

Key Points of Report

An Audit Report on Performance Measures at 36 State Entities

Phase 12 of the Performance Measures Reviews

May 1998

Overall Conclusion

Seventy-five percent of the 150 performance measures reviewed during Phase 12 are reliable. Seventy percent of performance measures are accurate based on the cumulative results of the last five audits. While this is an improvement over the results of the first series of audits, 30 percent of performance information cannot be relied upon by decision-makers.

Although performance measurement controls have gradually improved, control weaknesses continue to prevent a higher reliability rate. A greater emphasis on review procedures by management could help prevent and detect errors.

Key Facts and Findings

- During this audit, 16 entities achieved 100 percent reliability. These agencies deserve special recognition:
 - General Land Office
 - Natural Resource Conservation Commission
 - Treasury Department – Comptroller's Office
 - Texas Education Agency
 - Real Estate Commission & Appraiser Licensing and Certification Board
 - Texas A&M University Health Science Center
 - Office of Public Insurance Counsel
 - The University of Texas Medical Branch at Galveston
 - Board of Professional Engineers
 - Texas Transportation Institute
 - Cosmetology Commission
 - Sam Houston State University
 - Board of Nurse Examiners
 - Texas A&M University - Corpus Christi
 - Low-Level Radioactive Waste Disposal Authority
 - The University of Texas Health Science Center at Tyler
- Twenty-one percent of the measures reviewed during Phase 12 were inaccurate. Factors prevented us from determining whether the remaining 4 percent were accurate or inaccurate.

Contact

Charles Hrcir, CPA, Audit Manager, (512) 479-4700



Office of the State Auditor

Lawrence F. Alwin, CPA

This audit was conducted in accordance with Government Code Section 2101.038 and the Lieutenant Governor's Budget Reform Proposal, as adopted by the Legislative Budget Board on November 18, 1991, and in cooperation with the Legislative Budget Board.

Table of Contents

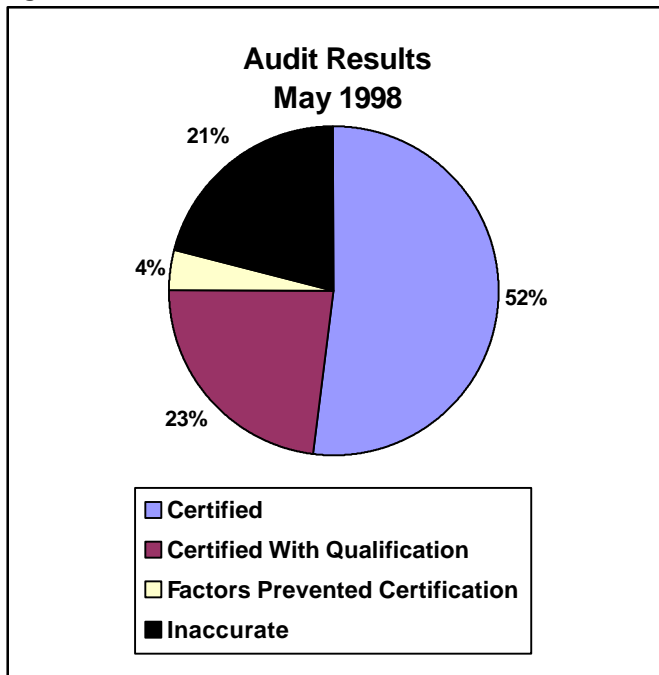
Overview	1
Historical Information	5
Findings and Agency Responses	7
State Law Library.....	7
Structural Pest Control Board	8
The University of Texas M. D. Anderson Cancer Center	9
Angelo State University.....	10
The University of Texas Health Science Center at San Antonio	11
Appendices	
1 - Objectives, Scope, and Methodology	13
2 - Background Information	15
3 - Performance Measure Certification Tables	16

Overview

Current Audit Results on Performance Measure Reporting

Seventy-five percent of the 150 performance measures reviewed during Phase 12 were determined to be reliable (See Figure 1). Thirty-six agencies were included in this audit.

