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State Auditor

An Audit Report on
**Performance Measures at the
Texas State Board of Dental
Examiners**

February 2014
Report No. 14-018



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Overall Conclusion

The Texas State Board of Dental Examiners (Board) reported unreliable results for 2 (50 percent) of the 4 key performance measures tested for fiscal year 2012. In addition, the Board reported unreliable results for the 2 key performance measures tested for the first three quarters of fiscal year 2013. A result is considered reliable if it is certified or certified with qualification.

Fiscal Year 2012 Results

For fiscal year 2012, two of the four key performance measures tested were certified with qualification. Those two performance measures were:

- Number of Licenses Renewed (Individuals): Dentists.
- Percent of New Individual Licenses Issued Online.

For all four performance measures tested, the Board had not updated and approved its policies and procedures for collecting, calculating, and reporting the performance measures. Additionally, the Board did not have documented reviews of the performance measure calculations and the data entered into the Automated Budget and Evaluation System of Texas (ABEST).

Factors prevented certification of the following two key performance measures tested for fiscal year 2012:

- Average Time to Resolve Complaints Pending Litigation (Days).
- Percent of Complaints Resulting in Disciplinary Action.

For both performance measures, the Board uses complaint information in its licensing and enforcement system, Versa, to calculate the results. However, the Board did not retain documentation to demonstrate that complaint data was successfully migrated from its previous system during fiscal year 2012. As a result, auditors could not verify the accuracy and reliability of the data used to calculate and report the results for those two performance measures for fiscal year 2012. In addition, for the Average Time to Resolve Complaints Pending Litigation (Days)

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).

performance measure, the Board deviated from the calculation methodology listed in the performance measure's definition in ABEST.

For the Average Time to Resolve Complaints Pending Litigation (Days) performance measure, the Board had determined that 180 days was the expected level of performance for fiscal year 2012. For fiscal year 2012, the Board reported in ABEST that the average time was 659.55 days to resolve complaints pending litigation.

For the Percent of Complaints Resulting in Disciplinary Action performance measure, the Board reported to ABEST that, for fiscal year 2012, it resolved 887 of the 976 complaints it received in fiscal year 2012. Of those 887 resolved complaints, the Board reported that 222 complaints (25.03 percent) were resolved by disciplinary action.

Fiscal Year 2013 Results

The Board reported results for two of the performance measures audited on a quarterly basis. Auditors tested the reported results for the first three quarters of fiscal year 2013 and determined the following:

- The reported results for Number of Licenses Renewed (Individuals): Dentists were inaccurate because the Board used incorrect data to calculate the performance measure results. As a result, the actual performance as calculated by auditors was not within 5 percent of the Board's reported performance.
- Factors prevented certification of Average Time to Resolve Complaints Pending Litigation (Days) due to the data reliability issues discussed on the previous page. For the first three quarters of fiscal year 2013, the Board reported in ABEST that it took an average of 116.77 days to resolve complaints pending litigation.

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

Table 1

Performance Measure Results for Texas State Board of Dental Examiners (Agency No. 504)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in ABEST	Certification Results ^a
A.1.1, Efficiency	Average Time to Resolve Complaints Pending Litigation (Days)	2012	659.55	Factors Prevented Certification
		2013 - First Three Quarters ^b	116.77	Factors Prevented Certification
A.2.1, Output	Number of Licenses Renewed (Individuals): Dentists	2012	15,133	Certified with Qualification
		2013 - First Three Quarters ^b	10,809	Inaccurate
A.1, Outcome	Percent of Complaints Resulting in Disciplinary Action	2012	25.03%	Factors Prevented Certification
A.2, Outcome	Percent of New Individual Licenses Issued Online	2012	6.70%	Certified with Qualification

^a Auditors perform several steps in the certification process for performance measures, including determining the correct results based on data or other information provided by the audited agency. Based on the results of that process, performance measures are designated as either "certified," "certified with qualification," "inaccurate," or "factors prevented certification." Specifically:

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

^b The Board reported this performance measure in ABEST on a quarterly basis; therefore, auditors tested this performance measure for fiscal year 2012 and the first three quarters of fiscal year 2013.

