



John Keel, CPA
State Auditor

An Audit Report on

**Performance Measures at the
Board of Examiners of
Psychologists**

August 2015
Report No. 15-038

Performance Measures at the Board of Examiners of Psychologists

Overall Conclusion

The Board of Examiners of Psychologists (Board) reported reliable results for all five key performance measures tested for fiscal year 2014. In addition, the Board reported reliable results for two key performance measures tested for the first quarter of fiscal year 2015. A result is considered reliable if it is certified or certified with qualification.

For fiscal year 2014, the following five key performance measures tested were certified with qualification:

- Percent of Licensees with No Recent Violations.
- Number of New Certificates/Licenses Issued to Individuals.
- Percent of Documented Complaints Resolved within Six Months.
- Complaints Resolved.
- Number of Jurisdictional Complaints Received.

In addition, for the first quarter of fiscal year 2015, the Number of New Certificates/Licenses Issued to Individuals and Complaints Resolved performance measures were certified with qualification. The remaining three performance measures audited are reported on an annual basis.

While the Board accurately reported the results for all five performance measures audited, it should improve controls over its performance measure processes. The Board had written policies and procedures for the collecting and calculating of performance measures during fiscal year 2014 and the first quarter of fiscal year 2015; however, it did not have written policies and procedures for the review of its entry of performance measure results into the Automated Budget and Evaluation System of Texas (ABEST). Additionally, the Board did not have a process to review the calculation of performance measures prior to the entry of results into the

Background Information

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

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 characteristics of good performance measures.

Source: *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012).

ABEST, and it did not have adequate controls over the entry of key enforcement data into its licensing and enforcement system, Versa.

Table 1 summarizes the certification results for the five key performance measures tested.

Table 1

Performance Measure Results for the Board of Examiners of Psychologists (Agency No. 520)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
1-1, Outcome	Percent of Licensees with No Recent Violations	2014	98.58%	Certified with Qualification
1-1-1, Output	Number of New Certificates/ Licenses Issued to Individuals	2014	780	Certified with Qualification
		2015 - First Quarter	219	
2-1, Outcome	Percent of Documented Complaints Resolved within Six Months	2014	39.00%	Certified with Qualification
2-1-1, Output	Complaints Resolved	2014	251	Certified with Qualification
		2015 - First Quarter	65	
2-1-1, Explanatory	Number of Jurisdictional Complaints Received	2014	243	Certified with Qualification

^a A performance measure is **certified** if reported performance is accurate within 5 percent of actual performance and if it appears that controls to ensure accuracy are in place for collecting and reporting performance data.

A performance 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 performance measure is also certified with qualification when controls are strong but source documentation is unavailable for testing. A performance measure is also certified with qualification if agency calculation of performance deviated from the performance measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A performance 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 performance measure is also inaccurate if the agency's calculation deviated from the performance 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 performance measure definition and the auditor cannot determine the correct performance measure result.

Auditors communicated other, less significant issues related to the Board's performance measure methodologies separately in writing to Board management.

Summary of Management's Response

The Board agreed with the recommendation in this report. The detailed management response is presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Information Technology Review

Auditors assessed the controls over the Board's licensing and enforcement database, Versa, as they related to the Board's performance measure data. The Board uses Versa to collect and calculate performance measure results.

Auditors evaluated general information technology controls, including logical access controls. Auditors also reviewed application controls, reviewed Versa data for completeness, interviewed employees knowledgeable about Versa, and reviewed source documentation for performance measure data.

Auditors determined that, for fiscal year 2014 and the first quarter of fiscal year 2015, the licensing and enforcement data in Versa was sufficiently reliable for purposes of this audit.

Summary of Objectives, Scope, and Methodology

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

- Is accurately reporting its performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

The audit scope included five key performance measures the Board reported for fiscal year 2014 and two key performance measures the Board reported for the first quarter of fiscal year 2015.

The audit methodology consisted of auditing reported results for accuracy and adherence to performance measures definitions, evaluating controls over the Board's performance measure calculation processes, testing documentation, and assessing the reliability of the data obtained from Versa that supports the reported performance measure results.

Contents

Detailed Results

Chapter 1	
The Board Should Improve Certain Controls That Affect All Performance Measures Tested.....	1

Chapter 2	
The Board Reported Reliable Results for All Five Key Performance Measures Tested.....	3

Appendices

Appendix 1	
Objectives, Scope, and Methodology	6

Detailed Results

Chapter 1

The Board Should Improve Certain Controls That Affect All Performance Measures Tested

The Board of Examiners of Psychologists (Board) did not have documented policies and procedures for the review of performance measure results.

While the Board had written policies and procedures for the collection and calculation of performance measures and had a documented review of the entry of performance measure data prior to releasing that data into the Automated Budget and Evaluation System of Texas (ABEST), it did not include in its written policies and procedures the process for that review during fiscal year 2014 and the first quarter of fiscal year 2015. Written policies and procedures can help the Board report accurate and consistent performance measure information.