Figure 1



A performance measure is reliable if it has been categorized as “Certified” or “Certified with Qualification.” (See Figure 2.) Factors prevented certification of 4 percent, and the remaining 21 percent were inaccurate.

Figure 2

Categories	Definitions
Certified	Reported performance is accurate within 5 percent of actual performance.
Certified with Qualification	Performance is accurate, but controls could be improved.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls.
Inaccurate	Reported performance is not within 5 percent of actual performance.

During this audit, several agencies requested assistance in reviewing their overall control procedures, measure definitions, calculations, and documentation. They were:

- Aerospace Commission (not audited in Phase 12 audit)
- Public Utility Commission
- Board of Private Investigators and Private Security Agencies (not audited in Phase 12 audit)
- Commission on Fire Protection (not audited in Phase 12 audit)
- Natural Resource Conservation Commission
- Department on Aging (not audited in Phase 12 audit)
- Parks and Wildlife Department (not audited in Phase 12 audit)
- Department of Agriculture (not audited in Phase 12 audit)

Agency assistance has helped agencies clarify their definitions to the point that performance measures could be certified.

Additional Review Procedures Could Further Increase Performance Reporting Reliability

The 75 percent reliability rate for all entities is an increase in reliability from Phase 11. The following control weaknesses were still the primary causes of unreliable performance reporting:

- There was a lack of management emphasis on performance and accuracy of reporting.
- There was a lack of review procedures during calculating and reporting of performance.
- Performance calculations were not performed according to measure definition.

Overview

- Mathematical errors were made during the performance calculations.
- Errors were not detected and the reported performance could not be certified.

The ideal performance measurement system should include the following review procedures to prevent or detect reporting errors:

- Data submitted by field offices and third parties should be reviewed for accuracy and completeness.
- The measure calculation should be reviewed for consistency with the measure definition and mathematical accuracy.
- Supporting documentation should be reviewed for accuracy and completeness.
- The final results submitted to the Legislative Budget Board should be compared to the summary documentation to ensure data-entry accuracy.

Additional information for improving performance measurement controls can be found in the *Guide to Performance Measurement* (SAO Report No. 95-158, August 1995), which can be found at www.sao.state.tx.us under "SAO Manuals and Guides." This publication was developed by the Legislative Budget Board, the Governor's Office of Budget and Planning, and the State Auditor's Office.

The *Guide to Performance Measurement* includes recommendations for implementing a reliable performance measurement system.

Specific recommendations were provided to the entities during the performance measure audits. Findings and Managements' Responses begin on page 7.

Summary of Managements' Responses

The responses indicate that management generally agrees with the recommendations for improvement. Responses to the audit findings were provided by the audited entities' managements and are included in the report after the related finding.

Summary of Audit Objectives and Scope

The primary objective of this audit was to determine the accuracy of key performance measures reported to the Automated Budget and Evaluation System of Texas (ABEST) database. Related control systems were reviewed for adequacy. Assistance was provided to entities with collection and reporting problems. Performance information was traced back to original sources