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 agrees with the audit recommendations in this report. The Board's detailed management responses are 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 system, Versa, as they related to the Board's performance measure data. The Board uses Versa primarily to collect and calculate performance measure results.

Auditors evaluated general information technology controls, including logical access controls, program change management, and security processes. Auditors also reviewed application data input 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 2012 and the first three quarters of 2013, the licensing data in Versa was reliable for purposes of this audit. The Board enters and processes applications for licenses and renewals and approves those applications in Versa. However, auditors determined that, for the same time period, the complaint data in Versa was not reliable for purposes of this audit because the Board did not conduct a reconciliation or retain documentation to ensure that complaint data was successfully migrated from its previous system to Versa.

Summary of Objectives, Scope, and Methodology

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

- Is accurately reporting its performance measures to ABEST.
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

The audit scope included four key performance measures the Board reported for fiscal year 2012 and the first three quarters of fiscal year 2013.

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 the Board's information system that supports the performance measure results.

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Detailed Results

Chapter 1

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

Auditors reviewed four of the Texas State Board of Dental Examiners' (Board) key performance measures. The Board should improve certain controls that affect all of the performance measures audited. Specifically, the Board should (1) conduct and document reviews of performance measure data before the results are finalized and entered into the Automated Budget and Evaluation System of Texas (ABEST) and (2) update and approve its policies and procedures for collecting, calculating, reviewing, and reporting performance measure information.

Chapter 1-A

The Board Should Conduct and Document Reviews of Performance Measure Data Entered into ABEST

The Board stated that it conducted reviews of performance measure data before the data was entered into ABEST; however, it did not document those reviews.

The *Guide to Performance Measure Management* (State Auditor's Office Report No. 12-333, March 2012) (Guide) requires agencies to perform documented reviews of all performance measure data entered into ABEST before agencies complete the submission of their performance measure results. In addition, the individual conducting the review should be someone other than the individual who performed the calculations. Without adequate, documented reviews and policies and procedures, the Board faces an increased risk of reporting inaccurate performance measures results.

Recommendation

The Board should conduct and document reviews of the supporting documents and related data entered into ABEST before submission of the data.

Management's Response

The Executive Director agrees that Board staff should conduct and document reviews of the supporting documents and related data entered in ABEST before submission of the data. The Executive Director will ensure that such procedures are put in place. The performance measure data will be collected and calculations will be performed by the appropriate Board employee.

Additionally, a second Board employee will conduct a documented review of the data and calculations to verify that data entry is complete and accurate.

Chapter 1-B

The Board Should Update and Approve Written Policies and Procedures for Collecting, Calculating, Reviewing, and Reporting Performance Measure Information

The Board does not have updated, written, and approved policies and procedures to reflect its current processes for collecting, calculating, reviewing, and reporting performance measure results to ABEST. Although the Board developed documented policies and procedures for previous performance measure processes, it had not updated those procedures to reflect the current processes in place.

The Guide requires state agencies to clearly document all steps performed in collecting, calculating, reviewing, and reporting performance measure data in their written policies and procedures. Written policies and procedures can help the Board increase the accuracy and consistency of collection, calculation, review, and reporting of performance measure information.

Recommendation

The Board should update and approve written policies and procedures for collecting, calculating, reviewing, and reporting each performance measure that reflect its current processes.

Management's Response

The Executive Director agrees that Board staff should have updated, written policies and procedures for the collecting, calculating, reviewing, and reporting of performance measures. The Executive Director will ensure that such policies and procedures are drafted and approved by her.

The Board Reported Unreliable Results for 2 of the 4 Key Performance Measures Tested for Fiscal Year 2012

The Board reported unreliable results for 2 of the 4 key performance measures audited for fiscal year 2012. A result is considered reliable if it is certified or certified with qualification.

Number of Licenses Renewed (Individuals): Dentists

Percent of New Individual Licenses Issued Online

The Board reported reliable results for those two performance measures. However, they were certified with qualification for fiscal year 2012 because of the control weaknesses discussed in Chapter 1.