The Guide to Performance Measure Management (State Auditor's Office Report No. 12-333, March 2012) states that an agency should clearly document all steps performed in the collection, calculation, review, and reporting of the performance measure data in its written policies and procedures. Without documented policies and procedures, a performance measure cannot receive a rating higher than certified with qualification.

The Board did not conduct a review of the calculation of performance measure results before entering those results into ABEST.

The Board did not conduct an independent review of the calculation of performance measure results before that data was released into ABEST. The Board's ABEST coordinator is responsible for calculating and entering data into ABEST. Having a separate individual review the calculations can reduce the risk of undetected errors.

For example, the Board did not accurately calculate the Number of New Certificates/Licenses Issued to Individuals performance measure results for the first and fourth quarters of fiscal year 2014, which caused it to overreport the results for the Number of New Certificates/Licenses Issued to Individuals performance measure by 14 (1.8 percent) for fiscal year 2014. While those errors were not significant enough to affect the accuracy of the reported results for fiscal year 2014, there is an increased risk that the Board may report inaccurate performance measure results in the future without an adequate review process.

Recommendations

The Board should:

- Develop written policies and procedures for the review of its entry of performance measure results into ABEST.
- Perform an independent review of the calculation of performance measure results prior to entering those results into ABEST.

Management's Response

The Board agrees with the recommendations and will perform an independent review of the calculation of its performance measure results prior to entry into ABEST. Additionally, the Board will develop written policies and/or procedures for the review of its entry of performance measure results into ABEST.

The staff responsible for implementation are the Executive Director and the Chief Financial Officer. The estimated timeline for completion is six months.

The Board Reported Reliable Results for All Five Key Performance Measures Tested

The Board reported reliable results for all 5 key performance measures tested for fiscal year 2014 and the 2 key performance measures tested for the first quarter of fiscal year 2015. A result is considered reliable if it is certified or certified with qualification.

Number of Jurisdictional Complaints Received

Complaints Resolved

Percent of Documented Complaints Resolved within Six Months

The Board reported reliable results for those three performance measures. However, they were certified with qualification because of the control weaknesses discussed in Chapter 1.

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 if agency calculation of performance deviated from the measure definition but the deviation caused less than a 5.0 percent difference between the number reported to ABEST and the correct performance measure result.

In addition, the Board did not have documented controls in place to ensure the accuracy of key supporting data for those three performance measures. Specifically:

- While the Board asserted that it performs a monthly reconciliation of enforcement data in Versa, it does not document those reconciliations.
- The Board was inconsistent in its entry into Versa of the dates on which it received a complaint and on which it resolved a complaint, which resulted in minor discrepancies between supporting documentation and the received date and resolved date in Versa. Those discrepancies were not significant enough to affect the accuracy of reported results for those three performance measures for fiscal year 2014 and the reported results for the Complaints Resolved performance measure for the first quarter of fiscal year 2015. However, without verifying that the correct dates are entered into Versa, the Board could report inaccurate performance measure results collection in the future.

Recommendations

The Board should:

- Document its reconciliations of enforcement data and maintain that documentation.
- Develop and implement controls to ensure the accuracy of key enforcement data entered into Versa.

Management's Response

The Board agrees with the recommendations and will document all reconciliations of enforcement data and maintain that documentation in the performance measure files. Additionally, the Board will develop written policies and/or procedures to achieve consistency in entry of key enforcement data into Versa, specifically received dates and resolved dates.

The staff responsible for implementation are the Executive Director and the Enforcement Division Manager. The estimated timeline for completion is six months.

Percent of Licensees with No Recent Violations

Number of New Certificates/Licenses Issued to Individuals

The Board reported reliable results for those two performance measures. However, they were certified with qualification because of the control weaknesses discussed in Chapter 1.

In addition, for the Percent of Licensees with No Recent Violations performance measure, the Board did not collect data in a method that was consistent with the performance measure definition in ABEST. Specifically, the Board (1) included violations for persons who were not licensees at the end of the reporting period in its calculation of the performance measure for fiscal year 2014 and (2) ran a report within Versa to identify all licensees as of September 24, 2014, rather than at the end of fiscal year 2014. That is not in accordance with the performance measure definition, which defines that performance measure as being, "the percent of the total number of licensed individuals at the end of the reporting period who have not incurred a violation within the current and preceding two years."

That did not result in differences significant enough to affect the accuracy of the reported results for fiscal year 2014.

Recommendation

The Board should revise its performance measure calculation process to align with the performance measure definition in ABEST for Percent of Licensees with No Recent Violations or work with the Legislative Budget Board and Governor's Office of Budget, Planning, and Policy to revise the performance measure definition to align with the Board's current process.

Management's Response

The Board agrees with the recommendations and will work with the Legislative Budget Board and the Governor's Office of Budget and Planning to revise the performance measure definition in ABEST to align with the Board's current calculation process for this performance measure.