Overview

Current Results – Fiscal Year 1997						
Name (Agency Number Order)	Certified	Certified With Qualification	Factors Prevented Certification ¹	Inaccurate	Total Measures Audited	Reliability Percentage
State Law Library			2		2	0%
General Land Office	4	1			5	100%
Treasury Department – Comptroller's Office	2	1			3	100%
Fire Fighters' Pension Commissioner	1	1		3	5	40%
Real Estate Commission and Appraiser Licensing & Certification Board	4				4	100%
Board of Tax Professional Examiners		3		3	6	50%
Office of Public Insurance Counsel	5				5	100%
Department of Insurance	4	1		1	6	83%
Board of Professional Engineers	3				3	100%
Structural Pest Control Board		1	1		2	50%
Public Utility Commission of Texas		2		2	4	50%
Board of Barber Examiners	1			1	2	50%
Cosmetology Commission	1	2			3	100%
The University of Texas M.D. Anderson Cancer Center	1		1	2	4	25%
Board of Nurse Examiners	3				3	100%
Low-Level Radioactive Waste Disposal Authority	1				1	100%
Water Development Board	6			1	7	86%
Natural Resource Conservation Commission	3				3	100%
Texas Education Agency	5				5	100%
Texas A&M University Health Science Center	3				3	100%
Tarleton State University	1	3		1	5	80%
The University of Texas Medical Branch at Galveston	5				5	100%
Texas Transportation Institute	4				4	100%
The University of Texas Southwestern Medical Center at Dallas	3			2	5	60%
The University of Texas - Pan American		2		3	5	40%
Angelo State University	1	1	1	2	5	40%
The University of Texas at Dallas	1	1		2	4	50%
Texas Tech University Health Science Center	4			1	5	80%
The University of Texas Health Science Center at Houston	1	2		2	5	60%
The University of Texas Health Science Center at San Antonio	3		1	1	5	60%

Overview

Current Results – Fiscal Year 1997						
Name (Agency Number Order)	Certified	Certified With Qualification	Factors Prevented Certification ¹	Inaccurate	Total Measures Audited	Reliability Percentage
Sam Houston State University	1	3			4	100%
Southwest Texas State University	1	3		1	5	80%
Texas A&M University - Corpus Christi	2	3			5	100%
Texas A&M International University		1		3	4	25%
University of North Texas Health Science Center	4			1	5	80%
The University of Texas Health Science Center at Tyler	2	1			3	100%
Totals	80	32	6	32	150	75%
Percentages	54%	21%	4%	21%	100%	

¹ Findings were written for all measures categorized as "Factors Prevented Certification." (Pages 7-12)

Historical Information

The cumulative effect of the 1996-1997 biennium performance measure certification audits show the reliability percentage for all state entities is 68 percent (See Figure 5.) As a result, a significant amount (over 30 percent) of key performance information cannot be relied upon by decision-makers. This is an improvement over the 1994-1995 biennium's set of audits which indicated an accuracy rate of only 58 percent.

Although performance measurement controls have gradually improved, control weaknesses continue to prevent a higher reliability rate. A greater emphasis on review procedures by management could help prevent and detect errors.

The accuracy of performance measure reporting for 12 audit phases is summarized in the following three figures. Figure 3 shows both the individual and cumulative reliability percentages over four years for all state entities. The bars represent individual audit results from a particular phase, and the line represents the cumulative results of all certification reports.

Figure 3 shows a variance of 11 percent between the high and low cumulative figures, while the variance between individual audits is 33 percent.