Average Time to Resolve Complaints Pending Litigation (Days)

Percent of Complaints Resulting in Disciplinary Action

Auditors determined that the data in the Board's information system related to complaints was not complete or accurate; therefore, that data was not reliable for purposes of this audit. As a result of the unreliable data, factors prevented the certification of these two performance measures for fiscal year 2012. Specifically, when the Board transitioned from its Enforcement Database to its current licensing and enforcement system, Versa, it did not retain documentation, such as a reconciliation, to demonstrate that all data was migrated to the new system completely and accurately. Without a complete and accurate data set, auditors could not determine the accuracy of the Board's reported performance measure results.

In addition, the Board's calculation methodology for Average Time to Resolve Complaints Pending Litigation (Days) deviated from the performance measure's methodology in the performance measure definition in ABEST. According to the methodology in ABEST, the Board should count complaint cases beginning on the date that an investigation is initiated. Instead, the Board calculated the performance measure using the date on which complaint cases were designated as pending litigation. Because the Board deviated from ABEST's calculation methodology, there is an increased risk that the Board may report inaccurate results for that performance measure.

Results: Certified with Qualification

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.

Results: Factors Prevented Certification

A factors prevented certification designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the performance measure definition and the auditor cannot determine the correct performance measure result.

Recommendations

The Board should:

- Implement processes that help ensure that data used to report performance measures is complete and accurate.
- Calculate the Average Time to Resolve Complaints Pending Litigation (Days) using the date on which an investigation is initiated or work with the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy to modify the definition in ABEST.

Management's Response

The Executive Director agrees that Board staff should have processes for the complete and accurate collecting of data used to report performance measures. As part of the policies and procedures described above in Chapter 1-B, the Executive Director will ensure that processes are put in place to verify that the collecting of data is complete and accurate. The Executive Director notes that while Board staff was not able to completely reconcile the migration of data to the VERSA database due to inabilities in the VERSA system, Board staff runs quarterly error reports in the VERSA database and corrects any discovered errors in migrated or current data.

The Executive Director agrees that the calculation methodologies for performance measures used by Board staff should comply with the ABEST definitions. The Executive Director has conferred with the Legislative Budget Board to clarify the ABEST definitions. The Executive Director will ensure that all reported performance measures for fiscal year 2013 and the first quarter of fiscal year 2014 are updated with the correct methodology in ABEST. In addition, the Executive Director will ensure that performance measures for future years use the correct methodology.

The Board Reported Unreliable Results for Both Key Performance Measures Tested for the First Three Quarters of Fiscal Year 2013

The Board reported results for two of the four performance measures audited on a quarterly basis. Auditors tested the reported results for those two performance measures for the first three quarters of fiscal year 2013 and determined the following:

- The reported results for Number of Licenses Renewed (Individuals): Dentists were inaccurate.
- Factors prevented certification of the reported results for Average Time to Resolve Complaints Pending Litigation (Days).

Number of Licenses Renewed (Individuals): Dentists

The Board reported inaccurate results for the Number of Licenses Renewed (Individuals): Dentists performance measure for the first three quarters of fiscal year 2013 because it used incorrect data to calculate the performance measure results. As a result, the actual performance as calculated by auditors was not within 5 percent of the Board's reported performance.

Results: Inaccurate

A performance measure is inaccurate when the actual performance is 5 percent or greater than the reported performance, or when there is a 5 percent or greater error rate in the sample of documentation tested. A measure also is inaccurate if the agency's calculation deviated from the measure definition and caused a 5 percent or greater difference between the number reported to ABEST and the correct performance measure result.

The Board collects information to report that performance measure by extracting license renewal data from its licensing and enforcement system, Versa. The Board then manually enters that license renewal data into a summary document that it uses to report the performance measure's results to ABEST. For the first three quarters of 2013, the Board manually entered the results using data for annual renewals instead of entering the results for total renewals. As a result, the Board entered results into ABEST based on that incorrect data. Auditors calculated that the Board renewed 12,242 licenses for the first three quarters of fiscal year 2013, instead of the 10,809 licenses the Board reported to ABEST, a difference of 1,443 licenses or 13.3 percent.

