(TSBPME, TSBVME)
<ul style="list-style-type: none"> Texas Higher Education Code, § 57.49⁸ 	33%	(BPIPSA, BTPE, TSBPME, TSPCB)
<ul style="list-style-type: none"> Article 1, § 5 Special Provisions of the General Appropriations Act⁹ 	24%	(BPIPSA, BTPE, TBPLS, TSPCB)
Performance Management		
Finding	Percentage of Agencies	Agencies
Agencies are not maintaining documentation to support performance measure results reported to the Legislative Budget Board	18%	(TBRB, BPIPSA, ECPTOTE)
Agencies are not compiling or assembling performance measure results in accordance with approved measure definitions	59%	(BTPE, TSBPME, TBPE, TBPLS, TSBVME, TFSC, TSBPE, BPIPSA, THC, TREC)
Agencies inaccurately calculated performance measure results reported to the Legislative Budget Board	35%	(TBPLS, TSBVME, TSPCB, TSBPA, ECPTOTE, BPIPSA)
Performance measure data was not reviewed and approved and/or errors were made in entering data on the ABEST system	6%	(TBRB)

Key for Agency Name Abbreviations:

TFSC	-	Texas Funeral Service Commission
TBPE	-	Texas Board of Polygraph Examiners
BPIPSA	-	Board of Private Investigators and Private Security Agencies
BTPE	-	Board of Tax Professional Examiners
ECPTOTE	-	Executive Council of Physical Therapy and Occupational Therapy Examiners
TALCB	-	Texas Appraiser Licensing and Certification Board
TBRB	-	Texas Bond Review Board
TSBRPE	-	Texas State Board of Registration for Professional Engineers
THC	-	Texas Historical Commission
TBPLS	-	Texas Board of Professional Land Surveying
TSBPE	-	Texas State Board of Plumbing Examiners
TSBPME	-	Texas State Board of Podiatric Medical Examiners
TREC	-	Texas Real Estate Commission
TSPCB	-	Texas Structural Pest Control Board
TSBVME	-	Texas State Board of Veterinary Medical Examiners
TSBPA	-	Texas State Board of Public Accountancy
TSAB	-	Texas State Anatomical Board

⁷Only 2 of the 17 agencies were subject to this requirement.

⁸Only the 12 licensing agencies were subject to this requirement.

⁹This appropriations rider was revoked effective September 1, 1995.

Appendix 6:
Agency Back Information
Small Agencies Audited

Agency Number	Agency Name	1994 4th Quarter FTE's	1994 Appropriations	1994 Expenditures	1994 Revenues	Salaries and Payroll-related Costs		Last SAO Audit
						1994 Costs per agency	(as a percentage of total expenditures)	
513	TX Funeral Service Commission	10.00	\$424,783	\$524,043	\$594,403	\$389,429	74.31%	FRA '91
474	Polygraph Examiners Board	2.00	\$85,506	\$95,529	\$102,519	\$81,155	84.95%	FRA '91
467	Private Investigators & Private Security Agencies Board	43.39	\$2,006,457	\$2,250,129	\$2,369,849	\$1,456,509	64.73%	PA '92
337	Tax Professional Examiners Board	3.00	\$163,394	\$210,505	\$184,812	\$138,878	65.97%	FRA '92
533	Physical Therapy and Occupational Therapy Examiners, Executive Counsel	17.00	\$813,938	\$719,111	\$731,018	\$308,801	42.94%	
320	TX Appraisal Licensing and Certification Board	*	*	*	*	*	*	
352	TX Bond Review Board	8.48	\$746,871	\$470,748	\$813,093	\$412,354	87.60%	BR '92
460	Professional Engineers Board of Registration	22.50	\$1,230,168	\$1,470,873	\$1,537,910	\$897,292	61.00%	BR '92
808	Historical Commission	74.80	\$3,693,651	\$3,828,622	\$4,795,829	\$2,793,298	72.96%	FRA '91
464	TX Land Surveying Board	4.00	\$302,498	\$267,889	\$271,844	\$139,174	51.95%	FRA '91
456	Plumbing Examiners Board	18.00	\$1,007,077	\$1,208,695	\$1,205,855	\$819,407	67.79%	FRA '91
512	Podiatry Examiners Board	3.00	\$118,637	\$135,549	\$167,500	\$104,529	77.12%	FRA '91
329	Real Estate Commission	89.25	\$3,853,728	\$4,814,006	\$5,552,642	\$3,117,557	64.76%	FRA '91
472	TX Structural Pest Control Board	34.49	\$1,241,740	\$1,554,204	\$1,656,414	\$1,158,446	74.54%	FRA '91
578	Veterinary Medical Examiners Board	7.65	\$487,613	\$594,013	\$647,353	\$344,604	58.01%	FRA '91
457	Public Accountancy Board	41.93	\$3,216,854	\$3,208,537	\$5,349,886	\$1,545,016	48.15%	FRA '91
528	State Anatomical Board	0.00	\$0	\$4,137	\$5,681	\$0	0.00%	
Totals		379.49	\$19,392,915	\$21,356,590	\$25,986,608	\$13,706,449	64.18%	

*The Texas Appraiser Licensing and Certification Board is an independent sub-division of the Texas Real Estate Commission (TREC), therefore, the totals for this agency are included in the totals for TREC.

Appendices

Abolished Agencies Reviewed

Agency Number	Agency Name	Last SAO Audit
531	Texas Commission on Children and Youth	
814	Texas Conservation Foundation	FRA '90
649	Texas Health and Human Services Coordinating Council	SW '92
462	Texas Board of Irrigators	FRA '91
524	Board of Licensure for Nursing Home Administrators	FRA '91
336	Texas Property Tax Board	FRA '92
702	Texas Council on Vocational Education	SW '91
581	Texas Water Well Driller's Board	FRA '92
461	Texas Board of Aviation	ML '91
509	Texas Board of Examiners for the Fitting and Dispensing of Hearing Aids	FRA '91
606	Texas High-Speed Rail Authority	FRA '91
470	Texas Motor Vehicle Commission	FRA '91

- BR - Briefing Report
- FRA - Financial Related Audit
- ML - Management Letter
- PA - Performance Audit
- SW - Statewide

Copies of this report have been distributed to the following:

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Governor of Texas

Honorable George W. Bush

Legislative Budget Board

Sunset Advisory Commission

Executive Directors and Board Chairs of the 17 Small Agencies Audited