Figure 3

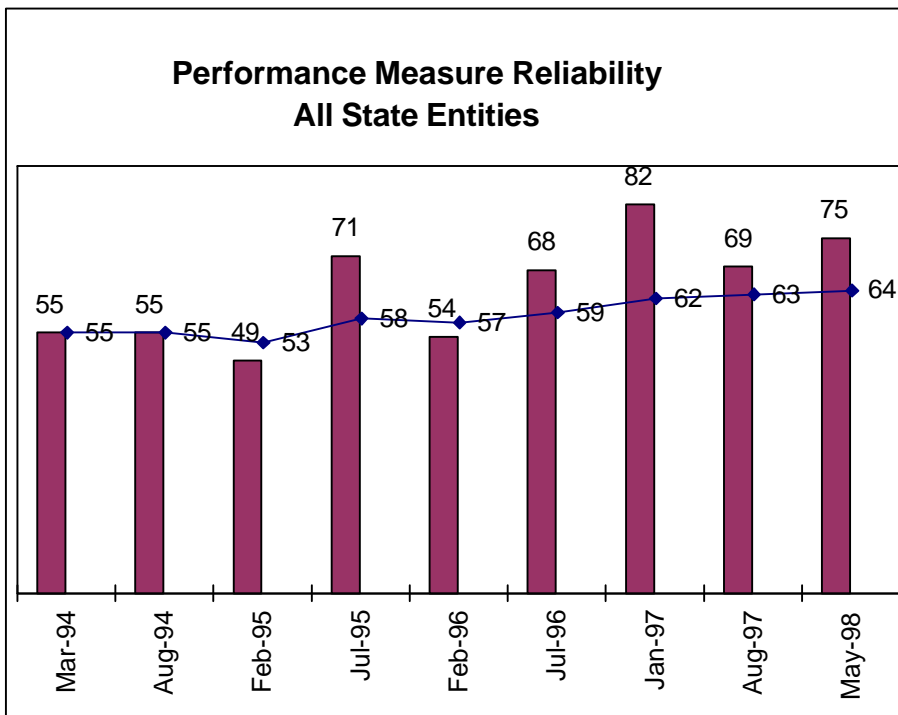
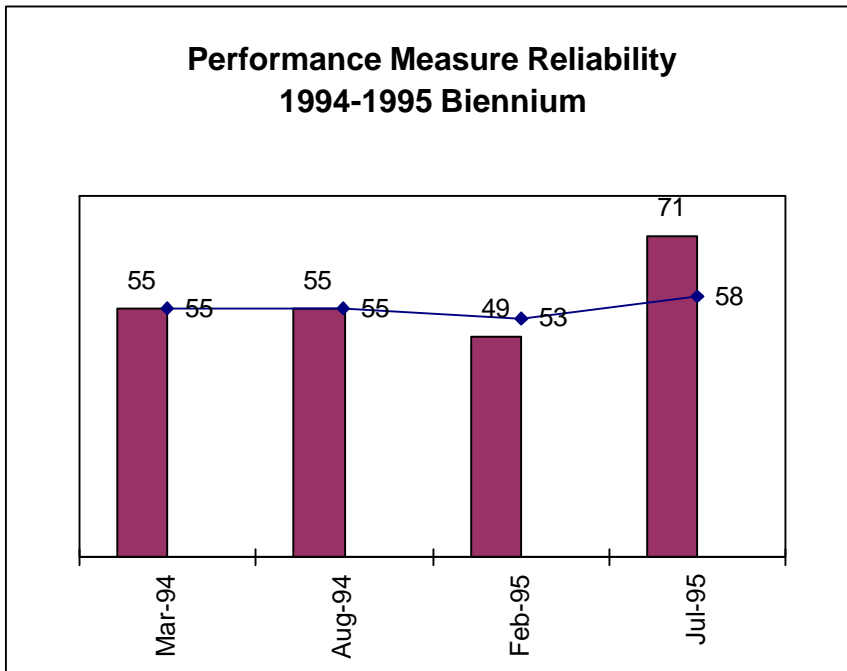


Figure 4



When the same data is viewed biennially, a somewhat different pattern emerges. Figure 4 shows the 1994-1995 biennium for all state entities.