The staff responsible for implementation are the Executive Director and the Chief Financial Officer. The estimated timeline for completion is during the Strategic Planning process in May of 2016.

Appendix

Appendix

Objectives, Scope, and Methodology

Objectives

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

- Is accurately reporting its performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

Scope

The audit scope included five key performance measures the Board reported for fiscal year 2014 and two key performance measures the Board reported for the first quarter of fiscal year 2015.

Methodology

The audit methodology consisted of auditing reported results for accuracy and adherence to performance measure definitions, evaluating controls over the Board's performance measure calculation processes, testing documentation, and assessing the reliability of the data obtained from Versa, the Board's licensing and enforcement database.

Data Reliability and Completeness

Auditors assessed the reliability of the data from Versa related to the five performance measures audited. To do that auditors (1) determined population completeness and reasonableness, (2) reviewed the Board's process to generate data related to the calculation of the performance measures from Versa, (3) interviewed and obtained information from the Board's staff, and (4) reviewed source documentation for performance measure data.

Auditors determined that, for fiscal year 2014 and first quarter of fiscal year 2015, the licensing and enforcement data in Versa was sufficiently reliable for purposes of this audit. However, controls were not adequate to ensure the continued accuracy of performance measures results.

Sampling Methodology

Auditors selected a random sample of 46 new licenses from the population of 766 new licenses issued during fiscal year 2014 and another sample of 46 new

licenses from the population of 219 new licenses issued during the first quarter of 2015 to test the accuracy of the data for the Number of New Certificates/Licenses Issued to Individuals performance measure.

Auditors selected a random sample of 46 current licensees from the population of 7,890 current licensees as of the end of fiscal year 2014 to test the accuracy of the data for the Percent of Licensees with No Recent Violations performance measure. Auditors also randomly selected two licensees with violations from the population of licensees with recent violations.

To test controls and data accuracy for the Number of Jurisdictional Complaints Received and Percent of Documented Complaints Resolved within Six Months performance measures, auditors selected a random sample of 61 complaints from the population of 243 complaints received for fiscal year 2014. Additionally, auditors selected a random sample of 61 complaints closed from the population of 251 complaints closed during fiscal year 2014 for the Complaints Resolved and Percent of Documented Complaints Resolved within Six Months performance measures and a sample of 61 complaints closed from the population of 65 complaints closed during first quarter of fiscal year 2015 for the Complaints Resolved performance measure.

Auditors used non-statistical sampling methods to select all of the samples. Because auditors selected the samples through random selection, results may be extrapolated to the population; however, the accuracy of the extrapolation cannot be measured.

Information collected and reviewed included the following:

- Performance measure data in Versa, Board-created summary documents, and Versa-generated reports.
- Supporting documentation retained in hard-copy or electronic files.

Procedures and tests conducted included the following:

- Interviewed Board staff to gain an understanding of the processes used to calculate performance measures.
- Interviewed the Board's staff to gain an understanding of Versa, which the Board used to collect and generate the reports used to calculate performance measure information, as well as the Board's process for storing supporting documentation.
- Audited performance measure calculations for accuracy and to determine whether the calculations were consistent with the definitions on which the Board, the Legislative Budget Board, and the Governor's Office of Budget, Planning, and Policy agreed.

- Tested documentation to verify the accuracy of reported performance measures and the effectiveness of controls.
- Observed the process to generate reports from Versa that the Board used to calculate performance measures results.
- Reviewed general information technology controls over Versa, including logical access controls, and reviewed applications controls over Versa.
- Assessed performance measure results in one of the four categories: certified, certified with qualification, inaccurate, and factors prevented certification. For this audit, a result was considered reliable if it was certified or certified with qualification.

Criteria used included the following:

- *Guide to Performance Measure Management* (State Auditor’s Office Report No. 12-333, March 2012).
- ABEST performance measure definitions.
- Title 22, Texas Administrative Code, Chapter 21.
- Texas Occupations Code, Chapter 501.

Project Information

Audit fieldwork was conducted from April 2015 through June 2015. 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:

- Scott Armstrong, CGAP (Project Manager)
- Michelle Lea DeFrance, CPA (Assistant Project Manager)
- Adam Ryan, MACT
- John Zhang, MPA
- Dana Musgrave, MBA (Quality Control Reviewer)
- Verma Elliott, MBA, CPA, CIA, CGAP (Audit Manager)

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable John Otto, House Appropriations Committee
The Honorable Dennis Bonnen, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Board of Examiners of Psychologists

Members of the Board of Examiners of Psychologists

Dr. Tim F. Branaman, Board Chair
Dr. Lou Ann Todd Mock, Vice-Chair
Dr. Jeff Baker
Ms. Donna Lord Black
Ms. Jo Ann Jordan Campbell
Mr. Carlos Chacón
Ms. Angela A. Downes
Mr. John Huffman
Dr. Leslie D. Rosenstein
Mr. Darrel Spinks, Executive Director



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.