As discussed in Chapter 1-B, the Board does not have updated, written, and approved policies and procedures to reflect its current processes for collecting, calculating, reviewing, and reporting performance measure results to ABEST. The Guide requires state agencies to clearly document all steps performed in the collection, calculation, review, and reporting of performance measure data in their written policies and procedures. Written policies and procedures can help the Board increase the accuracy and consistency of collection, calculation, review, and reporting of performance measure information.

Recommendation

The Board should update and approve procedures and controls to help ensure that it consistently enters the correct data for the Number of Licenses Renewed (Individuals): Dentists performance measure.

Management's Response

The Executive Director agrees that Board staff should consistently enter the correct data for performance measures. As part of the policies and procedures described above in Chapter 1-B, the Executive Director will ensure that processes are put in place to consistently enter the correct data for performance measures. The Executive Director has conferred with the Legislative Budget Board to clarify the appropriate data requested in the performance measures. The Executive Director will ensure that all reported performance measures for fiscal year 2013 and the first quarter of fiscal year 2014 are updated with the correct data in ABEST. In addition, the Executive Director will ensure that performance measures for future years use the correct data.

Results: Factors Prevented Certification

A factors prevented certification designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the performance measure definition and the auditor cannot determine the correct performance measure result.

Average Time to Resolve Complaints Pending Litigation (Days)

Factors prevented certification of this performance measure for the first three quarters of fiscal year 2013 because, as discussed in Chapter 2, the Board's complaint data was not reliable and the Board's calculation methodology deviated from the performance measure's methodology in the performance measure definition in ABEST. (See Chapter 2 for recommendation and management's response).

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of the audit were to determine whether the Texas State Board of Dental Examiners (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 scope of this audit included four key performance measures that the Board reported for fiscal year 2012 (September 1, 2011, through August 31, 2012) and the first three quarters of fiscal year 2013 (September 1, 2012, through May 31, 2013):

- Average Time to Resolve Complaints Pending Litigation (Days).
- Number of Licenses Renewed (Individuals): Dentists.
- Percent of Complaints Resulting in Disciplinary Action.
- Percent of New Individual Licenses Issued Online.

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 the Board's information system that supports the performance measure results.

Auditors assessed the reliability of the data from the Board's licensing and enforcement system, Versa, that was significant to the performance measures audited by (1) determining population completeness and reasonableness; (2) reviewing queries used to generate data related to the calculation of the performance measures; (3) interviewing Commission employees, information technology administrators, and contractors knowledgeable about the data and systems; and (4) reviewing source documentation for performance measure data.

Auditors determined that, for fiscal year 2012 and the first three quarters of fiscal year 2013, the licensing data in Versa was reliable for purposes of this audit. The Board enters applications for licenses and renewals and approves those applications in Versa. However, auditors determined that, for the same time period, the complaint data in Versa was not reliable for purposes of this audit because the Board did not conduct or retain documentation to ensure that complaint data was successfully migrated from its previous system to Versa.

Information collected and reviewed included the following:

- Performance measure data in Versa and spreadsheets.
- Supporting documentation retained in hard-copy and system files.
- Information system reports and programming code.
- Board policies and procedures.

Procedures and tests conducted included the following:

- Interviewing Board staff to gain an understanding of the processes used to calculate performance measures.
- Interviewing Board information technology staff to gain an understanding of Versa, which is used to collect and calculate performance measure information.
- Evaluating the sufficiency of the Board's policies and procedures to determine whether they were adequate to help ensure the correct calculation of the performance measures audited.
- Auditing performance measure calculations for accuracy and to determine whether the calculations were consistent with the methodology on which the Board; Legislative Budget Board; and the Governor's Office of Budget, Planning, and Policy agreed.
- Testing documentation to verify the accuracy of reported performance measures and the effectiveness of controls.
- Reviewing queries used to report and calculate performance measures.
- Performing logical access control testing.
- Assessing performance measure results in one of 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 1, Texas Administrative Code, Chapter 202 – Information Security Standards.
- Board policies and procedures.

Project Information

Audit fieldwork was conducted from September 2013 through November 2013. 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:

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Related State Auditor's Office Work

Related State Auditor's Office Work		
Number	Product Name	Release Date
09-047	An Audit Report on Performance Measures at the Texas State Board of Dental Examiners	August 2009

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