Figure 5

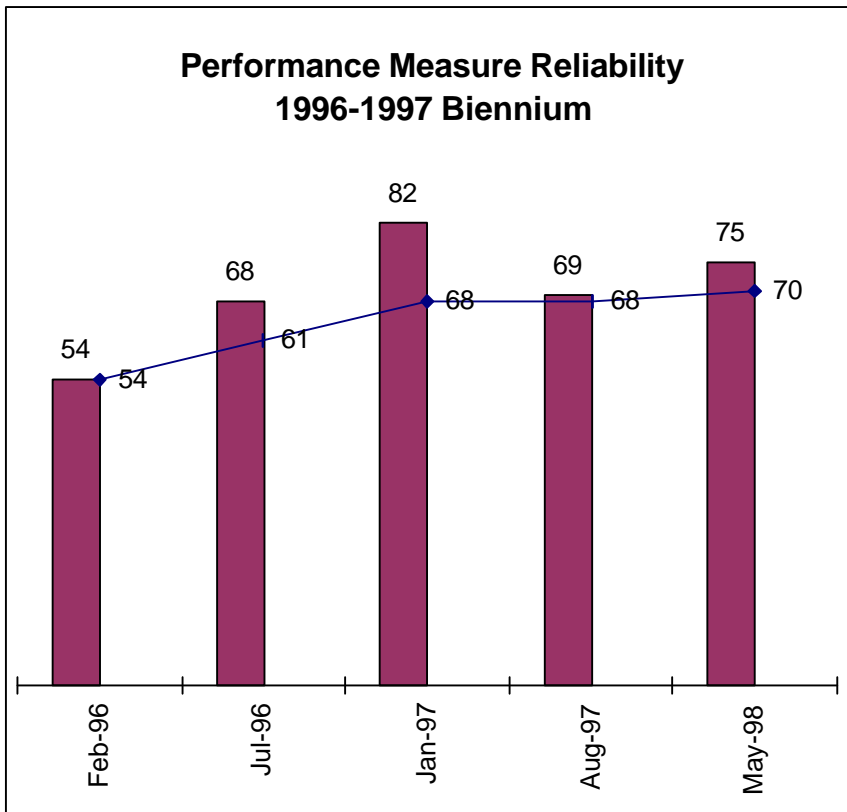


Figure 5 shows the results of audits for the 1996-1997 biennium and the first audit of 1998-1999 biennium. This data shows the State of Texas achieved a 70 percent reliability rate by the end of the 1996-1997 biennium. This has been a gradual process, but nevertheless a significant achievement.

Findings and Agency Responses

Finding

State Law Library

Source Documentation Was Not Available For Calculation and Reporting

Key Performance Measures:

New Titles Cataloged
Continuations Logged

Factors prevented certification for the above measure. The State Law Library is not retaining adequate source documentation for the output measures, “Number of New Titles Cataloged” and “Continuations Logged.”

Recommendation:

The State Law Library should retain proper documentation for calculating and reporting the “Number of New Titles Cataloged” and “Continuations Logged.” The documentation retained could be in electronic or hard-copy format. This would allow an audit trail to exist in order to verify the numbers reported to ABEST II.

Management’s Response:

Before the audit, we had reviewed the documentation and tally sheets we were keeping as adequate to record the work accomplished under these measures. After reviewing the matter with the Auditor’s Office, we can understand that an unscrupulous employee or supervisor could adjust these figures to inaccurately count the number of titles and continuations added. We have created a new report that more accurately reflects the specific titles added. Unfortunately, this report cannot be done as a by product of our natural work process. We will do the new report strictly to have the documentation needed to support this measure. The number of new titles cataloged each year (approximately 600) is low enough that we can incorporate an extra report to capture the information.

Unfortunately the volume of continuations received (approximately 28,000) make it virtually impossible to manually keep a record as we have proposed for the first measure above - a report strictly for use as documentation needed to support this measure. To do such a list manually with all the information suggested in the Auditor’s recommendation would be virtually a full time job. Our current workload and staffing level prevents us from adding this report. We do not currently have a computer application that will pull this information. We will continue to seek a solution to the documentation problem associated with this measure.

Finding

Structural Pest Control Board

Source Documentation Was Not Available For Calculation and Reporting.

Key Performance Measure:

Number of New Licenses Issued to Individuals

Factors prevented certification for the above measure. The Structural Pest Control Board is not retaining adequate source documentation for the output measure "Number of New Licenses Issued to Individuals."

Recommendation:

The Structural Pest Control Board should download the its database on a periodic basis to tape or disk. If the Structural Pest Control Board is unable to create or re-create in a timely manner the automated reports used to calculate the measure, then a hard-copy report of the number of new licenses issued should be maintained in accordance with the definition. The retention of the reports will allow an audit trail to exist in order to verify the number reported to ABESTII.

Management's Response:

The Structural Pest Control Board was not aware until an audit was performed the latter part of December that if a technician or apprentice was issued in one specific quarter and cancelled in the same quarter, these new licensees were not being included in the total count of new licensees. A manual log has always been kept on new businesses and certified applicators but not on technician and apprentices.

When this was brought to our attention, we immediately had our programmer take the appropriate steps to correct this situation. The licensing section has now instituted a program whereby printouts are run on at least a weekly basis. The program lists the issue date of the new license, expiration, license number and name. Samples of all printouts are attached for your review.

In order to ensure these numbers are correct, we have also instituted a manual log for all technicians. The business, certified applicator and technician licenses will be verified against the weekly printouts to ensure all information is correct.

The audit staff and agency also discussed a programming problem whereby in some instances when an employee was deleted from the active file, the employee would have two to three similar screens in the deleted file. This programming problem has now been corrected and all duplicated files deleted.

The agency appreciates the audit team bringing this to our attention and the agency feels all problems discussed have been corrected.

Finding

The University of Texas M. D. Anderson Cancer Center

The University Could Not Produce Source Documents For Testing

Key Performance Measure:

Total Gross Charges for Un-sponsored Charity Care Provided in State Owned Facilities

Factors prevented certification of the above measure. The University of Texas M. D. Anderson Cancer Center was unable to produce 7 of the 29 source documents relating to the outcome measure "Total Gross Charges for Un-sponsored Charity Care Provided in State Facilities."

Recommendation:

The University of Texas M. D. Anderson Cancer Center should develop, implement, and maintain a system of record keeping that will track and locate source documents relating to performance measures reported to the Legislative Budget Board.

Management's Response:

We agree with the recommendation and the following procedures will be initiated in the Financial Counseling office:

- *All patients seeking service who do not have a current (within last 12 months) Application for Financial Assistance on file will be required to complete one*
- *Procedures will be put in place to obtain financial qualification information on patients referred by the Harris County Hospital District*
- *The Office of Financial Counseling will maintain a financial information file for each patient. This file will contain all information regarding the patient's financial status as well as any other information critical to the patient's account.*

Finding

Angelo State University

Definition Was Not Followed, and Adequate Source Documentation Was Not Available for Recalculation, Selecting, and Testing Sample

Key Performance Measure:

Graduation Rate

Factors prevented certification for the above measure. Angelo State University (University) deviated from the measure definition. The University was unable to provide needed documentation to support the number of first-time freshman in 1991 who entered the institution during the summer session and continued as full-time students during the fall semester. Also needed was documentation to support the number of students who took courses at another institution during the preceding summer, as first-time freshmen, and then transferred those credits as full-time freshmen to Angelo State University.

The database used to track first-time freshman could not adequately identify first-time freshmen in 1991. Without this documentation, the accuracy of the performance results could not be verified.

Recommendation:

The University should continue to improve the accuracy of the student records database, which contains information used to identify first-time freshmen. The number of first-time freshmen is tracked to determine how many of them graduate within six years of their entrance.

Management's Response:

The old student records system at Angelo State University contained no identifiers for full-time freshmen. Beginning in the fall of 1992 we added information to our records system which allowed us to identify first-time freshmen. For anytime prior to 1992, the only thing we can do is to identify people who are in their first semester at ASU, not counting the previous summer, who have no transfer work and count them as first-time freshmen. We will have the data for six years for the 97-98 Annual Performance Measures report which will be completed in November.

Finding

The University of Texas Health Science Center at San Antonio

The University Did Not Calculate An Outcome For This Measure Or Report It To The Legislative Budget Board. Source Documentation Was Not Available for Calculation and Reporting.

Non-Key Performance Measure:

Total Number of Filled Residency Positions in Texas Health Professional Shortage Areas (HPSAs)

Factors prevented certification of the above measure. The University of Texas Health Science Center at San Antonio did not attempt to calculate or report the measure "Total Number of Filled Residency Positions in Texas Health Professional Shortage Areas (HPSAs)."

Recommendation:

The University of Texas Health Science Center at San Antonio (University) should calculate this measure as required by the Legislative Budget Board. The University should use the designation as authorized by the United States Department of Health and Human Services. The Texas Department of Health, Health Professions Resource Center, maintains the criteria and designation. The Texas Higher Education Coordinating Board, Health Affairs Division, provides this information to the institution.

Management's Response:

Management did not report an outcome for this performance measure because of the lack of accurate means of determining which training sites correspond to Health Professions Shortage Areas (HPSAs). Difficulty stems from the designation of HPSAs by census tract, while training site locations are designated by street address and zip code. There has, to date, not been a reliable means of crosswalking between the two. Rather than manufacture, for the sake of the reporting requirement, numbers which would not withstand scrutiny, management has chosen to indicate that the requested data were not available.

Recently, the Texas Department of Health has suggested a methodology for capturing data which may represent an acceptable approximation for the measure in question. This methodology utilizes a U.S. Census Bureau website which, when provided an address, will respond with a census tract number. This number can then be compared with the list of designated HPSAs provided by the Texas Department of Health (not the Texas Higher Education Coordinating Board as indicated in the performance measure definition). Residents in programs having a site address corresponding to a HPSA will be counted for this measure.

While this methodology may not identify residents who undergo rotational training at non-HPSA locations away from a basic HPSA site, or at HPSA locations away from a basic non-HPSA site, it likely represents the best procedure available at the present time. This concept has been verbally presented to and accepted by LBB staff.

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were:

- To determine whether selected state entities are accurately reporting their key performance measures to the Automated Budget and Evaluation System of Texas (ABEST) database
- To determine whether selected state entities have adequate control systems in place over the collection and reporting of their performance measures
- To provide assistance to selected state entities who were undergoing self-examinations or that have had recurring problems in controlling and reporting performance measure data

Scope

Certain key and non-key measures were reviewed at 36 state entities. Performance measure results reported by state entities were reviewed to determine whether they were accurate. A review of controls over the submission of data used in reporting performance measures was also conducted. Our scope included tracing performance information back to the original source.

Methodology

Performance measures were certified using the following procedures:

- State entities were chosen in conjunction with the Legislative Budget Board (LBB), based on risk factors identified by the LBB.
- Measures were selected from the population of key and non-key performance measures in ABEST. ABEST data was selected because it is relied upon by state decision-makers.
- Calculations were reviewed for accuracy and to ensure that these calculations were consistent with the methodology agreed upon by the entity and the LBB.
- The flow of data was analyzed to evaluate whether proper controls were in place.
- Testing of a sample of source documents was conducted to verify the accuracy of reported performance.

Performance measure results were reported in one of four categories: (1) Certified, (2) Certified With Qualification, (3) Factors Prevented Certification, or (4) Inaccurate.

The LBB requested that findings be written for any measures categorized as “Factors Prevented Certification.” The findings give more detail than the comments in the matrix and provide the entities with the opportunity to communicate how the problems will be addressed.

Other Information

Audit fieldwork was conducted from October 1997 through March 1998. This audit was performed in accordance with generally accepted government auditing standards.

The work was performed by the following members of the State Auditor’s staff:

- Ed Osner, CPA (Project Manager)
- Mattye Keeling, CFE, CGFM (Quality Control Reviewer)
- Tom McGaha (Assistant Project Manager)
- Mike Buecher
- Tom Cone
- Rena Dietrich
- Abdoulaye Gueye
- Turk Jones
- Polly Laoboonmi
- Barbetta Mays
- Angelica Martinez
- Frances Moore
- Susan Phillips
- Jennifer Rice
- Serra Tamur
- Earl Wells
- Charlie Hrcir, CPA (Audit Manager)
- Deborah Kerr, Ph.D. (Director)

Background Information

The 36 entities audited have diverse mission statements that encompass general government, health and human services, public safety and criminal justice, natural resources, business and economic development, regulation, and education. The 36 entities are:

- State Law Library
- General Land Office
- Treasury Department – Comptroller’s Office
- Fire Fighters’ Pension Commissioner
- Real Estate Commission and Appraiser Licensing and Certification Board
- Board of Tax Professional Examiners
- Office of Public Insurance Counsel
- Department of Insurance
- Board of Professional Engineers
- Structural Pest Control Board
- Public Utility Commission of Texas
- Board of Barber Examiners
- Cosmetology Commission
- The University of Texas M.D. Anderson Cancer Center
- Board of Nurse Examiners
- Low-Level Radioactive Waste Disposal Authority
- Water Development Board
- Natural Resource Conservation Commission
- Texas Education Agency
- Texas A&M University Health Science Center
- Tarleton State University
- The University of Texas Medical Branch at Galveston
- Texas Transportation Institute
- The University of Texas Southwestern Medical Center at Dallas
- The University of Texas Pan American
- Angelo State University
- The University of Texas at Dallas
- Texas Tech University Health Science Center
- The University of Texas Health Science Center at Houston
- The University of Texas Health Science Center at San Antonio
- Sam Houston State University
- Southwest Texas State University
- Texas A&M University - Corpus Christi
- Texas A&M International University
- University of North Texas Health Science Center
- The University of Texas Health Science Center at Tyler

Legislative responsibilities include the certification of the accuracy of information reported by state entities to the Legislative Budget Board. Government Code Section 2101.038 requires the State Auditor’s Office to certify performance measures.

Performance Measure Certification Tables

The accuracy of performance measure reporting for 12 audit phases is summarized in the following three tables. These three tables also show the number of measure classifications that have been audited since 1994. The reliability percentage equals "Certified" plus "Certified With Qualification" divided by total measures audited.

All agencies and universities have a combined reliability rate of 63 percent, as shown in Table 1.

Table 1

Overview of Performance Measures at All Agencies and Universities							
Classification Type	Certification Type					Total Measures Audited	Reliability Percentage
	Certified	Certified With Qualification	Inaccurate	Factors Prevented Certification	Not Applicable		
Efficiency	72	45	68	43	2	230	51%
Explanatory	7	6	3	3	0	19	68%
Outcome	278	102	109	97	14	600	63%
Output	326	132	128	103	5	694	66%
Totals	683	285	308	246	21	1543	63%
Percentage of Total Measures Audited	44%	18%	20%	16%	1%		

All agencies have a cumulative reliability rate of 60 percent, as shown in Table 2.

Table 2

Overview of Performance Measures at All Agencies							
Classification Type	Certification Type					Total Measures Audited	Reliability Percentage
	Certified	Certified With Qualification	Inaccurate	Factors Prevented Certification	Not Applicable		
Efficiency	62	43	66	36	2	209	50%
Explanatory	3	2	1	2	0	8	63%
Outcome	122	49	53	70	12	306	56%
Output	274	107	110	88	5	584	65%
Totals	461	201	230	196	19	1107	60%
Percentage of Total Measures Audited	42%	18%	21%	18%	2%		

Finally, Table 3 shows universities to have a cumulative reliability rate of 70 percent.

Table 3

Overview of Performance Measures at All Universities							
Classification Type	Certification Type					Total Measures Audited	Reliability Percentage
	Certified	Certified With Qualification	Inaccurate	Factors Prevented Certification	Not Applicable		
Efficiency	10	2	2	7	0	21	57%
Explanatory	4	4	2	1	0	11	73%
Outcome	156	53	56	27	2	294	71%
Output	52	25	18	15	0	110	70%
Totals	222	84	78	50	2	436	70%
Percentage of Total Measures Audited	51%	19%	18%	11%	0%		